

Dear Committee,

I thank you for the opportunity to submit to the Inquiry regarding the future of Australia's video game development industry. My name is Dan Golding and I have a number of different perspectives on the videogame industry in Australia.

I am currently the Director of the Freeplay Independent Games Festival (freeplay.net.au), which is an organisation for emerging and grassroots game makers and videogame culture. It has been running since 2004 (making it the oldest games event in the country), and has over the years collaborated with Federal and State government bodies such as Screen Australia and Film Victoria; public institutions such as ACMI, the State Library of Victoria, Federation Square, the Wheeler Centre and the Melbourne Arts Centre; and educational institutions such as RMIT University and AFTRS. In April this year Freeplay held its tenth festival which saw participation from over four thousand people.

I am also a Lecturer in Media and Communications at Swinburne University of Technology, where one of my major areas of research is the videogames industry, which I publish on regularly. I hold a PhD from the University of Melbourne where my primary object of study was the videogame.

Finally, I am a freelance journalist with over 200 publications, the vast majority on the videogames industry. In January this year my documentary series, *A Short History of Video Games* was broadcast on ABC Radio National (which I wrote, edited, and presented). I have also published written work on videogames for *ABC Arts*, *Crikey.com.au*, *The Guardian*, *Meanjin*, *The Walkley Magazine*, and many others. I am also currently a Contributing Editor for *Metro Magazine*, published by Australian Teachers of Media (ATOM).

Although I have these ongoing affiliations I make this submission in my capacity as a private citizen. My views do not necessarily represent those of Freeplay, Swinburne University of Technology, or the ABC, or any other organisation I have worked with.

Kind regards,

Dr. Dan Golding

17 September, 2015

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Summary

I note that the Committee has asked for submissions along the following terms of reference:

- a. how Australia can best set regulatory and taxation frameworks that will allow the local video game development industry to grow and fully meet its potential as a substantial employer,
- b. how Australia can attract video game companies to set up development operations in Australia and employ local staff,
- c. how export opportunities from Australia's local video game industry can be maximised, and
- d. any other related matters.

I have divided my response to the terms of reference along two lines: first, I have provided an extensive response to terms (a) and (c). These questions are fundamentally interrelated when it comes to understanding Australia's long-term prospects for a stable and successful videogame sector, and I have therefore elected to discuss a number of factors that may impact broadly across the sector as a whole. Further detail can, of course, be provided as to the specific impact of each factor I identify on terms of reference (a) and (c), should it be required.

Secondly, I have provided a brief discussion of the (b) term of reference, which is found at the end of this document.

Regulatory and Taxation Frameworks for Local Video Game Development and Maximising Opportunities for Export

The following constitutes my response to the terms of reference (a) and (c).

Australia's videogame industry is in many ways strong and resilient, despite a persistent public perception of the opposite. You will often find comments left on news articles regarding Australia's games industry that amount to surprise, sarcastic or otherwise, that Australia actually has a videogames industry at all.¹ This, despite a number of serious crises currently gripping the industry, could not be further from the truth. True, Australia does not possess a strong and varied phalanx of large international game studios, and this is most likely what this kind of common reaction highlights. But Australia actually possesses wide and varied communities of game makers from small independent studios trying to make

¹ Even on my own work: on an article I wrote for *ABC Arts* about who makes games in Australia, you'll find one of the first comments reads, "Australia has game industry ?? [sic]".
<http://www.abc.net.au/arts/blog/Daniel-Golding/Who-makes-videogames-Australia-gender-130627/default.htm>

commercial work, to individuals working without fanfare on creations that may or may not have a commercial agenda.

Australia has a global profile as a hub for thoughtful, creative, and independently-minded game makers. Here's a selection of the kinds of games that Australia has recently become known for:

- *Framed* (Loveshack, 2014: winner of over a dozen international awards)
- *Lyne* (Thomas Bowker, 2014: IndieCade 2014 finalist)
- *Armello* (League of Geeks, 2015: IndieCade 2015 finalist)
- *Crossy Road* (Hipster Whale, 2014: winner of a 2015 Apple Design Award)
- *Antichamber* (Alexander Bruce, 2013: winner of the technical excellence award at the Independent Games Festival 2012)
- *Duet* (Kumobius, 2013: named one of the best iPhone games of the year by the *New Yorker*)
- *Rabbit Rush* (Student game made at RMIT, 2014: finalist in the student category at the Independent Games Festival 2014)

