

Level up in Melbourne
Australia's Digital Games Hub

INVEST VICTORIA

Where investment success is
possible



An aerial view of the Melbourne city skyline, featuring a dense cluster of skyscrapers and modern buildings. The sky is clear and blue. The text "MELBOURNE IS AUSTRALIA'S DIGITAL GAMES CAPITAL" is overlaid in white, bold, sans-serif font across the lower right portion of the image.

**MELBOURNE IS AUSTRALIA'S
DIGITAL GAMES CAPITAL**

Victoria, Australia

The Right Place to Invest

Australia



28 years of consecutive **economic growth** prior to COVID-19.



One of the only developed countries to avoid going into recession during the **2008 Global Financial Crisis**.

Victoria



Strong economy – Victoria has a track record as one of Australia's best performing economies.



Talent - Home to Australia's most highly educated workforce and nine globally-recognised universities.





Digital Games in Victoria

The right settings



Australia's **tech capital**



Australia's **digital games capital** and is also
Australia's **eSports capital**



Lower **costs** of doing Business



The right **skills** and **talent**



A vibrant **digital games ecosystem**, which
is **growing exponentially**



A **bridge** between **Europe** and the **US**



Supportive **State** and **Federal** Government

Strong opportunities for digital games

Digital Games in Australia

Demand for digital games in Australia is expected to reach \$6 billion by 2022 with forecast growth of 9%.

Size

130 out of 200 Australian studios are in Victoria.

Creativity

89% of Australian developers produce their own IP

Cost

Exchange rates approximately 0.73 AUD/USD

Talent

1000+ game design graduates every year

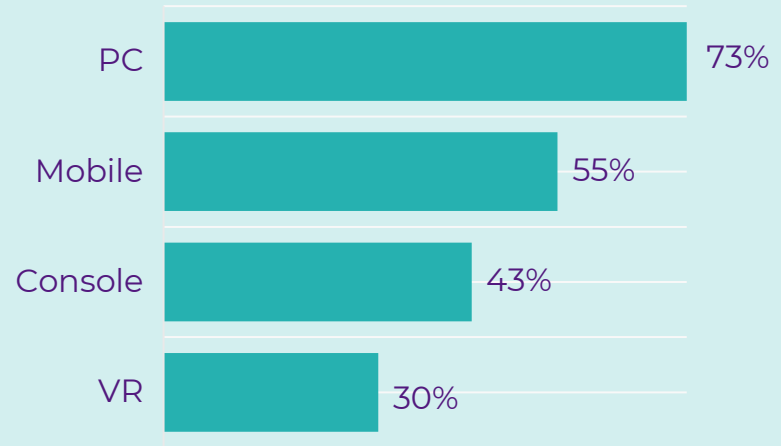
Global

83% of revenue is generated internationally

Engagement

66% of Australians play digital games.

Australian Game Developer Focus



Note: Percentages do not sum to 100% because game developers often develop games for more than one platform.



*House House won Game of the Year at the 23rd annual Design, Innovate, Communicate, and Entertain (DICE) Summit for the **Untitled Goose Game**.*

The Academy of Interactive Arts and Sciences (AIAS) also awarded it with Outstanding Achievement for an Independent Game and Outstanding Achievement in Character.



Key opportunities in Victoria

Studio expansion

- > Between 2014 and 2019, the Victorian digital games workforce grew by 45%.
- > Australia is between European and American time zones, permitting a 24/7 development cycle.
- > Labour costs are relatively low with exchange rates approximately 0.73 AUD/USD.
- > Over the past 10 years, international studios have acquired Melbourne games developers, expanded organically, or funded games development.

Already established in market



Opportunities



Build a global 24/7 development cycle



Partnership or acquisition opportunities



Tap into creative and capable talent



Costs have fallen as the AUD has trended down

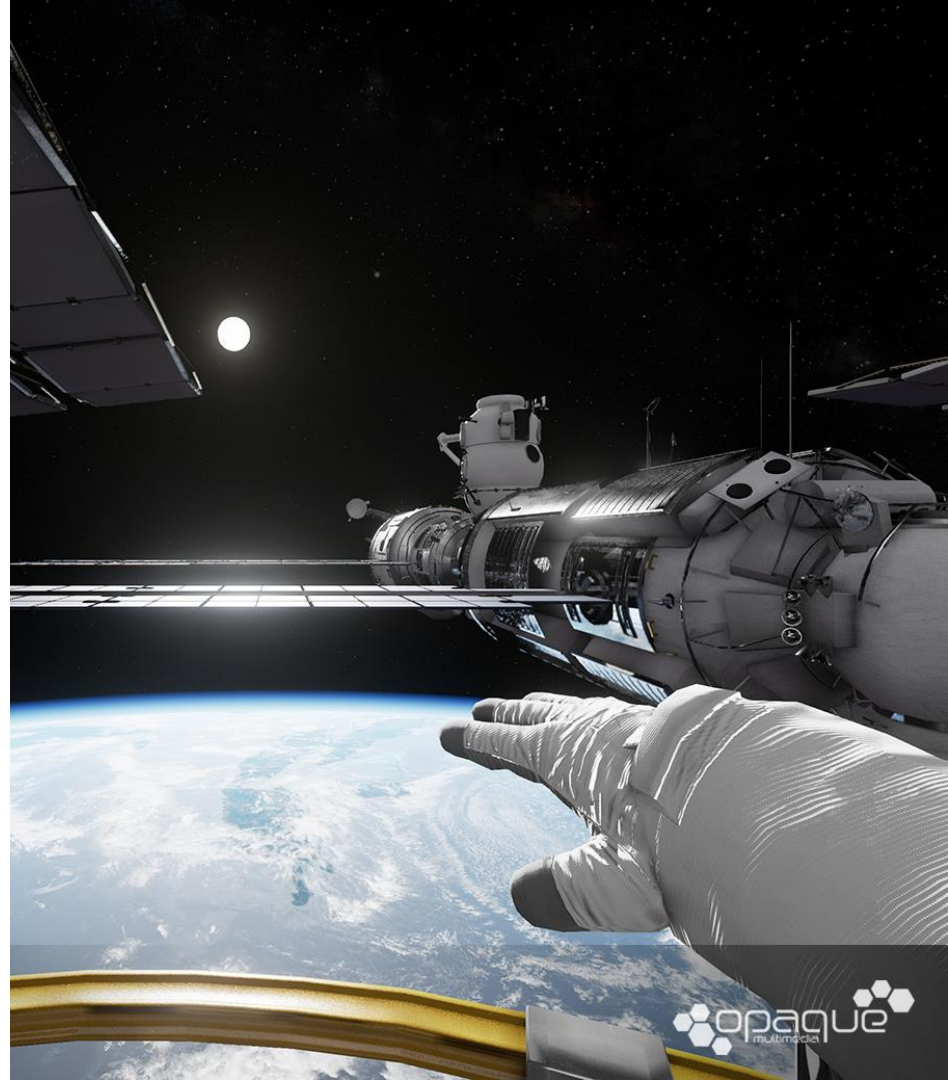
A Victorian game that's out of this world

