



LEVEL UP WA

Support for our home grown gaming industry

It's time government recognised the value of WA's video games industry and gave it the same level of support as other creative industries enjoy. The WA videogames industry is a perfect example of the sort of innovative 21st century industry that we should be supporting as part of our next boom: the creative boom.

It's a genuinely exciting time in videogame development. The massive success of mobile gaming, and the emerging technology of VR, are rich opportunities for the industry. With just a few key measures, we can switch videogame development difficulty in Australia from 'Veteran' to 'Regular'.

Every day millions of Australians turn to videogames for leisure, entertainment and education.

The videogames industry is the fastest-growing entertainment industry in the world. In Australia alone, this industry generates over \$2B in retail revenueⁱ and is continuing to grow.

In April 2016 the Senate Environment and Communications Committee tabled a unanimous reportⁱⁱ into the future of the games industry in Australia. It found a bright future for the industry and made an extensive series of recommendations in order to bring it about. The Greens were proud to initiate this inquiry and this initiative draws largely on those recommendations localised to WA.

> CURRENT CHALLENGES

Western Australia is a creative state, and that creativity is no more evident than in our budding videogames industry. The videogames industry is a major asset to our local economy. It employs producers, designers, actors and marketers. It generates retail revenue, and it tells a powerful artistic story.

The Greens are committed to fostering talent in this field by investing in the areas that the Government has turned its back on.

WA games developers like **Stirfire Studios**, who employ 15 staff in administration, game production, programmers, artists, management, QA testers and support staff, are earning national and international acclaim and yet receiving next to no support. WA's broader gaming industry has massive potential, but currently our productions tend to be small scale and mobile, especially after the GFC and loss of WA government tax breaks.

Australian-developed videogames like Fruit Ninja and Crossy Road now appear on countless mobile devices around the world, as well as Armello on desktop platforms. Whilst the emerging Australian games industry clearly has the talent and the motivation, it has been constrained by policy incoherence and neglect.



Image: Stirfire's VR game *Symphony of the Machine*, born at Global Game Jam 2016 (symphony.stirfire.net)

> BUILDING A THRIVING WA GAMES INDUSTRY

The Greens believe the government should do all it can to give the industry a jump start, in the form of grants, low-interest loans and tax offsets to foster the growth of the local industry, and to ensure that local talent stays local.

This is why the Greens will work hard to introduce an \$8m/year industry package (with all figures assuming the federal and state government equally co-fund the package) over the next term that will:

1. Reintroduce the AIGF – worth \$4m to WA over 4 years

The first step to funding this important creative industry, whilst fostering new talent and creating new jobs is to re-introduce the Australian Interactive Games Fund (AIGF), following an evaluation to ensure that lessons learned in its brief first

iteration are incorporated into a stable, long-term revolving fund.

This is worth \$4 million to WA over the forward estimates, using a similar mix of small grants and loans as the original scheme. Establishing a replacement for the AIGF will assist small independent studios to grow into flourishing ongoing enterprises. This is one of the most immediate steps the government can take for this industry.

In collaboration with industry, the previous federal Labor government initiated the AIGF in 2013, which was a major asset to the games industry which had been hit hard by the high Australian dollar and then the global financial crisis. This \$20M fund administered by Screen Australia helped new and upcoming games developers find their feet, allowing popular games to get off the groundⁱⁱⁱ.

As part of Tony Abbott's devastating budget cuts from 2014, the Fund was axed with only half the funds disbursed. Employment in the industry is now roughly half what it was before the GFC^{iv}.

2. Extend the Producer Tax Offset - \$26.6 million over 4 years

The Greens propose to extend the Producer Tax Offset^v of 40% to videogame developers, to expand the coverage of this successful and widely understood offset to games studios for eligible projects. This is a refundable tax rebate for producers of Australian feature films and television, but it has never been applied to developers of games. Extending it in this way has been estimated by the Parliamentary Budget Office to cost \$133 million nationally over the forward estimates, and is probably the single most important initiative we could take for providing enduring confidence in the industry as an essential part of screen culture.

Some of the supports available to the film and TV industry, such as the Producer Tax Offset, should be extended to include videogame production. We have the absurd situation now where an international studio working on a huge franchise receives backing from the government for the film, yet local developers working on the game tie-in do not.