This is only a short selection of recently successful games of this type, and a significantly longer list could be easily compiled. Indeed, Celia Pearce, Professor of Game Design in the College of Arts, Media & Design at Northeastern University in Boston, and the co-founder and Festival Chair for IndieCade, recently described Australia as “the birthplace of the modern artgame.”²

Australia is undeniably a world leader when it comes to creativity, art, and thought regarding videogames. Yet government intervention has largely been focussed around a set of preconceptions that sees Australia's strengths much in the same way as those uninformed commenters on news articles: that to be considered a success, Australia must be home to a strong and varied group of large international game studios.

Here, for example, are the kinds of ideas that have been implicit in many of the funding models we have seen so far, and that I predict will be commonly suggested to this Committee by members of the industry and the public as the way of the future for Australia's videogame industry:

- The development of original Intellectual Property (IP) should be the core creative priority for Australian developers

² This statement was made publicly at the 2015 Freeplay Independent Games Festival.

- A market exists for videogames in Australia and internationally, and therefore economic and industrial strategies should be put in place to produce for this market
- Short and long-term growth (usually of profits, revenue, and raw employment numbers in the sector) are both achievable and inherently necessary for the industry to survive
- Studio models of all sorts need to be supported (that is, support for existing successful studios; the multiplication of the number of existing studios; and the development of smaller studios into mid-size or larger studios)

These goals usually take Canada or, more recently, the United Kingdom as their model for game development industry success. These countries do in many ways have admirable industries, but endeavouring to uncritically transplant the international model for success can only continue to fail to grasp what kind of creative videogame culture already exists and is already successful in Australia.

As Marcus Westbury (founder of community development projects Renew Australia and Renew Newcastle, and co-founder of the Freeplay Independent Games Festival) writes in his recent book, *Creating Cities*, "Politics in general is rarely adept at thinking small, promising little, and acting iteratively."³ There is much that any government in Australia may do to help maximise the opportunities for Australia's videogames industry, and not all of it needs to be large-scale.

More importantly, effectively developing an Australian videogames community at all ends of the scale cannot be done without care and consideration to the kind of creative culture that is being created. In the long run, bad cultural and industrial structures can and have proven (as I argue below) to be a significantly greater threat to Australia's videogame sector than any straightforward economic factor. The fact that such questions have so far been overlooked by most governmental interventions into the sector is concerning.

There are at least three key factors tied up in such issues:

1. Diversity
2. Creative culture
3. Cultivating audiences

I shall now address each in turn.

³ Westbury, M (2015), *Creating Cities*: 68

1. Diversity

Diversity is almost certainly the most pressing issue facing the development of videogames globally today, with a potential to impact in economic and cultural terms that is difficult to understate. Any attempts by the government to engage with Australia's games community must be informed by this fact.

For decades, the videogame industry has cultivated a lack of diversity at all levels, from board rooms, to development studios, to player demographics, and as an industry it is now indisputably male-dominated. The fruits of this are now becoming glaringly apparent in a variety of ways – some of which threaten to extinguish the videogame as a cultural force in all meaningful ways.

1.1 Context

In Australia, a conspicuous lack of diversity was most clearly illustrated in the last survey of the 'Digital Games Industry' conducted by the Australian Bureau of Statistics, released in June 2012. In it, the ABS reports that of the 581 people employed in the industry during 2011-2012, 8.7% of those were women, down from 10.5% in 2007. This was a lower number than found even in the traditionally male-dominated mining and construction industries. The videogames industry is, accordingly, surely one of the worst performing for gender balance in Australia, and is in need of serious and sustained attention.

Historical and discourse studies such as those conducted by Graeme Kirkpatrick have suggested that the 1980s served as a key point where videogaming as a hobby became distinctly masculinised in the eyes of the videogame enthusiast press and their advertisers.⁴ This has been reinforced by demographic surveys, statistics on the enrolment of women in computer science degrees, and, of course, anecdotal evidence. In plain language, what I mean here is that it is not 'natural' that there should be a stereotype or impression that videogaming is an activity for boys and men; this has been cultivated and maintained deliberately by a number of forces in and outside the industry over decades. Therefore it can – and must – also be changed.