Opaque Media's Earthlight is a lifelike space simulation, based around an international space station, played in VR using a headset.

The company is conducting tests at NASA's Hybrid Reality Lab to develop Earthlight as a training tool for the next generation of NASA astronauts and engineers.

Opaque's technology can play an important role in the training of astronauts as it provides an easier, more accessible alternative.

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Melbourne's digital games ecosystem

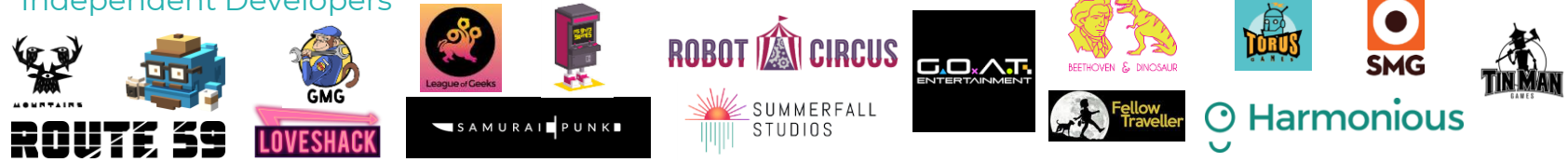
Large Victorian Developers



Large Australian Developers



Independent Developers



Other games companies



Sales & Marketing



Gamification



Industry events



Other Industry stakeholders



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Melbourne is Australia's tech city

The tech talent capital of Australia

Victoria produces the largest number of tech graduates in Australia and is home to the country's top university, The University of Melbourne. It's no wonder more than half of Australia's top 20 tech companies have chosen Melbourne for their headquarters.

Global tech firms are choosing Melbourne

High-growth global tech companies, such as Alibaba, Cognizant, Slack, Dataminr, KnowBe4, Square, GoPro and Zendesk have chosen to base themselves in Melbourne.

Australia's most vibrant start-up and venture capital ecosystem

The early-stage start-up ecosystem in Victoria is valued at \$3.19 bn, a 40% increase since 2018. Victoria leads the nation in start-up and tech funding with more than 65 per cent of Australia's funding market share in 2018-19.

VICTORIAN UNICORNS

									
\$11.8 billion	\$7.2 billion	\$3.2 billion	\$1.8 billion	\$1.7 billion	\$1.6 billion	\$1 billion	\$2.3 billion	\$1.8 billion	\$1 billion

(approximate AUD valuations)

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**MELBOURNE
THE ONLY
AUSTRALIAN CITY**

identified amongst the best 22 global cities for tech companies.

Source: Savills Tech Cities Index.



Ben Pfisterer,
Former Head of Square Asia
Pacific
and Australia
Square

"When we set up in a city, we look for key things; we look for a strong education system, a thriving entrepreneurial community, a strong appetite for innovation and real talent pool coming through in the tech community. For me, Melbourne was the obvious choice."





A global success story
crosses the road...

Hipster Whale, based out of The Arcade Melbourne, achieved world-wide success with its game [Crossy Road](#).

After only 90 days, the game was downloaded over 50 million times and brought in revenues of over \$10m.

They have since moved into video game publishing to help other local talent find success in video game development.

Recent Digital Games investment in Victoria

Studio expansion

SLEDGEHAMMER GAMES

Formed in 2009, Sledgehammer Games (an Activision Blizzard studio) opened its Melbourne AAA games development studio in 2019. With a growing pool of talented staff, the company has plans to double its staff in the next 12 months.

Content Development



Apple has released SMG Studio's No Way Home on Apple Arcade with reports of upfront payments to the developer plus additional revenue based on time spent on the game.



ID@Xbox (Microsoft) and Team 17 are providing financial and publication support for Melbourne-based Anthony Tan's indie game Way to the Woods.

nickelodeon.



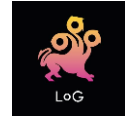
PIXAR
ANIMATION STUDIOS

Disney

Nickelodeon, Pixar, Disney & Warner Bros have partnered with local PlaySide Studios to produce branded mobile games in Melbourne.



