

The future of Australia's video game development industry

Thank you for the opportunity to contribute a submission for this inquiry.

AIE Incubator is focused on assisting start up independent development companies made up of teams of graduates from AIE's Advanced Diploma courses. These independent game developers are focused on all areas of the games market, from casual to serious games targeting any platform available including:

- PC
- Consoles
- Mobile
- VR Headsets
- Smart TV's
- & any new platforms that enter the market

The content that these teams develop is primarily for digital distribution through as many established reputable global channels as appropriate to their content.

Games Industry Employment Challenge

AIE Incubator graduate talent is best described as youthful, inventive, entrepreneurial, intelligent and well trained in the process of game development. Most importantly they are fully aware of the enormous challenges that lay ahead of them and the obvious lack of government support provided to the game development sector.

These young developers also recognise the lack of mid to large studios in Australia and are willing to set up their own company to employ themselves in the industry they have trained in and are very passionate about. They want to live in Australia and develop great games for a global audiences, as opposed to develop skills here only to take them overseas working in other nations with a more established industry like the United States or Canada.

Games Funding

AIE Incubator assists teams through a number of mechanisms, primarily by providing no strings attached funding to AIE graduate teams. Funding provided by AIE is best used to leverage further funding from local and potentially national government agencies. Current and prior government agencies that have offered funding opportunities for game developers have been;

- low in number,
- an awkward fit
- hard to identify due to being more closely associated with another industry (e.g. Screen Australia).

The only occasion there was a well matched funding opportunity was when the Interactive Games Fund was created. Relative to the funding figures provided for other arts and entertainment industries, this fund was extremely small in scope. However it but was of vital importance to Independent Australian games companies seeking to transition into a phase of growth. And imperative to growing sustainable employment opportunities in Australia.

Screen Australia's Interactive Games Fund was a key target for AIE Incubator teams in 2013. Teams saw this funding as fundamental next step in enabling their contribution to the Australian games industry. This funding would have allowed teams from AIE's Incubator to take the funding awarded to them by AIE and apply for matching funding from the agency building on their initial success with AIE.

Start-Up Challenges Identified

AIE Incubator program ensures all teams entering the program are aware of the significant challenges, faced by all small start-up game developers. These teams need to back themselves to rise to the following challenges and more:

- Ensuring that they are keeping their overheads as low as possible for as long as possible while developing their first commercial release/s.
- Spending time looking for support or tax incentives from local and national agencies and developing proposals for grants or funding that are often an awkward fit for games development.
- Spending time researching technology and game markets to identify gaps and opportunities, to ensure innovative game products are developed.
- Retaining legal ownership of the intellectual property the developers create.
- Promoting the product to a global audience as the domestic market on its own is not large enough to provide a sustainable source of revenue.
- Localisation of game content to enable the product is accessible to a global audience.
- Having to extend production times and delay commercial releases due to being forced to work part time to cover cost of living.

Start-Up support provided by AIE Incubator

Below is a list of initiatives that AIE has in place to support the Australian independent game industry. These initiatives have been designed through extensive industry consultation and experience, as well as feedback from participants. The aim is to provide assistance to AIE graduate teams passionate about establishing a small business which develops digital content for export. Teams are provided assistance in the form of:

- Contact and networking opportunities with mentors from a range of relevant industries including game development, legal, public relations, marketing and publishing.
- Free year of 24 hour office space
- Free Computers, software and internet connection
- Non-competitive travel and business scholarships
- Training to establish a small independent distribution business
- Ongoing opportunities to remain in collaborative 24 hour access office space, for up to 2 years after training is complete.
- Skills and knowledge transfer within a community of developers that are collocated in these collaborative offices.
- Opportunities for AIE Incubator teams to apply for AIE Post Incubator Grants. Each year AIE provides a pool of \$150K to assist in the development and promotion of their first major commercial release.

AIE support is limited to graduates of its incubator program and by its available resources. It would be a great advantage for the Australian economy if the government recognised this growing industry and was to join these types of incentives and create a framework to support this industry into the future.

Recommendations

Outlined above is how the AIE has found a way to support the start-up section of the Australian games industry with its limited resources. Our advice to the government is to do the following to provide assistance to game developers as they progress through their careers, so they are supported and keep their skills & talents in Australia:

- Establish a self-sustaining interactive games fund that stimulates growth in all states across Australia with a particular emphasis to projects under \$500k budgets to stimulate the growth of independent developers and the creation of Australian Intellectual Property.
- Extended the Producer Offset to include interactive game development as explained in the IGEA submission.
- Recognise and assist in the creation of hubs of digital innovation where developers can co-exist. Collaborative spaces offer savings by reducing the financial overheads of rent and through shared resources. They also create opportunities for knowledge sharing which reduces time spent researching new gaps in the industry. And finally provide identifiable links to the game development community within each state or region providing a structure for developers to access and self-organise.
- Completing the NBN will enable the growth of the industry here in Australia. The NBN will enable developers to reach maximum global audiences, allowing products developed to achieve their full export potential.

Regards
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