Parliament of NSW
Legislative Council
Portfolio Committee No. 1 – Premier and Finance

National Innovation Centre
Gadigal Country
4 Cornwallis Street
Eveleigh, NSW 2015

27 October 2023

Dear Premier and Finance Portfolio Committee,

IGEA's Submission on Artificial Intelligence in New South Wales

The Interactive Games & Entertainment Association (IGEA) is pleased to provide this submission to the Premier and Finance Portfolio Committee's inquiry into Artificial Intelligence (AI) in New South Wales (NSW). Our submission briefly comments on the specific and low-risk applications of AI in video games and outlines some examples of AI use in video games relevant to NSW.

IGEA is the industry association representing and advocating for the video games industry in Australia, including the developers, publishers and distributors of video games, as well as the makers of the most popular gaming platforms, consoles and devices. IGEA also organises the annual Games Connect Asia Pacific (GCAP) conference for Australian game developers and the Australian Game Developer Awards (AGDAs) that celebrate the best Australian-made games each year. IGEA has over a hundred members, from emerging independent studios to some of the largest technology companies in the world, including those based in NSW.

Our industry prioritises providing a fun and safe gaming experience for our players. Our industry implements world-leading parental settings and controls that allow individuals and parents to prevent, restrict and monitor gameplay. These controls are effortless to set up, and there is extensive guidance available online. The industry has a world-leading approach to ensuring safe online environments, including a commitment to online safety technology, safety-centric game design, ongoing monitoring and evaluation, and comprehensive terms of service and codes of conduct to maximise safe online play.

Video Games and AI

We invite the Committee to consider and accommodate the specific and low-risk use of the video game industry's use of AI on its players and the general public more widely. The use of AI in video games is designed and implemented with the players' benefit as its core motivation. The following are some examples of how AI is being used in video games:

- AI-controlled 'allies' enable the player to team up or cooperate with the AI against another human player and/or AI-controlled player, enhancing the play experience and allowing for more strategic and team-based gameplay.

- The application of AI bolsters trust and safety efforts in video games. For example, Ubisoft and Riot Games' collaborative *Zero Harm in Comms* research project uses AI to detect harmful content in in-game player-to-player communication.[1]
- AI plays a particularly important role in 'serious games', which involves using games and game technologies in diverse sectors, including education, health care, defence, business, research, and community. Not only can AI provide real-world simulations in, for example, disaster response games, but it can also be used to identify disease or evaluate player progress in rehabilitation games.[2]

We have recently provided a submission addressing the use of AI in video games to the Department of Industry, Science and Resources Safe and Responsible AI in Australia Discussion Paper.[3] This submission addresses the nature of AI in video games and suggests possible ways forward when considering the regulation of AI in Australia. We refer you to this submission for a more comprehensive consideration of the video game industry's perspective on the regulation of AI in Australia, which intersects with this inquiry's terms of reference.

Generally, AI in video games is not a context that would benefit from or require additional regulatory oversight. While it is unlikely that AI in video games would require regulation, any regulation of AI generally should not inadvertently impact video games that contain or use AI technology.

Recommendation 1:

If specific AI regulation is to be established, we believe AI regulation should be industry-focused and evidence-based, particularly given the difference in harm and risk posed by video games, compared to digital industries and platforms.

Response to Terms of Reference

Beyond regulation, AI use in the video games industry across NSW presents significant technical, cultural and economic opportunities that NSW should embrace and support. Accordingly, we will briefly respond to the following terms of reference: 1(b), the social, economic, and technical opportunities, risks and challenges presented by AI to the New South Wales community, government, economy, and environment; and 1(c), current community and industry use of AI and the potential implications for the delivery of government services.

Below, we outline the economic and technical opportunities of AI use in video games and how AI applications in interactive technologies can be applied beneficially in government or service settings.