Team 17, a British video game developer and publisher partnered with Melbourne-based SMG Studio to release Moving Out. It is being done in collaboration with DevM Games.



Major global publisher, Private Division, provided financial support for a game under development by League Of Geeks. The two companies also signed agreements with Moon Studios and the Blind Forest) 12 and Roll7.

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Digital games in Victoria

Australia's Digital Games Hub
120 out of Australia's 200 game developers call Victoria their home including 2 out of Australia's 3 international studios



A Supportive Ecosystem

Three government organisations, two industry peak bodies and a dedicated game development co-working space work together to grow Victoria's game development ecosystem.



Victoria: a Game of Talent

- Victoria has **5** specialist game design academies and **9** non-specialist institutes that offer game design accreditation courses.
- The Arcade has grown to **42** companies with more than **150** employees since it was established in September 2013.



Australia's Centre for Games Culture

- Melbourne hosts the largest celebration of games in Australia with Melbourne Games Week, which includes events such as **Game Connect Asia Pacific**, **PAX Australia**. The Melbourne **Esports Open** is also a major aspect of the Victorian Games Calendar.



A Nation of Gamers

- Australians spend around **\$4.4 billion** on video games and this is expected to grow by **9%** reaching **AU\$6 billion** in 2022.
- **66%** of Australian's reported playing video games at least once per annum. **47%** of Australian gamers were female and the average age for gamers is **34 years old**.



Favourable Financial Incentives

- The Victorian government is one of a few **state governments to offer game- related financial support** with a total of four separate grants.
- Australia offers a generous **38.5% to 43.5%** research and development tax refund that can apply to game development.

The right skills and talent

20 institutions delivering games-related courses in Melbourne

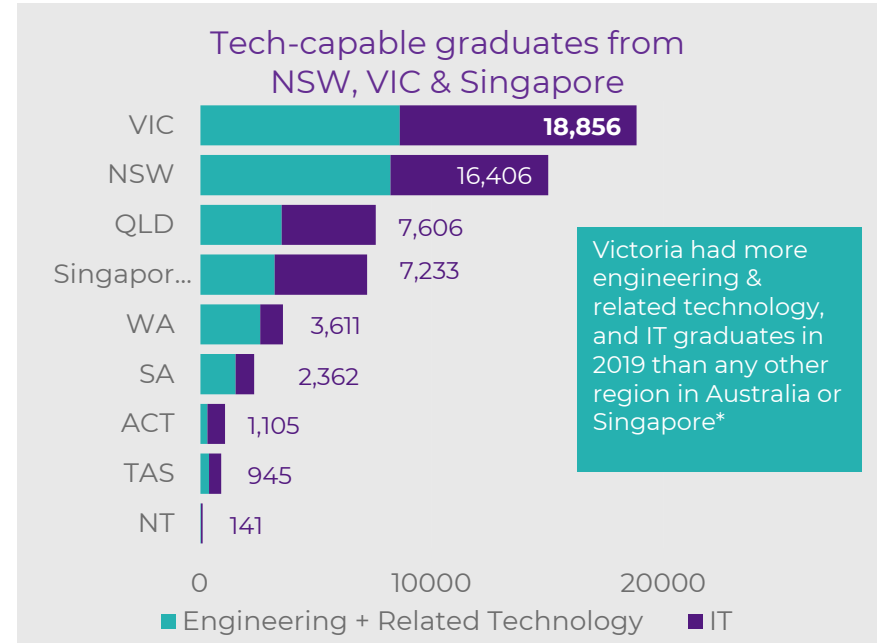
Between 2014 and 2019, Victoria's digital games workforce **grew by 45%**

More tech-capable graduates than both NSW and Singapore

Melbourne's superior liveability helps attract and keep talent

Melbourne hosts five specialist game design institutes **Academy of Interactive Entertainment, JMC Academy, Academy of Information Technology, SAE Institute Melbourne** and **CG Spectrum**; nine other institutes offer game design accreditation, while the remaining institutions provide a broad range of digital skills.

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*Latest graduation data for Singapore from 2018

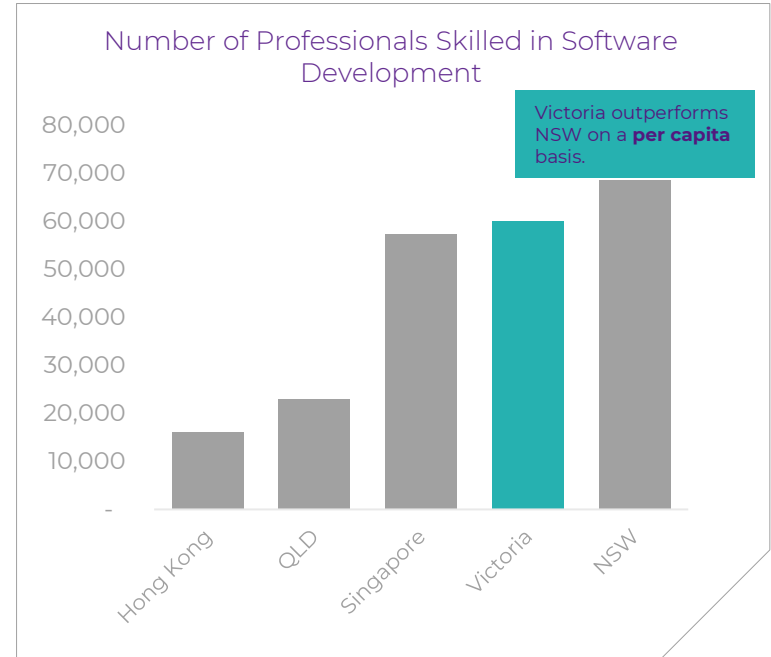
The right skills and talent

Victoria's tech talent pool has more professionals with **Software Development skills** compared to other jurisdictions across the APAC region including Singapore and Hong Kong, and is growing faster than anywhere else in Australia.