3. Co-working spaces - \$2 million over 4 years

The Greens will push for \$2m over four years to assist in the development of creative co-working spaces.

We also call for an immediate audit of empty space in the city and our regional centres that could be converted to affordable co-working and creative spaces. This would give new developers an independent space to work and create new content, encouraging entrepreneurship and innovation.

The best example comes from the Arcade in Melbourne, funded in part by the Victorian Government^{vi}. The Arcade brings together exemplary talent from all quarters of the industry, and

also fosters and mentors incoming developers, offers them employment and gives them avenues to realise their potential. The Greens propose that this should also be administered through Screen Australia.

Current vacancy rates in the city at around 20-25% are a great opportunity to support creative workers and foster much-needed innovation hubs for videogame development and other technology start-ups, and make our city the location for the next boom: a creative boom.

This funding would also support WA organisations like Spacemarket, Many, and Spacecubed to grow and match spaces to creative industries.

4. WA government support to promote diversity

During the 2016 senate inquiry, the industry was forthright in its concerns that while the audience for games is extremely diverse, the industry workforce is heavily demographically skewed toward young males. A variety of strategies for promoting diversity were canvassed during various hearings of the committee, leading to a unanimous recommendation that any Commonwealth funding support such as the proposals addressed in this paper should be premised on pro-active developer strategies to improve the diversity of its workforce.

5. Fix the NBN

The industry recognises that its fortunes are tied to the rollout of a fast, universally accessible national broadband network. The Greens are strongly in favour of reversing the avoidable mistakes of the Abbott-Turnbull era and getting the NBN back on track to a Fibre to the Premises (FTTP) build.

Our 2016 policy on the NBN can be found at <http://greens.org.au/nbn>

6. The Greens will also investigate and work to introduce other crucial ways to support the industry, including:

- **A 'living salary' grant scheme to pay modest wage for the crucial first stage of development**, similar to the current Victorian scheme.
- **A soft grants scheme with low interest or zero interest loans**, similar to the current Queensland scheme which lends up to \$40,000 at very low interest, and 20c in the dollar paid back on anything the developer makes.
- **A marketing assistance fund for game makers**. The Greens understand self-sustaining game makers often cannot afford to put any real money behind the marketing of their product which is crucial to gaining visibility and some form of marketing success. For example, it costs up to \$35,000 to for one WA team to exhibit at PAX AUS.

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- **Assistance to attend conferences** such as Game Connect Asia Pacific in Melbourne or Game Developer Conference in San Francisco. The Greens recognise that a significant amount of business gets done and relationships formed at these events and attendance makes a huge difference in establishing the pathway to market.

> THE GREENS TRACK RECORD

In 2016 the Australian Greens announced a \$158 million package to assist the industry.

Senator Scott Ludlam established a senate inquiry into the future of the industry in 2015.

The inquiry made it clear that government can galvanise the local industry, in the form of grants, low-interest loans and tax offsets to foster growth, and to ensure that Australian talent stays in Australia. It recommended that a successor to the Australian Interactive Games Fund be instigated

The Abbott-Turnbull government did a huge disservice to the industry when it axed the Australian Interactive Games Fund. That initiative was a great success, helping a number of popular games get off the ground and several developers establish robust businesses, but it was cut before half of the funds were even disbursed. The Greens will fight to see that fund reinstated and developed into a stable revolving fund.

We'll continue to fight for these recommendations to be adopted at the federal level. The opportunity for Australia to establish itself as a global leader in this industry is not going to last forever.

The full report and 8 recommendations can be viewed at:
www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Video_game_industry/Report

ⁱ <http://www.igea.net/2016/03/infographic-total-value-of-the-australian-video-games-industry-in-australia-in-2015/>

ⁱⁱ http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Video_game_industry/Report

ⁱⁱⁱ <http://www.screenaustralia.gov.au/new-directions/past-reviews/games-consult>

^{iv} <https://theconversation.com/sizing-up-the-future-for-australias-video-game-industry-54817>

^v <http://www.screenaustralia.gov.au/funding-and-support/producer-offset>

^{vi} <http://thearcade.melbourne/>