1.2 Current threats to the potential of the Australian games industry

By now there is consensus that gender diversity in the workplace is a worthwhile economic investment. According to Goldman Sachs, raising the percentage of women employed in

⁴ Kirkpatrick G (2015) *The Formation of Gaming Culture: UK Gaming Magazines 1981-1995*, Palgrave Pivot. See also Lien T (2013) No Girls Allowed. *Polygon*. At <http://www.polygon.com/features/2013/12/2/5143856/no-girls-allowed>

Australia could boost GDP by as much as 11%.⁵ The Grattan Institute also notes that increasing women's labour force participation rate in Australia to that of Canada's would increase the nation's economic growth by \$25 billion.⁶ This advantage clearly extends beyond just national or industry-wide benefits, to also the strengths of individual companies. Catalyst, for example, reports that Fortune 500 companies with governing boards with three or more women on them gain a significant performance advantage over those without, including 112% return on invested capital.⁷ Australia's videogame industry has clearly done itself a financial disservice by continuing to disenfranchise women within the industry.

More importantly, fostering gender diversity within the Australian games industry is by now necessary to survive, and is something that the Federal government must take an active interest in. The videogames industry has historically been a locus for anti-equality sentiment as far as the global entertainment industries go, and since August 2014 this hostility has mutated into the 'Gamergate' movement. This movement has spearheaded sustained attacks on high profile women in games and the critics of gender disparity and sexism within the industry.

This regressive social force will soon become a regressive economic force if allowed to go unchallenged by those with the ability to make or encourage structural change. We have already seen the videogames industry fall into the international spotlight over this issue: threats of rape, murder, massacre, and bombing arising out of the Gamergate movement have been reported on in *Time Magazine*, *The Guardian*, the *New York Times* (including its front page), the *BBC*, the *Washington Post* and more. One of the highest-profile targets of such regressive campaigns, the feminist critic Anita Sarkeesian, was interviewed on the *Colbert Report* about her experiences, and recently spoke at The Wheeler Centre in Melbourne. Locally, such issues have been covered by the *ABC* (radio, television, and online), *SBS*, *The Age*, *Sydney Morning Herald*, and *The Herald Sun*. Internationally, Zoe Quinn, founder of anti-abuse task force Crash Override, has addressed a Congressional briefing regarding Gamergate. Locally, Australian federal politicians such as Mr. Tim Watts MP, Senator Scott Ludlum, and Ms. Terri Butler MP have, in a variety of different forums, also criticised Gamergate and their actions.

⁵ [5] Were JB, (2009) Investment Research, Australia's Hidden Resource: The Economic Case for Increasing Female Participation. Goldman Sachs. At www.womenonboards.org.au/pubs/reports/091130gsjbw.pdf

⁶ J Daley (2012), *Game-changers: Economic reform priorities for Australia*, Grattan Institute. At <http://grattan.edu.au/publications/reports/post/game-changers-economic-reform-priorities-for-australia/>

⁷ Joy L, and Carter N (2007), The Bottom Line: Corporate Performance and Women's Representation on Boards, *Catalyst*. At <http://www.catalyst.org/knowledge/bottom-line-corporate-performance-and-womens-representation-boards>

Gamergate has become a byword for online abuse, and the videogame industry has been tainted by it. There has been, and continues to be, a startling silence from leaders within the industry on the issue, with few clear denunciations of harassment and calls for action for increased diversity measures and structural changes. This silence applies globally, but also applies to Australia and the Australian videogames community.

As a result, videogames – as a cultural form and the industry itself – is quickly becoming implicitly and popularly associated with a group of socially regressive, abusive, and generally highly-unpleasant forces that will not rest until the industry has been thoroughly discredited in all serious cultural arenas. I have already personally experienced this growing chilling effect around videogames in professional circles and do not doubt that I will continue to do so. It is now easier than ever for cultural organisations to prioritise engaging with cultural forms that do not have the aura of misogynistic abuse surrounding them. It is for these reasons that these events are of the utmost relevance to this committee.

