NATIONAL CULTURAL POLICY

DISCUSSION PAPER SUBMISSION

SUBMISSION BY THE GAME DEVELOPERS' ASSOCIATION OF AUSTRALIA

Name

Antony Reed

Organisation

Game Developers' Association of Australia

Email

antony.reed@gdaa.com.au

Phone (business hours)

+61 3 9008 5978

Do you agree to your submission being made publicly available on the www.culture.arts.gov.au website?*

☒ Yes

☐ No

1. About you or your organisation

   Formed in 1999, the Game Developers' Association of Australia (GDAA) is a NGO, not-for-profit organisation that represents the interests of the national game development industry. The Association is tasked with promoting the game development industry (locally and internationally), retaining and attracting development talent, attracting investment and global game publisher interest, engaging with educational institutions, advising government of industry trends and opportunity, and fostering the Australian game development community.

2. Do you support the development of a National Cultural Policy, and why?

   The GDAA is very supportive of the development of a modernised National Cultural Policy and is equally supportive of the government's intention to develop the mechanisms to foster and encourage the development of Australia's creative industries. New digital platforms and technologies are offering Australians unprecedented opportunities to create and broadcast new, engaging content to local and international audiences; experiences that are no longer passive, but encourage interactivity and participation.

   The enormity of the global digital games sector, and its relentless growth, is the platform example of how audiences are now engaging with content and complex narratives in a more meaningful and personal way. By using the methodologies already developed by digital games developers, in Australia and abroad, and exploring innovative new formats for content delivery and engagement, Australian storytellers are now capable of touching a much larger and broader audience.

3. What are your views about each of the four goals?

GOAL 1: To ensure that what the Government supports — and how this support is provided — reflects the diversity of a 21st century Australia, and protects and supports Indigenous culture

Supporting diversity is key critical to the growth and development of the Australian creative industries.

Engagement and support of arts organisations, including providing facilitation services between each, ensures Australian artists are aware of all formats and avenues available to them to retell stories that should be retold, or deliver new stories.

The digital games space is an ideal, pervasive and accessible format available to Australian storytellers and audiences. In a digital age it is very important that the Government recognises that creative individuals, agencies or entities must be allowed to create content that is accessible to a global audience, if so intended, and as such creators should not be limited by content regulation. Australian culture will permeate into any project that is chiefly created in Australia. This is inevitable. A restriction by regulation that Australian developed content be distinctly Australian will limit the opportunity for the content creators. Strong evidence of this can be seen in the film industry, which has experienced very limited success even though the sector is populated by exceedingly talented individuals and enjoys very favourable governmental support.

The definition of Australian content should be broadened to one that allows Australian content creators to create. It should allow Australians to tell stories rather than mandate them to tell 'Australian' stories. This is particularly pertinent in the telling and retelling of Indigenous stories, which could be found in a diverse variety of digital games and while not necessarily immediately recognisable in the traditional sense, would form the subtext of experiences that engage the world's audience.

There is no greater example of this integration than in the digital games industry where the values, inputs, opinions and cultural histories of the many participants in the local and international industry are interlaced into the design and narratives of games everyday.

GOAL 2: To encourage the use of emerging technologies and new ideas that support the development of new artworks and the creative industries, and that enable more people to access and participate in arts and culture

The Government must encourage the use of emerging technologies for the creative industries. New technologies are being accepted by audiences at an increasingly rapid rate and Australians have a global reputation for being early adopters. In the digital games space over 90% of Australian homes have a device capable of playing games. The average age of an Australian game player is over 30 years old and the local industry generates more than $2 billion in sales. While the overall local market size may pale in comparison to many other global territories, spending per capita makes Australia one of the world's top consumers of digital game content[1].

Engagement with digital games will continue to grow. The industry has a compound annual growth rate of 9.8%[2], the highest of all creative industry sectors. Digital distribution is currently defining the digital games industry and Australia is poised to capitalise on this transition and evolution as the NBN is rolled out nationwide. Australian audiences will have access to enormous amounts of content, a lot of which will be generated overseas. This competition will encourage, inspire, and perhaps force, Australian creatives to improve their content offering. Local content creators should not only be competing for the headspace of Australians, but exporting their content, at the same level of quality or better, into the same territories targeting Australia. In this Government must play a vital role in levelling the global playing field.

GOAL 3: To support excellence and world-class endeavour, and strengthen the role that the arts play in telling Australian stories both here and overseas

Videogames are the first truly international art form. The Internet, social networking, and digital distribution have changed both the influences of emerging content creators to a worldwide group of peers and their audience to anyone with access to an internet-connected device. Australian companies, such as Firemint and

[1] Data provided by the Interactive Games and Entertainment Association
[2] PricewaterhouseCoopers *Media and Entertainment Outlook Report 2011-2015*

Halfbrick, have already seen incredible global success in the emerging digital markets.

Australia prides itself on its multiculturalism, and it is this very foundation that needs further exploration in the creative industries. By weaving Australia's diverse heritage into creative output we produce content that is not only reflective of Australia culture and society, but is also appealing and engaging to a global audience.

GOAL 4: To increase and strengthen the capacity of the arts to contribute to our society and economy

The digital games industry has a significant part to play in expressing Australian society and capability to a global audience. Now the largest creative industry sector in the world, and growing, the digital games sector should be a significant contributor to both Australia's creative and knowledge economy.

The global industry is expected to generate in excess of $80-billion in revenues by 2014 with a projected growth rate of 9.8% - a higher return and growth rate than any other entertainment media form. In addition, PricewaterhouseCoopers recently predicted that 50% of this revenue generated by 2015 would come from the digital economy, that is games that are played either online or downloaded on to a device as opposed to being purchased in a bricks-and-mortar retail outlet.

