

SUBMISSION



**Submission to Screen Australia  
on the Interactive Games Fund:  
Options Paper**

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[screenproducersaustralia.org.au](http://screenproducersaustralia.org.au)



**SCREEN  
PRODUCERS  
AUSTRALIA**



Screen  
Producers  
Association  
of Australia

SUBMISSION TO SCREEN AUSTRALIA ON THE  
INTERACTIVE GAMES FUND: OPTIONS PAPER

JANUARY 25, 2013

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## Response to the options paper

The Screen Producers Association of Australia (SPAA) welcomes the opportunity to comment on Screen Australia's *Interactive Games Fund: Options Paper*. SPAA has canvassed our membership on the various issues raised in the document over the last few months and our feedback focuses on three overarching recommendations:

- Expansion and collaboration should be prioritised
- Existing multiplatform programs should be enhanced
- Tax incentives should form a central part of long term support

We trust that this is the start of an ongoing dialogue during the development and refinement of the program in the coming years.

## The evolving screen sector

SPAA is the national industry body that represents Australian independent film, television and interactive producers on all issues affecting the business and creative aspects of screen production.

For more than 30 years SPAA has been at the forefront of an evolving screen sector. We have been a major influence in the setting of industrial standards and work practices, had an ongoing role in the negotiations with actors and technical crew unions, as well as rights and royalties regimes. Furthermore, we continue to represent and advocate the policy goals and priorities of the membership to government, the media and other industry organisations.

Our members are responsible for some of Australia's most popular content, catering for big, small and mobile screen audiences, and are most noted for their drama, documentary and reality work. Recent titles include *The Sapphires*, *Howzat! Kerry Packer's War*, *Kath & Kimderella*, *Angry Boys*, *Go Back to Where You Came From*, *Storm Surfers 3D*, *Mrs. Carey's Concert*, *Masterchef* and *The Voice*. But our membership, like the screen sector more broadly, is changing at a rapid pace.

Screen producers are increasingly diversifying their slate with many exploring both tie-in and stand-alone games, from *Underbelly: Skirmish* and *Exchange Student Zero* to *Lost Monsters*. In fact, Essential Media and Entertainment, Matchbox Pictures, Firelight Productions, Kapow Pictures, Renegade Films, Planet 55 Studios, Sticky Pictures, The Feds, Accent Media Group, BES Animation, Wintertime Films, Smith&Nasht, Envelop Entertainment, Media World Pictures and The Project Factory are all examples of SPAA members currently pursuing interactive or transmedia projects.

SPAA is taking steps to strengthen the relationship between production and development businesses working in the interactive entertainment industry. This year's SPAA Conference hosted *game:spaa:match*, an initiative that successfully brought together content businesses for networking and

project collaboration around interactive content. Based on the excellent feedback we have received, this event will remain an ongoing feature of our Conference.

## A welcomed initiative

The highlight of this year's Conference was undoubtedly Arts Minister Simon Crean's announcement of the *Australian Interactive Games Fund*. The fund will provide \$20 million in direct subsidy to support interactive entertainment over the next three years. It marks a significant step forward as it recognises that media convergence has brought with it not just substantial challenges for Australian content producers but also exciting opportunities.

Both Minister Crean and Screen Australia have long highlighted the synergies across the screen sector. The film, television and games industries all face similar market forces, be it in financing projects in an unfavourable economic climate or adapting to changing distribution models.

Screen Australia has recently stated that the 'challenges facing the interactive entertainment industry are intrinsically linked to those of the broader screen sector. With this in mind, the film, television and interactive industries must work together to ensure that the right supporting frameworks are in place to address the threats and opportunities that come from greater convergence around fast broadband.'<sup>1</sup>

This sentiment was reiterated by Minister Crean at this year's SPAA Conference when he claimed that games are 'in many ways the natural extension of film with an interactive dimension' and that 'this is a whole industry that we can develop (through) a substantial investment (that is) well targeted and helps build a sustainable base for Australian companies to respond and grow in the fast changing environment.'<sup>2</sup>

Minister Crean's announcement is a welcomed step towards developing new and engaging interactive and games content, as well as addressing a growing expectation among broadcasters and distributors that digital assets are a standard deliverable to leverage brands across different platforms. The commercial reality is that these assets are generally underfunded in comparison to those from competing foreign screen properties.

SPAA appreciates that in a tough economic environment it is challenging to find support for the screen sector and we would like to thank the Minister for driving the development of this important initiative.

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<sup>1</sup> Screen Australia, *Playing for Keeps: Enhancing Sustainability in Australia's Interactive Entertainment Industry*, November 2011 ([http://www.screenaustralia.gov.au/documents/SA\\_publications/GamesReport\\_PlayingforKeeps.pdf](http://www.screenaustralia.gov.au/documents/SA_publications/GamesReport_PlayingforKeeps.pdf))

<sup>2</sup> Arts Minister Simon Crean, *Keynote address: 2012 Screen Producers Association of Australia, National Conference*, November 2012 (<http://www.minister.regional.gov.au/sc/speeches/2012/CS64.aspx>); Arts Minister Simon Crean, *Media release: Australian interactive games fund announced to support a global industry*, November 2012 ([http://www.minister.regional.gov.au/sc/releases/2012/november/sc216\\_2012.aspx](http://www.minister.regional.gov.au/sc/releases/2012/november/sc216_2012.aspx))

## Developing the right framework

As the Federal Government's direct funding body for the Australian screen production sector, SPAA supports Minister Crean's decision for Screen Australia to administer this new fund. This increased allocation will broaden the functions of the agency and enhance its capacity to support and promote a highly creative, innovative and commercially sustainable industry.

