Australian game development survey

FY2023
REPORT

IGEA
interactive games & entertainment association

Stray Gods: The Roleplaying Musical
by Summerfall Studios

FOREWORD

It is with great pleasure that I introduce the Australian Game Development Survey (AGDS) FY 2023 Industry Snapshot. This year's report marks the seventh year that IGEA has undertaken this important survey, providing valuable insights into the size, scope, and health of the Australian game development industry.

The AGDS FY2023 Industry Snapshot paints a picture of an industry continuing to grow and mature at a steady pace. Over $345 million was generated by Australian game developers in FY2023, representing an increase of 21% over the previous year. At least 2,458 people work directly in the sector, representing employment growth of 17%. The local industry is maturing with a significant number of businesses having more than a decade's worth of experience.

Much of this growth has been underpinned by the suite of support offered by the governments at both Federal and State levels, providing confidence to the sector and the ability to commence many new game projects. Despite adverse global economic conditions directly impacting our sector, Australian developers remain cautiously optimistic, with almost two-thirds of respondents aiming to hire more staff in 2024.

Securing private investment and publishing deals will be challenging for game developers as we enter 2024, as was highlighted in the survey. No doubt the Australian industry will innovate and adapt to meet these challenges, having an enviable reputation around the world for developing highly creative and unique products, plus the ability to lift, persist and support each other through such difficult times.

We sincerely thank those studios who participated in this survey, as it provides the vital data IGEA requires to advocate on the industry's behalf. The provision of reliable and consistent data allows IGEA to seek and provide recognition and support from all forms of government and, in turn, enhance the Australian game development ecosystem.

Enjoy this snapshot of our ever-changing and dynamic industry, and remember to support Australian-made games. If you need a list of recommendations, try the games from our AGDAs winners and finalists lists for the last few years.

Yours sincerely,

Ron Curry
CEO, IGEA

Australian Game Development

AN INDUSTRY SNAPSHOT FY2023

The big numbers

$345.5M INCOME GENERATED BY AUSTRALIAN GAME DEVELOPMENT STUDIOS IN FY 2023

AN INCREASE OF **21%** OVER PREVIOUS YEAR

2458 NUMBER OF FULL TIME EMPLOYEES* IN AUSTRALIAN GAME DEVELOPMENT STUDIOS

AN INCREASE OF **17%** OVER PREVIOUS YEAR

63% OF STUDIOS ARE PLANNING TO HIRE NEW STAFF IN FY 2024

ESTIMATED AT OVER **200+** NEW HIRES

Projected growth

68% OF STUDIOS ARE PREDICTING INCOME GROWTH OVER THE NEXT YEAR

21% OF STUDIOS ARE PREDICTING STABLE INCOME NEXT YEAR

IP importance

89% OF RESPONDENTS DEVELOP THEIR OWN IP

Export focused

OF THOSE DEVELOPERS SELLING GAMES **87%** OF REVENUE COMES FROM OUTSIDE OF AUSTRALIA

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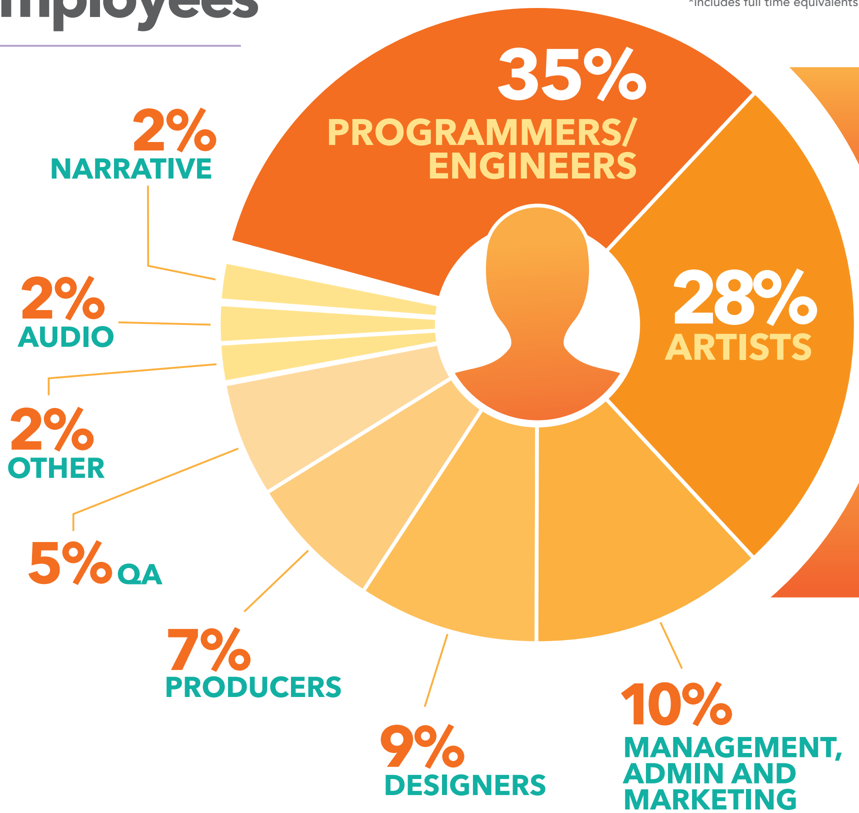
Highly skilled employees