Digital Games investors in Victoria have access to the right talent, with more **Game Designers** than anywhere else in Australia, and growing at a faster rate annually (10%) than other global jurisdictions including Montreal (Quebec), Singapore and Hong Kong.

Victoria has a large pool of talent in key **occupations**:

- The number of **iOS Developers** in Victoria outstrips both Singapore, Hong Kong and Montreal (Quebec)
- There are more **Animators** in Victoria compared to Singapore and Hong Kong, and are growing at a faster rate.





Lower costs of doing business

Melbourne, when compared to Sydney, is a more cost effective place to do business.

Salary costs

Melbourne's salary costs on average are **10% lower than Sydney.**

Office space

Melbourne's office lease costs are up to **38% cheaper compared to Sydney.**

Lowest tax burden

Victoria has the **lowest business tax burden** of any state in Australia.

Most business friendly state

Victoria is **ranked as the most business friendly state in Australia** (by the Business Council of Australia).



Lower costs and an easier place to do Business

Lowest tax burden

Victoria has the **lowest business tax burden** of any state in Australia.

Competitive office costs

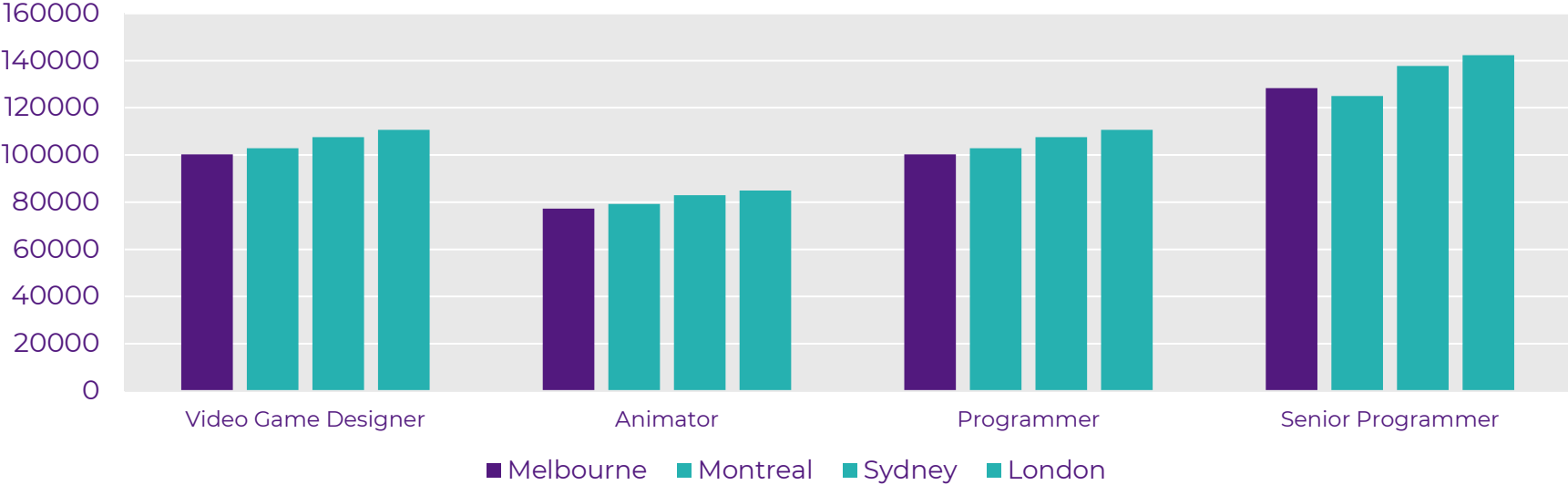
Melbourne's office lease costs are up to **38% cheaper** compared to Sydney.

Business friendly

- Australia is one of the **easiest, safest, and most transparent** locations in the world to conduct business.
- One of the **easiest places in the world to start a business** – taking on average just 2 days to register a business.
- Australia ranks **5th** in the **Global International Property Rights Protection Index**, reflecting the safe legal and political environment for business.
- Victoria ranks **1st** as the **most business friendly** state in Australia (by the Business Council of Australia).

Victoria's competitive salary costs places it amongst global leaders

Digital Games Salary Costs



A vibrant digital games ecosystem

- > Victoria hosts major games events throughout the year.
- > The Interactive Games and Entertainment Association has an office in Melbourne, is a well connected peak body made up of members from Ubisoft, Sony, Activision, Electronic Arts, Xbox and Nintendo.
- > Victoria's The Arcade Melbourne is Australia's only dedicated game development coworking space, with international phenomena Mountains Studio, League of Geeks and Fellow Traveller residing there.
- > Melbourne's Docklands Studios and the Australian Centre for Moving Image are national cultural and creative icons.
- > According to a Digital Australia 2020 report around a third of adult players said they have used games in the workplace for activities such as induction and orientation, new knowledge and skills.

Victorian Specialist Game Design Academies



Victoria's Universities





“When David and I first started talking about starting a studio together, we immediately knew we wanted to base it in Melbourne. Although we could easily have set down roots anywhere, Melbourne has a long history of indie excellence, an incredible community and also happens to be one of the best places to live in the world”.

