Personal Submission for Digital Games Tax Offset Legislation

Introduction of Myself and Organisation

This submission is from Professor Steve Burdon AM, Professor of Strategic Management and Technology at UTS. I have been associated with UTS for 40 years, initially whilst I worked in the industry as CEO of OTC and GMD at Telstra. I also served on over a dozen public and private boards as chairman or director. I had a passion during that time to bring universities and industries closer together and acted as an adviser to Ministers in the UK, Australia and Saudi Arabia governments. For the last three years I have worked together with Edward Fong MD of Ubisoft and Ben Au Director of Interactive Games and Entertainment Association (IGEA). I have been working with them in interacting with Minister Paul Fletcher in the Federal Government to institute an incentive program to encourage the games industry and in particular the large MNCs', to establish design studios similar to those that have been established in Montreal and Singapore. My university UTS is one of the leading games universities in Sydney and this submission is made with their assistance plus the knowledge of our VC. I also believe the legislation should create a positive incentive for the games industry to collaborate with universities.

Industry-University Partnerships in Digital Games

The legislation should require companies who claim the Digital Games Tax Offset to undertake genuine engagement with universities to:

- Ensure supply of industry-ready graduates; and
- Develop innovative games-related technologies and novel applications.

To ensure relevance, the form of engagement should be collaboratively agreed between individual digital games companies and the relevant universities. However, the engagement will need to be demonstrable and significant and include financial contributions to educational and research initiatives.

It is pleasing to see the Federal Governments' introduction of the Digital Games Tax Offset (DGTO). This is a very welcome initiative which we believe will make Australia a significantly more attractive destination for games development. It represents a major investment in this rapidly growing area and will greatly increase the number of jobs in the sector - and encourage Australians to pursue further education in game technologies, computer science and related areas.

It should be note the increasing use of gaming software technologies in non-game areas such as medical visualisations, simulations for emergency training, data visualisation, workplace augmented reality applications, etc. At present, many of these applications are still very much in the early stages of research and development and are yet to realise their full potential.

It is recommended that the design of the Digital Games Tax Offset be strengthened in a way that encourages collaborative partnership between video game companies and universities, such as by:

1. Making it a requirement that for projects where a claim of $10+ million is sought, that the project to be implemented has created a partnership with a university.
2. Allowing expenditure by a game development studio which is partnering with a university (such as an investment in a research or teaching centre) to be considered eligible expenditure for the purpose of DGTO.

Establishing a strong bridge between games technology skills and innovation across sectors is critical if Australia is to become a global leader in this field. Whilst these recommendations are my own, I have discussed them with the video games industry which shares the vision of creating a strong relationship between video games businesses and universities.

UTS Background in Digital Games

UTS is a leading university that has a long track record of supporting digital innovation through education, research and industry engagement.

Games Development Degree

Since 2006, UTS has run a Bachelor of Science in Games Development undergraduate degree, with our latest intake being 99 new graduates. The Games Development degree provides students with a strong foundation in computer science, real-time rendering technologies and interaction design in 2D and 3D simulations.

Animal Logic Academy

In partnership with Animal Logic, one of Australia's leading animation and visual effects companies, UTS launched the Animal Logic Academy (ALA) in 2017. The Academy is specifically developed to address the skills shortage in the rapidly growing animation and visualisation sectors, and features an accelerated industry-focused masters qualification. Developed and delivered in collaboration with industry, students are mentored by industry which leads to collaborative and large scale professional-style projects. Over the past 6 years, 90% of graduates find employment within 6 months. In 2020 the Academy was listed in the top 10 schools in the world for 3D Animation Production Excellence (The Rookies Global School Rankings 2020).

Visualisation Institute

In 2020, UTS established the Visualisation Institute to provide industry-focused research in the broad area of visualisation, animation and computer games. In 2021 the Visualisation Institute attracted research project funding from industry and the defence force of $1.2M. We note that all of these projects involved extensive use of gaming technologies in areas other than games.

Engagement Examples

It is expect that individual companies and universities will collaborate to identify specific research and educational opportunities that address their needs. However, the kinds of curriculum innovation and research projects that can be supported by this proposal could include:

Co-operative Scholarship Programs which include Intensive Internships

These programs help smooth the transition between university and industry by integrating intensive, full-time industry placements into degrees. The UTS Bachelor of IT program is an example: Students complete two six-month internships at different companies, one in first year and one in their final (third) year. This flagship program has been running successfully for more than 30 years, has a near 100% graduate employment rate and highly engaged and influential alumni, many now in industry leadership positions.

Enterprise Learning & Micro-credentials

A range of learning & teaching offerings will be required to support the diverse needs of the games industry. For those already working in the industry who require skills in new areas or in specific tools/technologies, collaboratively designed enterprise learning short courses or micro-credentials could be developed.

Collaborative Research Projects

The Federal Government's Innovation Connections program, supporting collaborative research projects between small to medium enterprises and research organisations, has supported numerous industry-oriented research projects. Schemes such as this result in targeted, industry-oriented research outcomes and involve financial and in-kind contributions from the industry partner, research providers and government.

Summary

Based on the university's experience partnering with an industry leader in the 3D animation studio Animal Logic, it is these types of collaboration that lead to highly relevant and high-level outcomes. It is extremely important to foster strong relationships between industry and academia, not only to ensure students are getting up-to-date and industry relevant education and training, but also that industry is getting the sort of graduates it needs. Beyond this, universities can partner with industry to develop strong research and development programs to drive innovation in the sector, improving existing practices and economics as well as creating new opportunities for a fast emerging global market.

The potential for creating new industry technology jobs from this initiative is significant. With some people believing that the potential could be some 10,000 new jobs over 10 years.