Employee* gender diversity

*includes full time equivalents and contractors

69% ARE (CISGENDER) MALE

26% ARE (CISGENDER) FEMALE

5% ARE TRANSGENDER, NON-BINARY OR GENDER DIVERSE

Studio output

29% of respondents were developing their first game

23% of respondents have made more than 10 games

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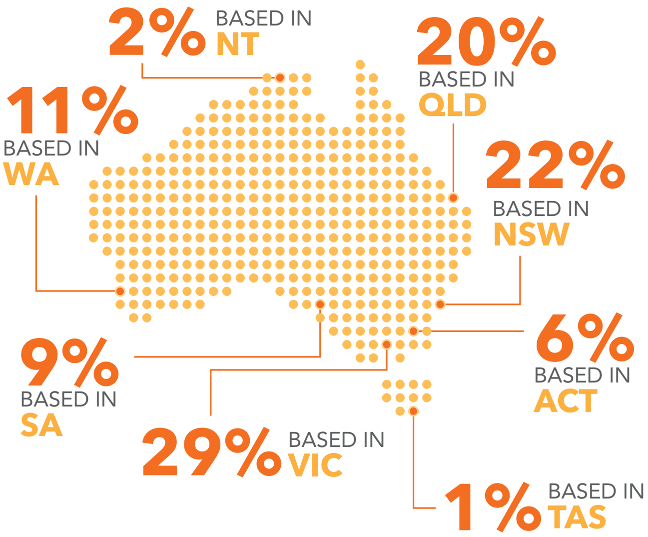
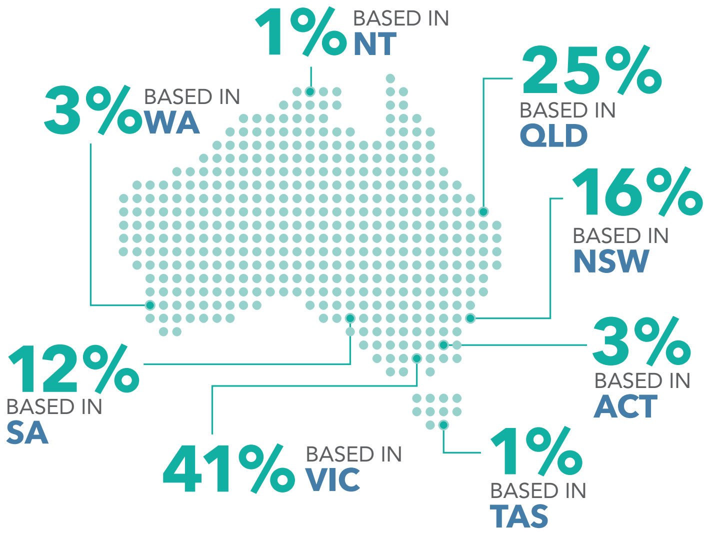
Studio location



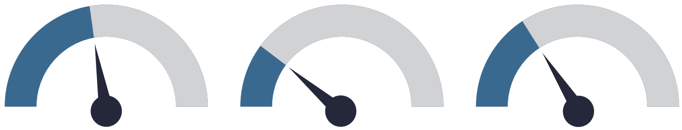
Full time employee* location

*includes full time equivalents and contractors.