*Mr Liam Esler, Managing Director
Summerfall Studios*



Melbourne: the eSports Capital of Australia

Melbourne has the largest esports arena in the Southern Hemisphere, Fortress Melbourne covers over 2700 m²

- > The venue includes a 200-seat esports arena, VIP game booths, streamer pods and gaming area.
- > At the second annual Melbourne Esports Open there were 17,000 attendees.
- > Victoria is home to 560,000 esports supporters.

“Fortress Melbourne is part of our market-leading destination strategy to introduce new entertainment concepts to attract and engage people who live, work or play in the CBD”.

Ms Carolyn Viney, Chief Development Officer - Vicinity Centres

Victoria is the gateway to Asia-Pacific

The Right Location

Victoria's time zone is perfectly aligned for doing business regionally.

- Investing in Victoria enables companies to harness substantial growth opportunities in the broader **APAC market**.
- Victoria is a springboard into the APAC esports market which accounts for 57% of esports enthusiasts.

Victoria has strong cultural ties with the APAC region

Victoria offers excellent availability of highly skilled, culturally aware, multilingual professionals, specialising in Asian and European languages.

Our international student base of over 250,000 from 170 countries enhances the pool of foreign language speakers. Top source markets include China, India, Malaysia and Vietnam.

> 260 languages and dialects

Spoken in Victoria

> 600,000 people

Who speak an Asian language

> 500,000 people

Who speak a European language other than English

Preferred destination for 60%

Of Australia's permanent business migrants who choose Victoria

	8am	9am	10am	11am	12pm	1pm	2pm	3pm	4pm	5pm	6pm	Time difference
Melbourne												
Tokyo	8am			11am				3pm			6pm	-1 Hour
Shanghai		8am		11am				3pm			6pm	-2 Hours
London								8am			11am	-9 Hours
New York	6pm	8pm										-14 Hours
Chicago	5pm		8pm									-15 Hours
San Francisco	3pm					8pm						-17 Hours

Victoria offers generous grants for Video Game Development

Victorian Screen Incentive

The Victorian Government has announced an incentivised grant-based program that supports projects to undertake video games production in Victoria, working with outstanding local talent and businesses. Eligibility for this program requires productions to spend at least AU \$1 million to create these projects in Victoria, and for the games to be fully financed, with genuine interest for commercial release or distribution.

Assigned Production Investment – Games

This program supports the Victorian digital games development sector by assisting a broad range of companies and creators to produce and market a wide spectrum of digital games. Applicants can apply for up to \$80,000 towards a prototype, up to \$150,000 for a vertical slice, or up to \$300,000 for production work.

Games Release

Games Release supports newer and smaller Victorian games studios to engage experienced consultants to assist them to deliver a well-planned and marketed release of their project. Up to \$30,000 is available as a grant. Funding can be used to assist with legal fees, marketing assistance, business development and licensing costs.

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Source: <https://www.film.vic.gov.au/funding/games-funding/>; <https://www.invest.vic.gov.au/cn/news-and-events/news/2020/december/budget-boost-for-victorias-digital-games-industry>



“The Victorian State Government has reaped the rewards of supporting the video games industry, with Victoria being home to the majority of game developers in Australia.”
Mr Ron Curry, CEO of IGEA



Australia's Tax Offset For Video Game Development

As part of the federal government's \$1.2 billion digital economy package, the Australian Government is delivering a significant tax incentive for businesses to stimulate investment in video game development.



Digital Games Tax Offset

The Government will introduce a **30 per cent refundable tax offset** for eligible businesses that spend a minimum of \$500,000 on qualifying Australian games expenditure. This tax offset will make Australia an attractive destination for businesses and digital talent and help build SME digital capacity. The government will consult this year on eligibility criteria, including what counts as eligible expenditure.

The Digital Games Tax Offset will be available from **1 July 2022** to Australian resident companies or foreign resident companies with a permanent establishment in Australia.



"A 30% Tax Rebate for the Australian Games Industry will allow Australian studios to claim back qualifying costs, so they can reinvest that into future projects, hiring more talent and further developing their technology, tools and infrastructure. This Tax Rebate will have significant positive flow-on affects for adjacent tech sectors in Australia".

Mr Blake Mizzi, League of Geeks

"The Government's new investment commitment today will do many things. It will spur the creation of brand new Australian game development studios, give existing Australian studios the support they need to take on ambitious new projects and accelerate their growth" **IGEA CEO, Ron Curry**

Australia's New Incentives For Video Game Development

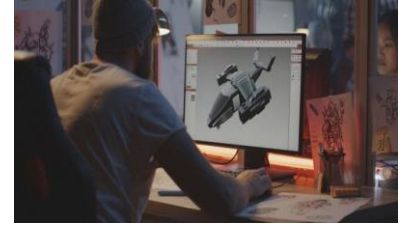
In addition to the tax offset, the following incentives will be implemented to assist the development of emerging game technologies, building digital skills and encouraging business investment.



Allowing taxpayers to self-assess depreciating intangible assets

The Government will amend the income tax law to will allow taxpayers to self-assess the effective life of depreciating intangible assets, including patents, registered designs, copyrights and in-house software. This change reduces the cost of investment for business. It also aligns the tax treatment of these intangible assets with the treatment of tangible assets.

This will apply to eligible assets acquired following the completion of temporary full expensing which was introduced in the 2020-21 Budget



Venture capital tax concessions to support start ups

The Australian venture capital market is currently supported by tax incentives designed to attract foreign investment and encourage venture capitalists to invest in early-stage Australian companies to drive innovation and additional investment. The Government will undertake a review of these tax incentives to ensure current arrangements are fit-for-purpose and support genuine early stage Australian start-ups.