For a non-anecdotal example of this, we can look to the latest results of the Interactive Games and Entertainment Association-commissioned, Bond University-conducted research, *Interactive Australia 2016*. At the bottom of page 13 of the report, you will find a box-out under the heading 'Are You A Gamer?' that reads:

The term "gamer" means different things to different people. For 38% of those surveyed, a gamer is any person who plays any kind of game, even if casually or rarely; for 62% a gamer is someone who has been playing for many years, plays often and plays in-depth games. A quarter said the term has a negative meaning. Only 27% of the adult sample identified themselves as a gamer. It is clear the role of games in culture is something distinct from other media.⁸

To put this another way: according to this section of the report, 73% of all adult-aged Australians surveyed actively do not consider themselves to be a 'gamer'. This must be held in contrast to figures from the same report citing that 71% of adults between 18 and 64 actually play videogames. There must be a clear and significant overlap between those who regularly play videogames as part of their everyday life, and those who also do not consider themselves to be 'gamers'.

The identity of the 'gamer' is, as the report notes, highly contested and difficult to define. However, when voluntarily adopted by an individual it clearly is used as a way of positively associating oneself with the videogames industry and as a signal of taste in entertainment, culture, or leisure. The implication here is startling: despite actual play habits, only 27% of Australian adults actively identify with this term which links them to the videogame industry, and a quarter of adults actively believe the term has a negative connotation.

⁸ Brand, J (2015) *Digital Australia 2016*, Bond University: 13. At <http://www.igea.net/wp-content/uploads/2015/07/Digital-Australia-2016-DA16-Final.pdf>

Accordingly, this 2016 report is the first *Interactive Australia* report (out of six) where 'player' is used as a catch-all identifier rather than 'gamer', which was previously uncritically adopted for all Australians who play videogames.

As has been noted by a number of scholars, the identity of the 'gamer' has in fact had a flow-on effect when it comes to gender. Adrienne Shaw's research, for example, suggests that women are much less likely than men to identify as a gamer, regardless of actual time spent playing videogames. Similarly, a great many scholars have shown that women are more likely than men to underestimate the amount of time spent playing videogames.⁹

Of course, all this is not to say that women do not play videogames, or participate in videogame culture. Every publicly available demographic survey of gaming habits in Australia has indicated that a wide variety of Australians engage with videogames. For example, in the same *Digital Australia 2016* report, we also discover that today 47% of Australian videogame players are women. Even in a national telephone survey conducted by Kevin Durkin and Kate Aisbett, commissioned by the Federal Government's Office of Film and Literature Classification in 1999 discovered that 48% of adult women and 89% of female teenagers surveyed played videogames.¹⁰

We see a similar story at events. For example, at this year's Freeplay Independent Games Festival (which as noted already, I am the director of), we saw a ratio of 56% women speakers on our programme, making it the first videogame event in Australian history to have a higher proportion of women speakers than men. Women also make up a large proportion of fan communities, and although the more commercial conventions such as PAX Australia and EB Expo do not release attendance statistics, anecdotally their audiences seem far from heavily male-dominated. 2016 will also see the first ever queer-focussed gaming convention in Australia, GX Australia, which reaffirms the hunger for diversity in all its forms within the wider videogame community in Australia.

There is therefore a clear disparity in Australia between the monoculture of those who work in the videogames industry, and those who actually constitute the wider communities of people from all walks of life who are interested in videogames. What this amounts to is an industry in crisis. Through years of the active co-option of a male audience and the

⁹ Lucas K, Sherry J (2004) Sex differences in video game play: A communication-based explanation. *Communication Research* 31(5): 499–523; Taylor TL (2006) *Play Between Worlds: Exploring Online Game Culture*. Cambridge, MA: MIT Press; Williams D, Yee N, Caplan S (2008) Who plays, how much, and why? Debunking the stereotypical gamer profile. *Journal of Computer-mediated Communication* 13(4): 993–1018; and Yates S, Littleton K (1999) Understanding computer game cultures: A situated approach. *Information, Communication and Society* 2(4): 566–583

¹⁰ Durkin K, Aisbett K (1999) *Computer Games and Australians Today*, Office of Film and Literature Classification: XIII

sometimes passive, sometimes active exclusion of female players, the videogame industry is now facing a catastrophe of its own making. Any serious governmental engagement with the videogames industry must begin with serious effort to make sure the industry can quickly enact structural change at every level to help reverse years of institutional sexism, and to help fight against the efforts of a small group of regressive abusers who are involved in pushing women and other voices for diversity out of the industry.