10%
HAVE STAFF WORKING IN
MULTIPLE LOCATIONS

Studio stage



45%
OF STUDIOS ARE
5 YEARS
OLD OR LESS

23%
OF STUDIOS ARE
6-9 YEARS
OLD

32%
OF STUDIOS ARE
10 YEARS
OLD OR MORE

Studio size

79% OF RESPONDENTS HAVE STUDIOS WITH
LESS THAN 20 EMPLOYEES

51% INTEND TO UTILISE THE DGTO IF ELIGBLE

Impacts of DGTO

Since the announcement of the DGTO, Australian businesses have seen:

- Development of plans to undertake more projects
- Increased interest from international businesses

49% OF RESPONDENTS RECEIVED SOME FORM OF **GOVERNMENT FUNDING**

19% OF DERIVE INCOME AND INVESTMENT FROM **OVERSEAS BUSINESSES**

Challenges facing the industry

1. HIRING EMPLOYEES WITH SPECIALISED SKILLS
2. ATTRACTING EARLY-STAGE DEVELOPMENT FUNDING
3. SECURING INTERNATIONAL PUBLISHER DEALS

Australian Game Development

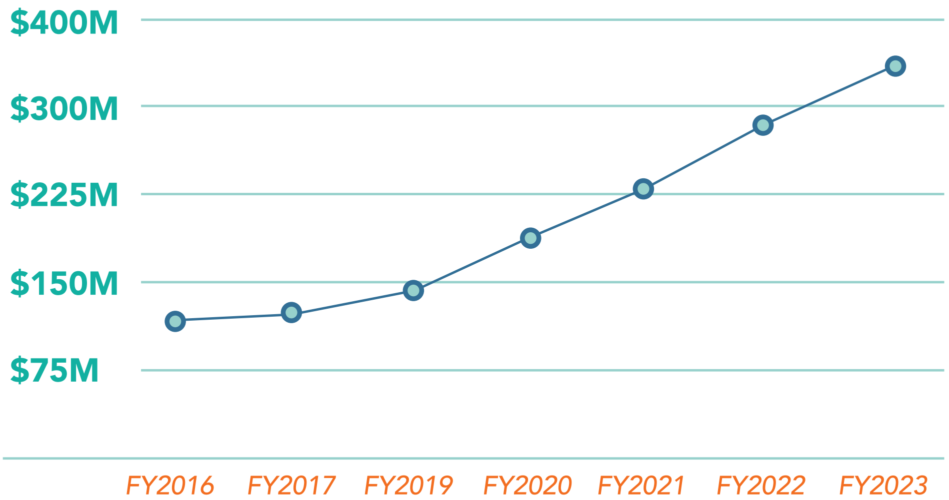
AN INDUSTRY SNAPSHOT FY2023

Key Figures

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2017	FY2016
No. of companies	111	102	187	97	143	114	63
Revenue (Million)	$345.5	$284.4	$226.5	$184.6	$143.5	$118.5	$114.8
No. of employees	2458	2104	1327	1245	1275	928	842
Men	1696	1578	878	996	995	752	683
Women	639	442	302	212	268	167	156
Gender diverse *	123	84	147	37	12	9	3

*Please see FAQ and note that in the FY2021, FY2022 and FY2023 survey, Gender Diverse as a category includes Transgender Male, Transgender Female and Non-Binary people.

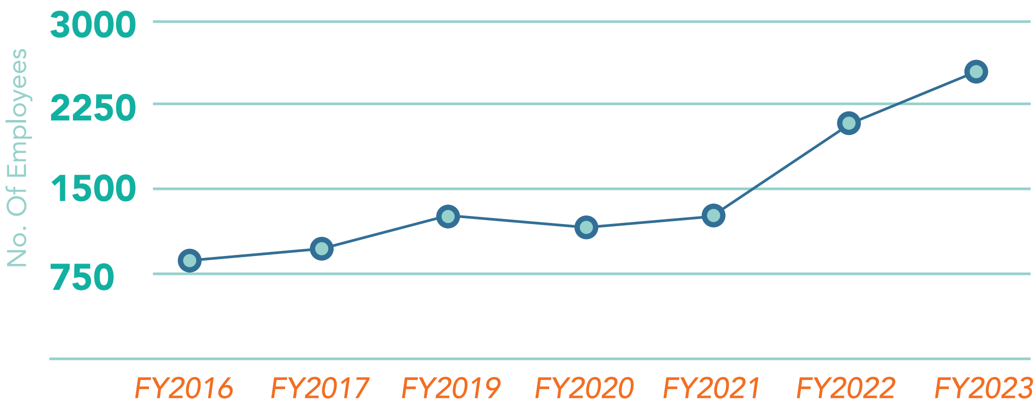
Revenue



The revenue generated by Australian game developers continues a steady, upward trajectory, reporting 21% growth over the previous year. In fact, revenue has effectively tripled in the time IGEA has been producing this industry snapshot and is likely underpinned by the global demand for video game content and increased government support (Federal and State) finally available to the sector.