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Source: <https://www.austrade.gov.au/international/invest/investor-updates/2021/game-on-with-new-tax-rebate-for-developers>; <https://www.kotaku.com.au/2021/05/this-is-a-huge-deal-the-industry-reacts-to-australias-new-tax-break-for-video-games/>

Sledgehammer: Playing for growth

In September 2019, Sledgehammer Games announced it was opening a new studio in Melbourne, this expands on a small engineering team.

Sledgehammer Games is set to up its presence in the region. The Activision-owned company is most popularly known as one of the development teams behind Call of Duty WWII, Call of Duty: Advanced Warfare, and Call of Duty: Modern Warfare 3.

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Playside

A local global hero

Formed in 2012 "PlaySide Studios" is a world renowned video game developer located in Melbourne, Australia.

Playside is a pioneer in the field and with over 70 staff, the company continues to growing. With a multitude of titles being developed the company is working on and partnering with the worlds biggest Hollywood brands.

More recently, PlaySide VR has been formed to take on what the company considers to be the final frontier in video games, virtual reality.



*Melbourne's liveability
makes it easy to recruit
and retain talent*

One of the world's most liveable cities

Global Events

- > Victoria is Australia's sporting and cultural capital

World-Class Education

- > Top 3 best university-city for students in the world
- > Australia's highest ranked university

Cosmopolitan and Multicultural

- > One of the most cosmopolitan, multicultural and multilingual cities in the world
- > Australia's best shopping, restaurants, food, wine and entertainment.

Environment and Lifestyle

- > Clean air and more parks and gardens within 5km of the CBD than any other Australian city

Health and Safety

- > Melbourne is one of the safest cities in Asia Pacific.
- > Healthcare rated a perfect 100 in the EIU Liveability Scale

Melbourne is the co-working capital of Australia



In 2019, there was a **41% increase** in co-working supply created in Australia, pushing average desk rates down across all markets



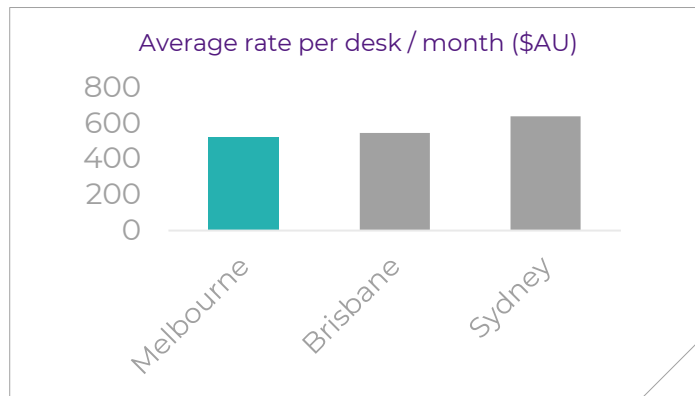
Melbourne's appetite for co-working outstrips the other capital cities, with more than **2,000 desks** available in key locations.



Melbourne accounts for **56% of the total co-working space** available between Melbourne, Sydney and Brisbane.



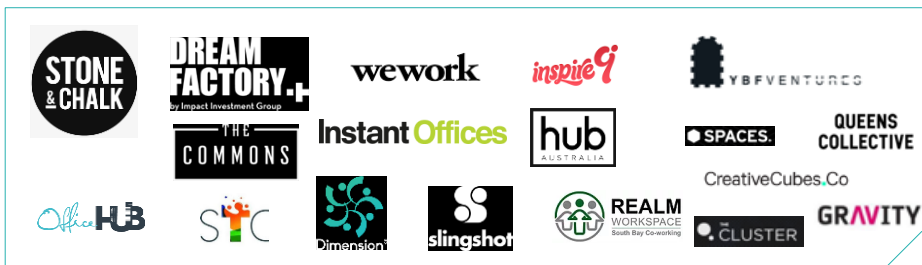
Corporates are increasingly transferring to coworking spaces and the sophistication of spaces and services is evolving rapidly.



YBF VENTURES is a world-class coworking space, curated community, and support for startups, scaleups, and corporates who are pushing the boundaries of tech and innovation, located in the heart of the Melbourne CBD.



- It seeks to create an active community of entrepreneurs, mentors, and investors who share ideas and experience.
- Has accommodated hundreds of tech start-ups, corporates and investors since opening in 2011.
- Specialises in growing businesses and linking start-ups with corporate partners and investors.



Let's Start Now- How We Can Help

The Invest Victoria team makes success possible for your business in Victoria.



We'll show you why Victoria is the best place in the world to live, work and invest.



Our world-class, professional investment team has deep connections into government, industry and Australia's leading research institutions.

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We have a comprehensive approach to supporting potential investors, offering:



Bespoke market entry business case development for investors.



Information on market potential, existing companies, research & development capabilities, labour market conditions, location and costs.



Introduction to Australia's financial and data regulatory environments.



Introductions to potential industry partners, suppliers, service providers and customers.