Screen Australia's consultation document states that 'the *Australian Interactive Games Fund* will commence in 2012/13 delivering \$5 million per annum in the first and second years, jumping to \$10 million in 2014/15. The money has been earmarked to help build a sustainable base for companies to grow in a global market. It recognises the international potential and originality of our local interactive entertainment by assisting Australian companies during a period of increased pressure following major shifts in the market.'<sup>3</sup>

Furthermore, Screen Australia has stated that the objectives of the fund are to:

- promote industry growth and sustainability
- support the development of new intellectual property
- encourage skills retention and renewal
- maximise the creative opportunities of fast broadband

To achieve this, the Options Paper poses a number of questions relating to the assessment criteria, eligibility thresholds and overall apportioning of funds across two approaches:

- investment in business via an Enterprise Program
- investment in projects via a Pre-production Program (developing proof of concept), and Production Program (building a market-ready game)

SPAA sees merits in the suggested approaches while also understanding the challenges in developing a structure, eligibility and assessment criteria that targets those areas most in need with limited funds. However, there are several overarching issues that are not specifically addressed in the paper that need further consideration to fully deliver on the fund's objectives.

## Recommendation 1: prioritise expansion and collaboration

SPAA anticipates that the new fund will adopt a broad eligibility. A holistic approach is difficult with limited funds, but nevertheless vital, to ensure that this new program reflects the growing diversity of screen businesses. The fund must recognise that production silos are losing relevance and

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<sup>3</sup> Screen Australia, *Australian Interactive Games Fund: Options Paper for Comment*, December 2012 ([http://www.screenaustralia.gov.au/documents/SA\\_publications/Games\\_consult\\_10Dec2012.pdf](http://www.screenaustralia.gov.au/documents/SA_publications/Games_consult_10Dec2012.pdf))

producers are increasingly developing a mixed slate of film, television and games development projects.

SPAA is concerned that the tone of the consultation paper, and the industry interviews conducted by Screen Australia to date, has reinforced an old view of games development. It would be a strategic error if this distinction was pursued further.

SPAA recommends that any enterprise support from Screen Australia, proposed or existing, be administered from a central fund that prioritises applicants who can demonstrate an ability to explore new creative opportunities and business growth through expansion and collaboration via interactive entertainment, regardless of background. This will leverage a wider mix of experience and expertise across the screen sector and will potentially maximise an already significant investment by government in film and television content brands.

## Recommendation 2: expansion of multiplatform support

In contrast with other Screen Australia programs this fund will not require a narrative component and will therefore widen the range of applicants and scale of projects dramatically across mobile, online and console gaming platforms.

SPAA is seeking clarification about Screen Australia's current multiplatform programs: *Digital Ignition*, *Digital Ignition Multiplatform Clinic* and *Multiplatform Production*. We are doing so in light of comments made at both the public consultation forums and on Screen Australia's website which indicate that these programs are under review. Yet, there are no opportunities to comment on this within the more narrowly focused Options Paper.

Understandably, this lack of consultation has concerned many of our members regarding the possibility that these funds will be redistributed across only those programs outlined in the Options Paper. If this was to be the case many transmedia projects could go unsupported. The multiplatform programs provide an all-important bridge between storytelling and game-play and it is this work that may serve as a beacon for future generations of 'converged' content creators.

SPAA is also concerned about the lack of consultation regarding these programs and hopes that further information will soon be released by the agency for comment. In lieu of this, SPAA recommends that a portion of this fund be used to expand Screen Australia's existing multiplatform support as to reflect that storytelling remains central to the Government's cultural objectives more broadly.

## Recommendation 3: tax incentives are vital to long term support

With Government not ruling out future tax relief, SPAA would like to reiterate the proposed *Digital Producer Offset* that was outlined and modelled in our submissions to the *National Cultural Policy* and *Convergence Review*.<sup>4</sup>

SPAA has proposed a new category of eligible production to bring 'new media' within the ambit of 'Australian content', at the 40 per cent offset rate and with a minimum expenditure threshold of \$100,000. This would include productions that carry a fictional or factual story across multiple platforms, which may introduce elements of interactivity and will likely be of indeterminate length.

While we can't really know what 'television' will look like in the converged world, clearly there will be innovations in formats, lengths, production methods, and programming strategies, not to mention screen technologies and business models. Enabling this innovation, and not privileging the old formats, lengths, production methods and programming strategies, should be a fundamental design principle for policy makers responding to convergence.

SPAA recommends a 40 per cent offset for narrative content across all platforms be pursued, as this will stimulate Australian content in those areas where some commercial capacity to invest exists.

## Towards an optimal balance

As mentioned, SPAA understands the challenges in developing a structure, eligibility and assessment criteria that targets those areas most in need with limited funds. An ongoing dialogue with practitioners and industry associations will be key in achieving an optimal balance.

To this end, SPAA looks forward to working more closely with Screen Australia, and our colleagues at the Games Developers Association of Australia, on the refinement of this fund over the coming months and years.

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<sup>4</sup> SPAA, *National Cultural Policy Review*, October 2011  
(<http://www.spaa.org.au/associations/8843/files/National%20Cultural%20Policy%20Review%20SPAA%20Oct11.pdf>)

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