If not, then the Australian videogames industry is at serious risk of permanently instituting a boys-only monoculture that will prove endemic in subverting its social and economic impact. It will marginalise it as a cultural form and will, if no further effort is made to avert this scenario, create an industry that is simply no longer worth supporting in the national interest.

1.3 Potential responses

So what action might the government take along these lines? Efforts have for some time been undertaken by community groups to advocate for and foster diversity in the videogame industry, but government support could, at a cursory glance, fall along any or all of these potential avenues:

- Financial and organisational support for existing formal and informal women-in-games groups, many of which already exist in Australia with little or no government support
- Support for Australia's peak videogame industry bodies to confront gender diversity both publicly and privately
- The expansion of the Australian Human Rights Commission's 'Women in male-dominated industries' program to explicitly include the videogames industry, potentially including using the successful 'Male Champions of Change' program to elevate women to leadership roles within the Australian videogames industry
- Diversity targets and structural strategies built-in to any government funding (for example, it may be that companies must achieve a certain gender ratio on their board or employees to be eligible for a tax offset or funds – this might also apply to government funded events in the videogame industry).
- The provision of women-only game development study and skills scholarships

Strategies such as these should be only the beginning. The government should endeavour to work with Australia's Women in Games groups to further develop strategies in conjunction with those who will be impacted by them the most.

Finally, of course, putting aside the convincing economic and industrial reasons to embrace building in diversity measures to any government intervention in the videogames industry, it is also clearly the right thing to do. A strong statement that the support of the videogames industry goes hand-in-hand with the development of the level of diversity within it would send a clear message to the greater Australian community about our standard of values as a society.

2. Creative Culture

2.1 The studio model

Studio models are still often assumed to be the only productive framework for game development moving forward. This is simply not true, and at the very least needs to be able to be broken down to be able to draw a nuanced and complete picture of how, where, and under what circumstances videogames are actually made in Australia. I refer you to the submission made by the Freeplay Independent Games Festival to Screen Australia's public consultation for their Interactive Games Fund,¹¹ where at least four other frameworks are identified than just straightforward large commercial studios:

- **Independent Studios:** which are commercial ventures that generate their own projects and intellectual property while remaining independent from (often international) publishing structure. They tend to prefer to operate on a work-for-hire basis, if not to work on their own products exclusively. In Australia, key examples would be Halfbrick or The Voxel Agents.
- **Microstudios:** which represent groupings of between two to five people which may occasionally employ contractors. These microstudios can often afford to be more creative and experimental without additional risk and sometimes commit to niche genres. In Australia, key examples would be Tin Man Games, Wander, or SK Games.
- **Collectives:** which are groupings of people without necessarily also taking on the formalised structure (or indeed financial models) of commercial studios, though their work may be for commercial release. A good example in Australia would be League of Geeks, which has operated on this structure in order to release their first game, *Armello*.
- **Individuals:** which represent possibly the great unknown, or at least unquantified side of Australian game development. Individuals may create games for profit and

¹¹ Obtainable via the Internet Archive here (the official link on Screen Australia's page appears to be offline):
https://web.archive.org/web/20140213015353/http://www.screenaustralia.gov.au/gamesoptions/Downloads/130227_Callaghan_Paul_Freeplay.pdf

become highly visible and successful in this manner (for example, Alexander Bruce and his *Antichamber*) or they may remain on the margins of existing communities and quietly continue to produce games on their own steam. They may create for commercial release, or they may work for other ends, including personal satisfaction, exhibition, art, or community. The financial impact of these creatives may be more difficult – if not impossible – to measure yet it is clear that they form a fundamental cog in Australia's game development community, and are often responsible for the emergence of aesthetics, style, and ideas which are essential to a healthy industry sector.

All of the games listed on page 3 of this submission were created in circumstances that are not adequately encapsulated in a 'studio' only framework for understanding Australia's videogames industry. Therefore it is essential that regulation, taxation, and infrastructure are undertaken with an eye to the videogames culture we currently have, rather than one we might hope for.

2.2 Working conditions

An important question for effectively regulating Australia's videogames industry is the kind of working conditions and workplace culture that the industry promotes. This has so far rarely been considered specifically by government bodies, either in a regulatory capacity or in a funding or infrastructure capacity.