The digital games industry currently contributes over 4% to the GDP of the United States, and in those territories where Government has elected to invest or implement incentive schemes aimed at generating investment into the sector, the industry has become a significant contributor to the state or national economy.

In order for any creative industry to thrive, and ultimately become self-sustaining, an ecosystem must exist, or be created, that supports the growth and evolution of the sector. This ecosystem can only exist when industry, government and academia define and commit to a strategic growth plan.

4. What strategies do you think we could use to achieve each of the four goals?

The GDAA has developed seven key strategies that would achieve the goals of the National Cultural Policy as it applies to the games industry:

1. *Cluster development:* In an era of global competition, proximity can still provide industries with significant competitive benefits, such as increased industry productivity, better access to skilled employees and public infrastructure, potential benchmarking, improved networking, and overall market knowledge. In addition, the pressure of operating in close proximity to competitors creates constant pressure to innovate and differentiate. Regions that have successfully implemented a digital game growth model have often done so around a major urban cluster, allowing these regions to concentrate their efforts and investments in a contained area.

2. *Public funding of content:* The digital game industry requires significant investment in the early stages of its development process. As investor/publisher interest is the initial requirement for a game's success, developers in growing regions must be able to progress their concept to the point where it appeals to investment partners. Government support for content creation is a typical way that these kinds of "incubation" activities are facilitated for development studios, typically through such mechanisms as grants, tax credits, support for expenditures that indirectly lead to content development (including talent, R&D, and infrastructure), and encouragement of foreign investment. Of importance is the understanding that these programs are readily adaptable to changing industry needs.

3. *Private investment incentives:* Government funding alone is not enough to spur industry growth, and reliance on international publishers or investors makes it difficult to retain and leverage IP for future projects. Supplementing these two sources with private investments lowers the overall cost of capital and provides additional resources for digital game developers. Successful digital game regions are typically supported by an available pool of knowledgeable and informed local private investors who are aware of the risk/reward profile of the digital game industry. Where private investors are less familiar with the digital game profile, governments should facilitate private investment through the creation of tax-friendly environments that mitigate sector risk.

4. *Talent incubation:* A broad range of universities and colleges providing training in game programming and design is often found within metropolitan hubs and regional contenders, creating a talent and technology pipeline between local schools and companies that enhances the relationship between the academic community and digital game industry. This can be further facilitated by establishing incubation facilities on university campuses or including game industry leaders in setting the curriculum for digital game programs.

5. *Investments in infrastructure & R&D:* The digital game industry places a premium on technological innovation, but the cost of technological innovation can be prohibitive. Developing companies lack the scale to invest in infrastructure and the resources to invest in research and development. For Australia to achieve a strong market position, it must have affordable access to infrastructure such as modern development space, broadband internet communications channels, and state-of-the-art equipment. In addition, government subsidisation of R&D activities (i.e. tax credits, business incubation facilities, technology transfer programs) provides an incentive for companies to pursue new opportunities.

6. *Industry collaboration:* Industry collaboration creates an environment for sharing innovative technologies, ideas, and (where possible) potential competitive advantages over other development territories. For instance, shared R&D initiatives provide all developers in a region with the opportunity to access established and innovative technologies. A defining characteristic of both growing and established digital game regions is the existence of a strong, unified body that can promote the industry at home and abroad, put on events to raise industry profile, and provide support and advocacy services on behalf of the industry. For industry associations to be truly effective, they must have access to predictable sources of funding to allow focus on long-term industry planning, as opposed to their own short-term survival.

7. *Industry exposure and visibility:* For Australia to become truly competitive, it must be recognisable on the world stage as a destination for content and expertise. Industries can engage in a number of activities to gain this exposure, including foreign trade delegations, inbound trade missions, hosting and attending gaming conferences. There is also opportunity for emerging regions to generate partnership and technology transfer opportunities by increasing their visibility beyond the digital game sector into complementary industries such as television, 3D animation, and film. By placing an emphasis on initiatives to increase the exposure of game developers and create cross- platform networking opportunities, regions can establish themselves as attractive destinations for complementary content development.

The primary measure of success in a digital game region is a critical mass of game developers. Achieving a certain volume of workers provides a region with the necessary scale to make other key success factors attainable. Without critical mass, it is difficult to find support, retain talent, and attract international visibility and credibility. For digital game development, the critical mass threshold for an industry, as determined in Canada, is approximately 1,000 developers. At this level, successful industries are able to generate internal momentum for domestic growth.

5. How can you, your organisation or sector contribute to the goals and strategies of the National Cultural Policy?

The Australian game development industry has quickly adapted to the opportunities presented by the digital economy, and as a result the industry has seen significant success. As such the GDAA is able to provide advisory services to the stakeholders on the future development of the National Cultural Policy and facilitate collaborative efforts between government or other creative industry sectors.

The GDAA's has a clear vision for the Australia game development industry:

1. To be come a world class game development territory with a strong cadre of mid-sized players, developed organically and increasingly attractive to acquirers.
2. A geographically dispersed industry that has equal access to infrastructure, technology and talent development.
3. An industry that is integrated into Australia's economic landscape through structured mechanisms to encourage cross-platform and cross industry collaboration.
4. A diversified industry that leverages multiple support mechanisms to augment the development of and for existing and emergent platforms.
5. An industry known as a creator of high quality digital content geared towards the <u>global</u> marketplace.

To realise this vision Australia's digital games stakeholders - industry, academic and government - already understand the need to implement a clearly defined strategy that explicitly outlines how the Australian game development industry will become a leading global industry contender.

6 Are there any other goals you would like to see included in the National Cultural Policy?

-