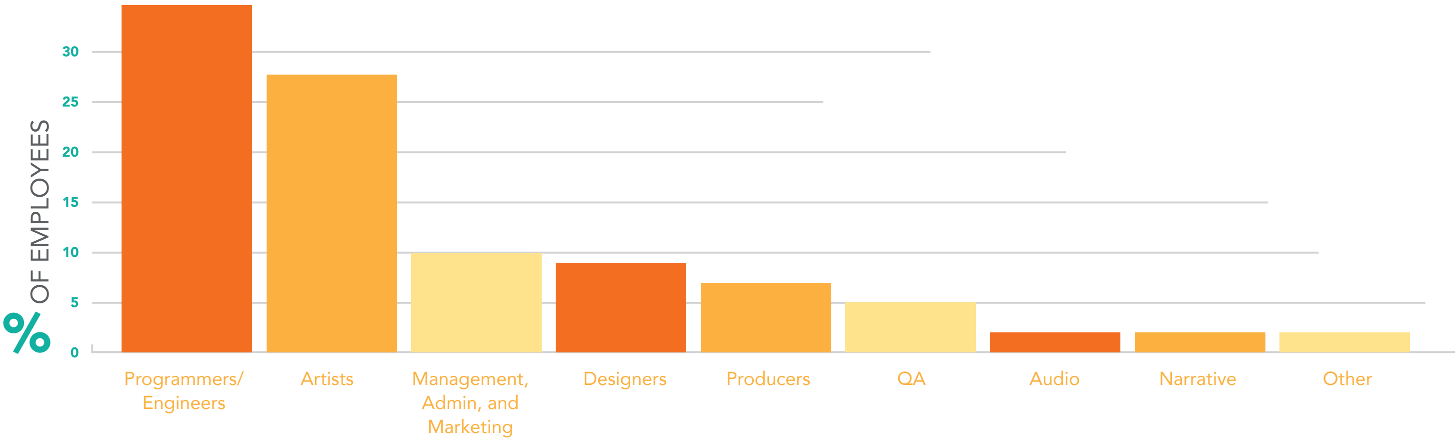
Most respondents to this year's survey are predicting revenue to increase or at least remain stable for FY2024.

Employment



The increased revenues being enjoyed across the Australian games industry have resulted in further job growth with studios reporting staffing levels of almost 2,500, which is up 17% on the previous year. 63% of respondents plan to hire more staff in FY2024 which hopefully will lead to more than 200 new hires.

Game development employees work across a variety of highly creative and technical roles, with the sector this year comprising of:



2023 saw growth in the number of employees working in programming, engineering, and art.

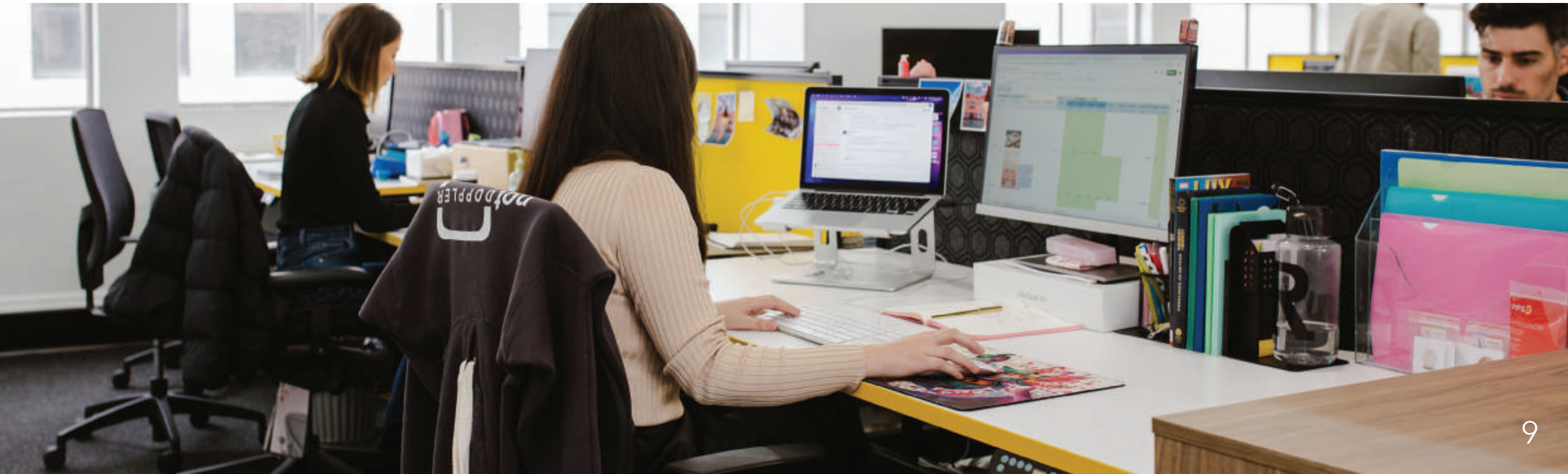
Again this year, studios reported their biggest challenge is hiring staff with specialised skills.