Such questions can be highlighted by two events from 2010-2011. First, in 2010, Western Australian game developer Interzone Games was liquidated following allegations of \$500,000 in unpaid wages to staff and an Australian tax debt of \$1 million. It was also alleged that intellectual property developed by the Perth studio was taken by Interzone's owners to a new development house in Ireland.¹²

Second, in 2011, eleven anonymous former Team Bondi employees were published alleging systemic neglect, overwork, and poor conditions of staff at Sydney's Team Bondi studio.¹³

One source alleged:

"There was simply an expectation that you'd work overtime and weekends," said a source. "I was told that I was taking the piss by saying that I couldn't give every single one of my weekends away. We were looked at as a disposable resource, basically... "Their attitude is: 'it's a privilege to work for us, and if you can't hack it, you should leave'. I heard one of the

¹² Byrne, S (2010) WA Dev Interzone Games Close To Liquidation, *Kotaku*. At www.kotaku.com.au/2010/02/wa-dev-interzone-games-close-to-liquidation/

¹³ McMillen, A (2011) Why Did LA Noire Take Seven Years To Make? *IGN.com*. At <http://au.ign.com/articles/2011/06/24/why-did-la-noire-take-seven-years-to-make>

upper echelons say pretty much that. I thought it was disgusting. I don't understand how they can't see that maintaining talent would actually be good for them."

Another alleged:

"I left because of stress and working conditions, mainly. But the trigger was this: I received a reprimand for 'conduct and punctuality' for being 15 minutes late to work. I arrived at 9:15am – despite the fact I had only left work around 3:15am the same day, and paid for my own taxi home! I never would have thought you could put a sweat shop in the Sydney CBD."

After the release of *L.A. Noire* in 2011, which was critically acclaimed and is likely one of the most successful studio-produced videogames created in Australia, Team Bondi was eventually placed into administration and liquidated in 2011, with documents provided to ASIC showing that Team Bondi owed its creditors AU\$1.4 million. During the liquidation process Team Bondi's intellectual property and some assets were bought by Kennedy Mitchell Miller (KMM), the Australian film, TV, and now games production house. In 2013, using the Team Bondi name, KMM received \$200,000 from Screen New South Wales for its development.

This workplace culture is of course not specific to the Australian industry and can be seen globally. In their 2009 book, *Games of Empire: Global Capitalism and Video Games*, Nick Dyer-Witheford and Greig de Peuter describe how the "long-hours culture" of the videogame industry has globally created a sector where excessive hours and worker exploitation is ubiquitous, balanced against the desirable 'cool' nature of the work.¹⁴ Built into this is the practice of 'crunch', where workers are expected to put in (sometimes extraordinarily) long hours to meet production deadlines. Clearly from the prior examples we have also seen similar practices in Australian studios.

The evidence of unhealthy workplaces as endemic to the videogames industry cannot be ignored, and is another vital cog in ensuring the strength and stability of the Australian videogames sector. It is not only unfeasible but obviously damaging to the long-term health of the Australian industry if recent graduates are offered entry-level positions which routinely demand unreasonable (and possibly illegal) labour expectations. The fact that Australia's current videogames industry, despite having been around since at least 1978, has very few visible veterans is telling in and of itself. Anecdotally, the videogame industry is largely made up of young and enthusiastic workers who eventually move on to other industries. This is another major threat to the long-term sustainability of Australia's videogames sector.

¹⁴ De Peuter, D and Dyer-Witheford, N (2009) *Games of Empire*, Minneapolis, University of Minnesota Press: 59-65

In the absence of a union specifically for the videogame industry in Australia (a situation common in the rest of the world), it falls to the government to attempt to ensure that employees in the videogame industry are treated with fairness. Obviously the same legislation and regulations apply to employers in the videogame industry as they do in other industries. However, the government may also use its funding processes to help cultivate healthy workplace expectations and practices. Discouraging the practice of 'crunch' when it comes to reviewing funding benchmarks and processes would be one way to start. Another way would be to build in workplace expectations into funding agreements.

Whatever the case, unreasonable and exploitative labour practices in the videogame industry pose a significant threat to its long-term sustainability, especially within the Australian context. Any governmental intervention into the industry must consider the long-term impacts of the videogame sector's workplace culture.