[1] https://montreal.ubisoft.com/en/ubisoft-and-riot-games-announce-the-zero-harm-in-comms-research-project-to-detect-harmful-content-in-game-chats/#:~:text=Today%2C%20Ubisoft%20and%20Riot%20Games,to%20prevent%20harmful%20player%20interactions.
[2] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9748798/
[3] https://igea.net/wp-content/uploads/2023/08/IGEA-Submission-to-Supporting-responsible-AI-discussion-paper.pdf

Firstly, the video games industry is a pioneer in the development and application of AI, and state-base support of the video games industry is a critical way to make NSW a central tech hub, to take advantage of the industry's innovation. Due to the nature of video game development and player experience, the technology used in video games is often several years ahead of its time, and the industry is often the first place where "emerging technology" is utilised.

AI use in video games continues to advance, and does so in NSW. For example, Riot Games Sydney, previously Wargaming Sydney before recently being acquired by Riot, now assists in the development of one of the most successful video game intellectual properties in the world, *League of Legends*. The Sydney team were recently involved in developing AI powered non-playable characters to help players practice their gameplay as a team.[4] Sydney is home to many world leading studios that are pushing the boundaries of AI development and application, and ongoing government support to ensure studios remain in NSW will also ensure their innovative work in AI remains in NSW.

Recommendation 2:

We recommend that the Committee consider the government's continued support of the video games industry through initiatives like the Post, Digital & Visual Effects Rebate,[5] and we also urgently call for the Committee to consider grant-based funding to ensure NSW video games studios stay in NSW, to continue to innovate in areas like AI.

We believe the video games industry presents a unique intersection of technology, arts and community, where AI is embraced not only in game development, but in studios themselves. The video games industry is utilising AI to benefit their workforce and workflows; for instance, to assist in the early design and concept stages of video game development. For example, DEPT (based in Melbourne with a presence in NSW) have created policies around using AI to ensure that they can use it effectively and creatively, such as creating attributed high fidelity visual mock-ups to engage clients better. To underscore this, DEPT has developed an ethics team to deliberate the use of AI within their studio carefully.

Further, Sydney based studio Chaos Theory uses AI in a safe and considered way to increase capacity of staff by utilising AI in development and daily work processes. Chaos Theory uses AI to prompt discussions to explore ideas, and even use it to assist in programming challenges. As shown by these examples, the video games industry is embracing AI, not only in gameplay but in the video game development process. It is therefore critical that any regulation of AI considers the broad nature of AI use in the video games industry.

[4] /dev: New Intro Bots Coming to PBE Soon for 2 Week Test! - League of Legends
[5] https://www.screen.nsw.gov.au/funding-support/post-digital-and-visual-effects-rebate

Recommendation 3:

We recommend that the Committee or government engage in industry specific consultation before considering regulation so that there can be an understanding of the unique nature of the video games industry.

Finally, there is potential for AI and videogames to combine in service delivery in government use settings, through "serious games". Serious games are a form of interactive computer-based game software that can be used in settings outside of entertainment. For example, Maxart use technology such as virtual reality to create interactive commercial training programs, which can be made more realistic through the use of AI. Maxart also consulted on future iterations of a VR experience powered by AI, where support workers in training can talk to an AI integrated client that can provide realistic responses, allowing support workers very specific and realistic training in complex interactions.[6]

It is possible for AI to be used in VR experiences to have real-time conversations with characters to make training even more realistic in almost any setting. These kinds of "serious games" present an opportunity for the NSW government to utilise AI to vastly improve its service delivery training.

Recommendation 4:

We recommend that the Committee recognise that the video games industry uses AI to ensure dynamic and flexible interactive experiences, which can be a genuine way to bolster government and service-based settings.

Ultimately, the above examples of AI use in the video games industry showcase how the industry embraces and innovates with AI. The video games industry is critical to technical innovation, including embracing the opportunities presented by AI. With state-based support, industry-specific regulatory considerations and uptake of serious games, we believe NSW can fully utilise the state's video game industry to become world-class leaders and innovators in AI.

Should you wish to discuss our recommendations further, please contact me at ron@igea.net.

With regards,

Ron Curry
CEO

[6] See Virtual Reality learning resources | ermha365