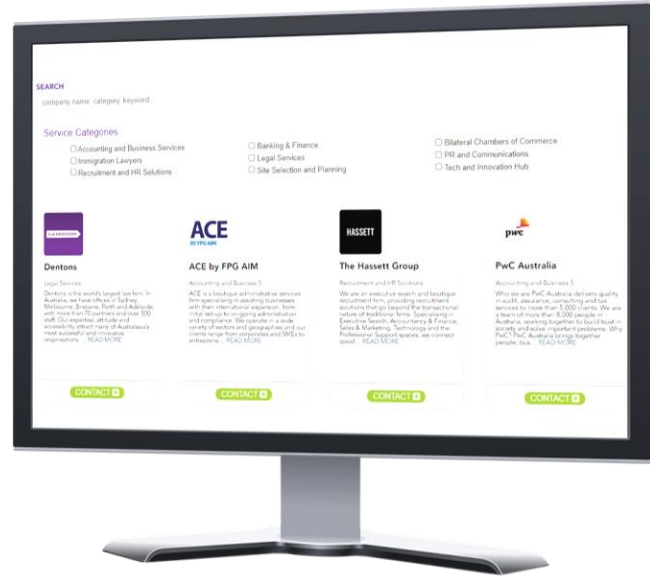
Invest Victoria Advisory Network

Invest Victoria's advisory network includes reputable service providers and organisations who have proven experience and capabilities.

They offer services and advice across a range of areas that can help you establish and expand your business in Victoria.

- > Accounting
- > Legal
- > Banking
- > Recruiting
- > Immigration
- > Public Relations
- > Bilateral
- > Connections.

Please visit investvictoria.getproven.com to connect with suppliers in Victoria.



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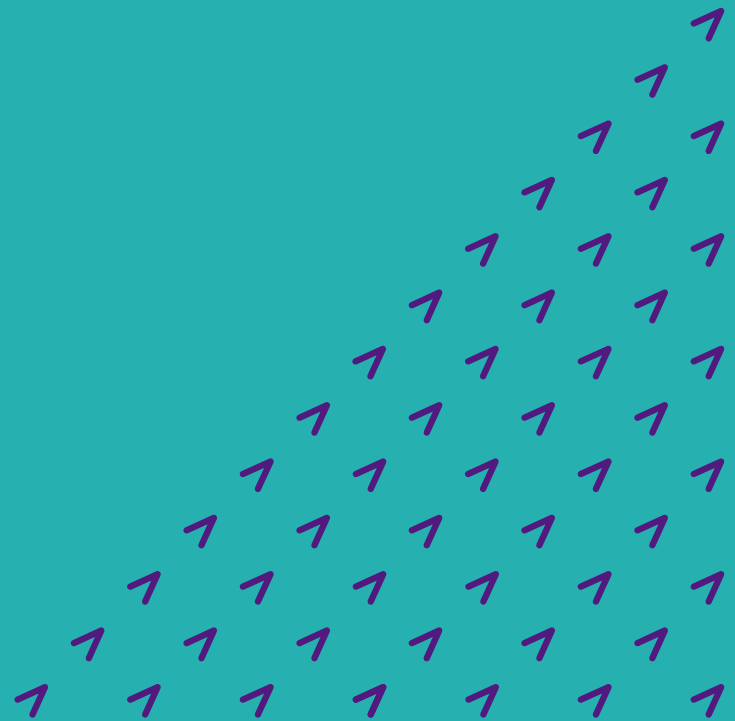
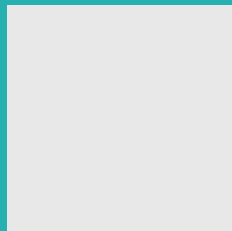
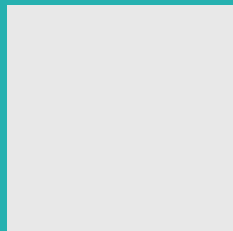
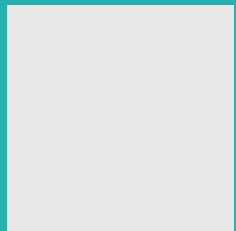
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THANK YOU.



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Visit our website



www.investvictoria.com

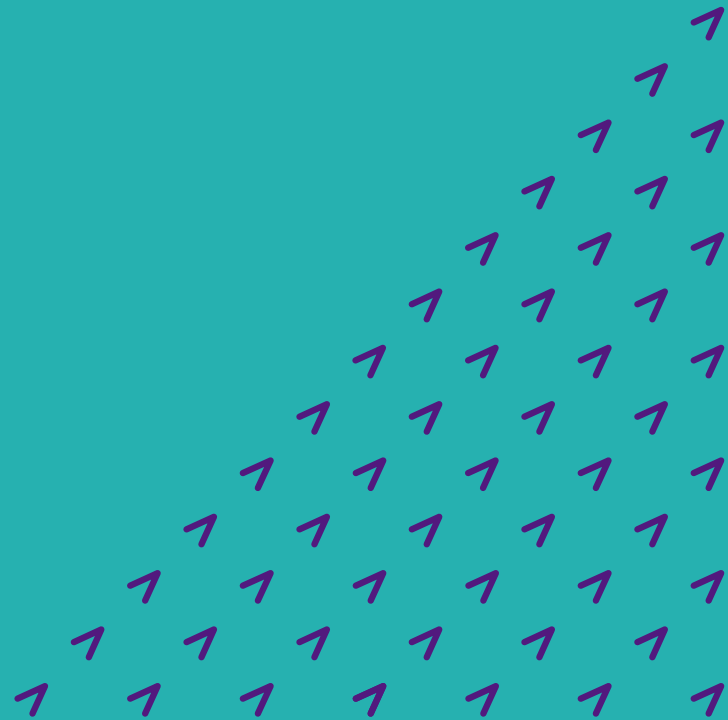
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Victoria is an outstanding place to invest

Victoria has the strongest economy in the nation and one of the strongest in the world.

This follows **28 years of uninterrupted economic growth** for the country prior to COVID-19.

Victoria retains a strong fiscal position, with a solid credit rating and is still an attractive and stable location for foreign investors.

In May 2020 the Victorian Government **announced \$2.7 billion for shovel ready projects** to assist with Victorians dealing with the COVID-19 pandemic.