2.3 The importance of community

One of the most fundamental ways in which independent developers and developers outside the quickly-dwindling 'core' studio system work is through their access to networks, events, and peer feedback and reflection. Today, of course, many developers have access to a vast array of networks online, yet it is clear that Australian developers have always seen physical networks and communities as just as – if not more – important.

We are seeing a contemporary surge in videogame community events of all descriptions. Here are just a few examples:

- Freeplay Independent Games Festival (as noted, I am the director of this organisation). Running since 2004, has an annual festival and awards as well as an annual showcase of locally-produced games.
- Let's Make Games. Run in Perth to support local creators, it provides a hub for many other community groups, such as SK Games, who specialise in videogames made for in-person play.
- The Global Game Jam. Though world-wide in its remit, the Global Game Jam (where developers meet up to create a game under limited time constraints) has one of the world's biggest nodes in Melbourne.
- The Digital Games Researchers Association of Australia (DiGRAA) now runs an annual scholarly conference for academic games research that has strong links with the local development community.

Again, there are many more examples that could be listed here, as well as emerging events in traditionally-low participation community locations such as Tasmania, and rural centres like Ballarat. On top of these of course, are also the high profile signature pieces of the Victorian Government's 'International Games Week', such as PAX Australia and GCAP.

Australian government bodies have arguably achieved the most success – in a pure dollar-to-outcome ratio – through providing funding for games events. For example, in 2014 Screen Australia provided \$5000 through their 'Sector Building Initiatives' program (no longer running) to support the running of the Global Game Jam node in Melbourne. Out of this one event came the game *Screencheat* (currently due to be released on PlayStation 4 and Xbox One).

3. Cultivating Audiences

3.1 Working with existing institutions

Australia is one of the most culturally-engaged countries in the world. According to the ABS, 86% of Australians attended a cultural event or venue in 2013-2014, with particularly large percentages attending cinemas (66%), libraries (34%), or pop music concerts (32%).¹⁵

Videogames, as a product of the digital era, has not always been seen as a cultural industry and continues to be actively positioned by some as more closely aligned with the information technology or design sectors. This may in some respects be to the videogames industry's advantage, but in others it is a wasted opportunity. The videogames industry could be actively working with existing cultural organisations in order to help cultivate shared audiences and infrastructure.

My own experience with a wide variety of cultural organisations within Australia anecdotally proves the interest in providing opportunities to support the videogames industry. I have personally worked with The Wheeler Centre, Arts Centre Melbourne, State Library of Victoria, Federation Square, the Perth Writers Festival, the Emerging Writers Festival, the Melbourne Writers Festival and the Melbourne Queer Film Festival in my capacity as a videogame expert and it is clear that there is a nexus of cultural institutions who are attempting to engage with videogames but who find it difficult to reach out and engage the industry at large.

¹⁵ Australian Bureau of Statistics (2015) Attendance at Selected Cultural Venues and Events, Australia, 2013-14. At <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4114.02013-14?OpenDocument>

There remains opportunity to create policy for the videogame industry that sees it as fundamentally part of the life of Australia's creative and arts cultures. The most recent federal arts policy, Creative Australia, made a number of steps towards this goal, including positioning Australia's videogame creators as part of the nation's culture. More could be done in this area.

3.2 Reinforcing trust between audiences and industry

Changes in revenue models and platforms have meant that videogame developers have increasingly looked to alternative financial models over recent years. What this means in practice is the on-going popularity in 'freemium' or 'free-to-play' videogames, and the ability to make in-app purchases. Sometimes, this can be fairly innocuous and clearly presented to the player. At other times, this can be an insidious form of making profits through intentional confusion and manipulative game systems.

For example, the *Interactive Australia Report 2014* showed that gambling and in-app purchasing were among the major concerns for both parents and children when asked about the risks associated with videogames.¹⁶ This industry practice – not widespread in Australia but nonetheless present – has contributed to a widespread collapse of trust between some audiences and industry, to the point where some games on mobile platforms are actively viewed with suspicion. This kind of practice must be closely regulated and watched to ensure that it does not become endemic.