Victoria is open for business and the team at Invest Victoria is here to help make investment success possible for you.

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A Growing Internationally Focused Sector

Interactive Games & Entertainment Association (IGEA)'s most recent survey (2020) indicates that:



83% of the revenue generated by Australian studios came from overseas.



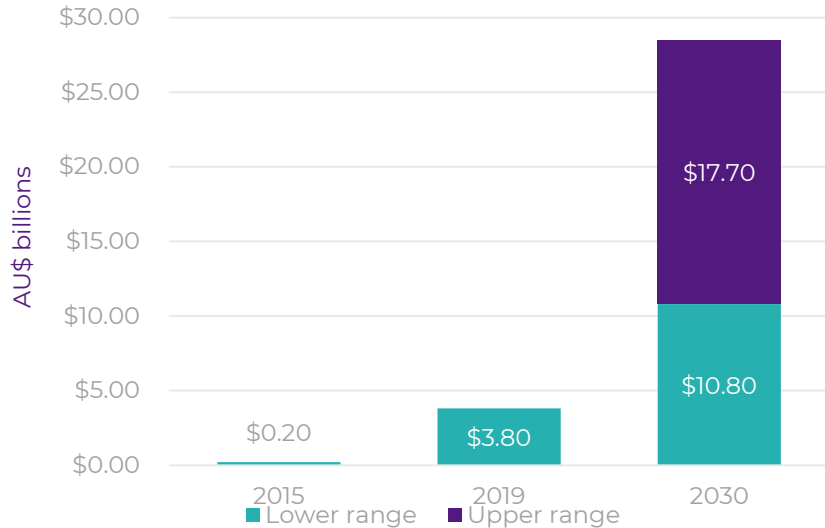
Victoria/(Australian) digital games companies are more focused on Asian markets, with 65% of respondents developing for Asian markets.



Companies are planning to employ additional staff with 61% of studios surveyed indicating plans for increased recruitment.

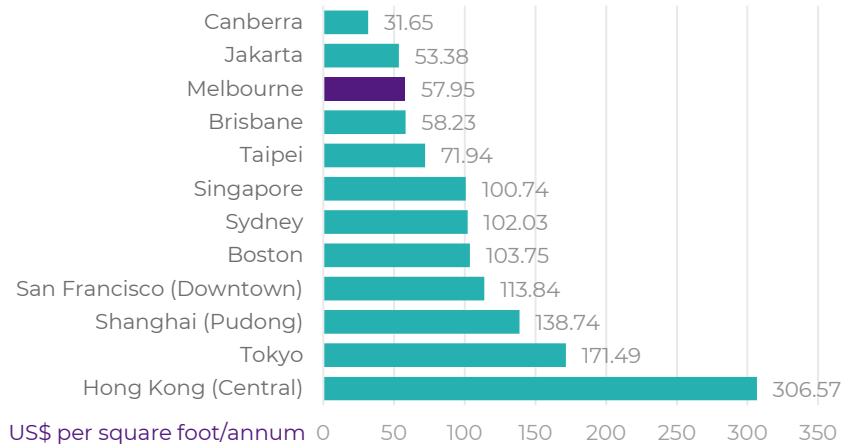
Strong Opportunities for Digital Games

Australian Digital Games market size



Victoria has some of the lowest costs for doing business in Australia

The cost of Melbourne's prime office space is lower than that of Singapore, Sydney and San Francisco



Victoria boasts Australia second lowest payroll tax rate and competitive lease costs compared to other Australian states

States	Victoria	New South Wales	Queensland
Payroll Tax	4.85%	5.45%	4.75%
Prime Industrial Lease Costs (\$/sqm)	111	155	111
Prime Office Lease Costs (\$/sqm)	403	580	481
Electricity Price (c/kwh)	6.8	6.94	5.64
Gas Price (\$/GJ)	7.5	7.59	6.68

Courses available in Digital Production in Victoria

Academy of Interactive Entertainment

Academy of Information Technology

Australian Catholic University

Box Hill Institute

Chisholm Institute

CQ University

Deakin University

Federation University

Holmesglen Institute

JMC Academy

Kangan Institute

La Trobe University

Melbourne Institute of Technology

University of Melbourne

Melbourne Polytechnic

Torrens University (LCI)

Monash University

RMIT

SAE Creative Media Institute

Swinburne University

Victoria University

Victoria Institute of Technology

Specializing in all elements of game development

Creative and tech sector courses. Includes Coder Academy.

Graphic design and digital journalism

IT, engineering, cyber security, game development, integrated Technology Hub

Game programming, animation, design and development, computer engineering

IT, Digital Media, Engineering

IT, AI, Business Analytics, Computer Science, Cyber Security, Creative Arts, Software Engineering

Engineering, graphic design and fine arts, IT, mobile app development

Animation, Screen and Media, Graphic Design and Development, programming, IT, cyber security

Music, audio engineering, film and television, digital design, 3D animation and game design

Graphic design, computer systems technology, IT

IT, Game Design and Development, computer science, cybersecurity, applied cloud technology

IT, Engineering, digital marketing, cyber security

Engineering, computer science, game development and design, IT, graphic design and animation

Creative arts, engineering, IT, Screen & media, music production

Graphics and digital design, filmmaking and photography, communication design, game development

Art and design, IT, e-commerce, games design and development, computer science

Animation, graphic arts, IT, screen & media, game design and development, creative writing, ESports

Animation, audio game design and development, web and mobile development

Computer systems tech, software engineering, cinema & screen, games and interactivity, digital advertising

Digital media, engineering, computer science, IT

IT, engineering design, desktop applications, programming