Similarly, ongoing concerns have been raised about the way gambling mechanisms have been brought to the videogames industry. Gambling, or gambling-like mechanisms are not ubiquitous, but they are growing in popularity and regulators and industry have so far made little response. In 2012, at Crikey.com.au I published an investigation into the use of actual in-game gambling on Xbox 360 and PlayStation 3 copies of the EA Sports release, *FIFA 13*.¹⁷ Through the game as sold in stores, players could register for an external gambling service – Virgin Gaming – and bet real money on the outcome of multiplayer matches. In my role as a journalist I contacted the Classification Board to ask if such material warranted a consumer warning, and was told that such gambling had “a very mild viewing impact and can be accommodated within the G (General) classification.” Such issues, I believe, continue to

¹⁶ Brand, J (2013) *Digital Australia 2014*, Bond University: 26. At <http://www.igea.net/wp-content/uploads/2013/11/Digital-Australia-2014-DA14.pdf>

¹⁷ Golding, D (2012) Gambling on a Game: FIFA 13 and Virgin Gaming. *Crikey.com.au*. At <http://blogs.crikey.com.au/game-on/2012/11/15/gambling-on-a-game-fifa-13-and-virgin-gaming/>

create an atmosphere of suspicion and distrust between audiences and industry and pose a potential problem for effective regulation of Australia's videogames industry.

Attracting international videogame companies to Australia

The following constitutes my response to the term of reference (b).

Historically, Australia has had a long history of attracting international companies to either set up or invest in development operations in Australia. Indeed, even Beam Software, Australia's first game development company, ultimately began in the UK as book publisher Melbourne House due to the vagaries of the publishing market in the 1970s.¹⁸ There is a fair argument to be made, then, that Australian videogame development has always been internationally-facing.

Beam Software is, however, a case-in-point as to the negative impacts that foreign investment has had on the Australian industry. In 1999, after many decades of success, Beam was purchased by French company Infogrames (later to become Atari) and renamed Infogrames Melbourne House. By 2006, when what remained of Beam was again sold to Krome Studios (an Australian company), it was a shadow of its former self.

What Beam Software is illustrative of is a long-term pattern in Australia of sporadic foreign investment, followed by on-selling, bankruptcy, and closure. A number of successful Australian studios have been purchased and then closed by international interests. Two more examples are:

- **Blue Tongue Entertainment** (founded in 1995, bought by the American company THQ in 2004, shut down in 2011)
- **Ratbag Games** (founded in 1993, bought by the American company Midway in 2005, shut down just four months later)

In addition, many international game development companies have set up business in Australia, with many of these ventures lasting less than a decade, and some only lasting a few years. Prominent examples include:

- **Interzone** (American company that set up a studio in Perth in 2006, closing in 2010 under serious allegations of mistreatment of staff and unpaid wages)

¹⁸ Further detail on the history of Melbourne House and Beam can be found at the *Play It Again* project. At <http://playitagainproject.org/companies/beam-software/>

- **Pandemic Studios** (American company that set up a studio in Brisbane in 2000 before being closed in 2009, laying off 228 employees)
- **2K Australia** (American company that opened a studio in Canberra in 2000, closing in 2015)
- **Creative Assembly** (British company that opened a studio in Brisbane in 2002, closing in 2013)

There are currently a small number of foreign-owned development studios in Australia – particularly Firemonkeys (created by the merger and acquisition of Firemint [founded 1999] and Iron Monkey [founded 2003] in 2011).

By now it is clear that the business model for international companies in Australian games production is to invest when the price is right and to sell or close when business is bad. There is little to suggest that this model would change into the future. International companies can provide relatively large amounts of jobs in short bursts, but Australian history has proven this to be unstable and volatile. International companies by their nature have little interest in building Australia's videogames industry outside of their own financial benefit and therefore there will always be measures outside of the local industry's control (and indeed, outside of the government's control) when it comes to international investment pulling out.

In the long-term view, relying on international investment in Australian game development is not in the national interests. Government intervention in the Australian games industry would therefore be better focussed on cultivating and providing infrastructure for Australian-led industry. It would be ill-advised to create a repeat of, for example, the Ratbag Games story, where 12 years of Australian-led success leads to international investment and then closure within the space of just four months. Historically, the most stable of Australian studios have remained at arms-length from international investment (such as Torus Games, founded in 1994 and who recently won the Disney Developer of the Year Award for their collaborations with the American company; or Big Ant Studios, who were founded in 2001 and have had recent success with *Don Bradman Cricket*).