Studio Location

Game developers are working across Australia with the majority located in the Eastern states and in capital cities. In fact, 10% of all respondents have staff working in multiple locations. This year we asked respondents to indicate which states/territories they have offices located in with the results as follows.

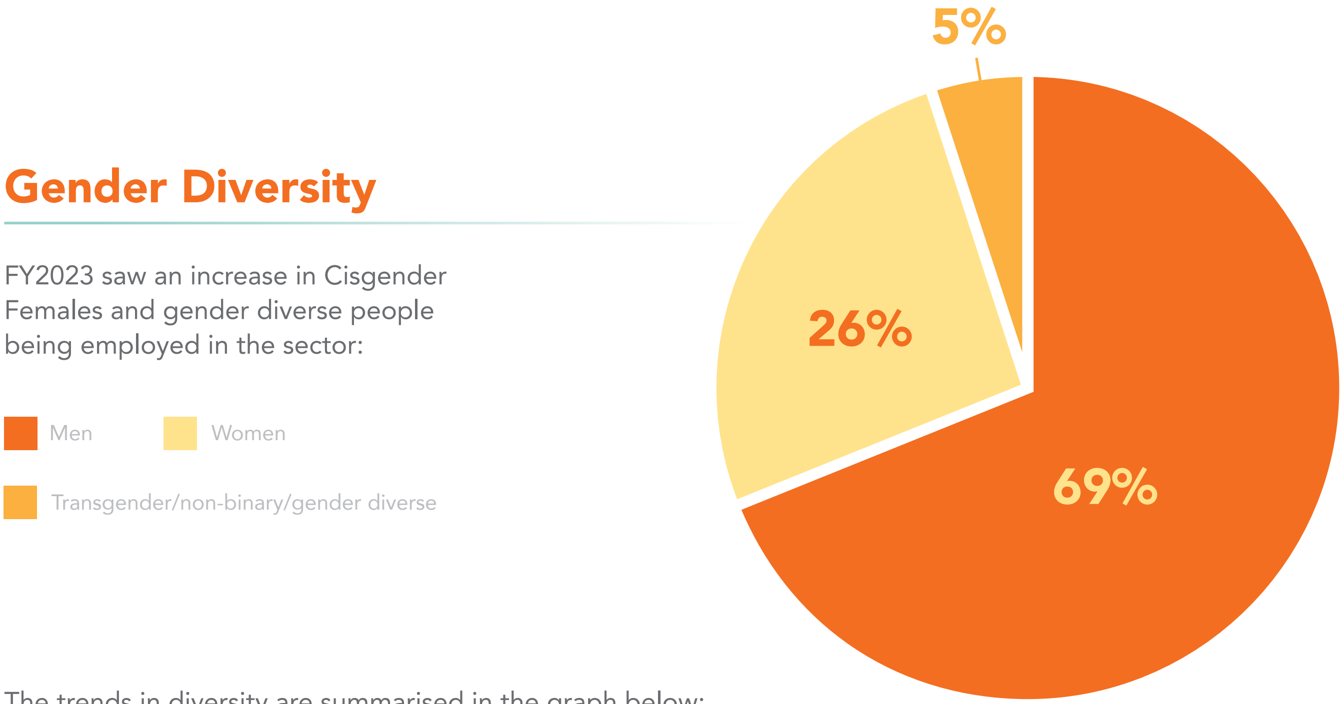
State	*Studio Location*	*Full Time Employees*
VICTORIA	29%	41%
NEW SOUTH WALES	22%	16%
QUEENSLAND	20%	25%
SOUTH AUSTRALIA	9%	12%
WESTERN AUSTRALIA	11%	3%
AUSTRALIAN CAPITAL TERRITORY	6%	3%
NORTHERN TERRITORY	2%	1%
TASMANIA	1%	1%

Almost 30% of all respondents have a presence in Victoria, which continues to be home to the highest number of game development employees. Again, we are seeing growth in full time game developer employees based in states such as Queensland and South Australia who are increasingly funding game development expansion into their regions offering rebates and direct funding.

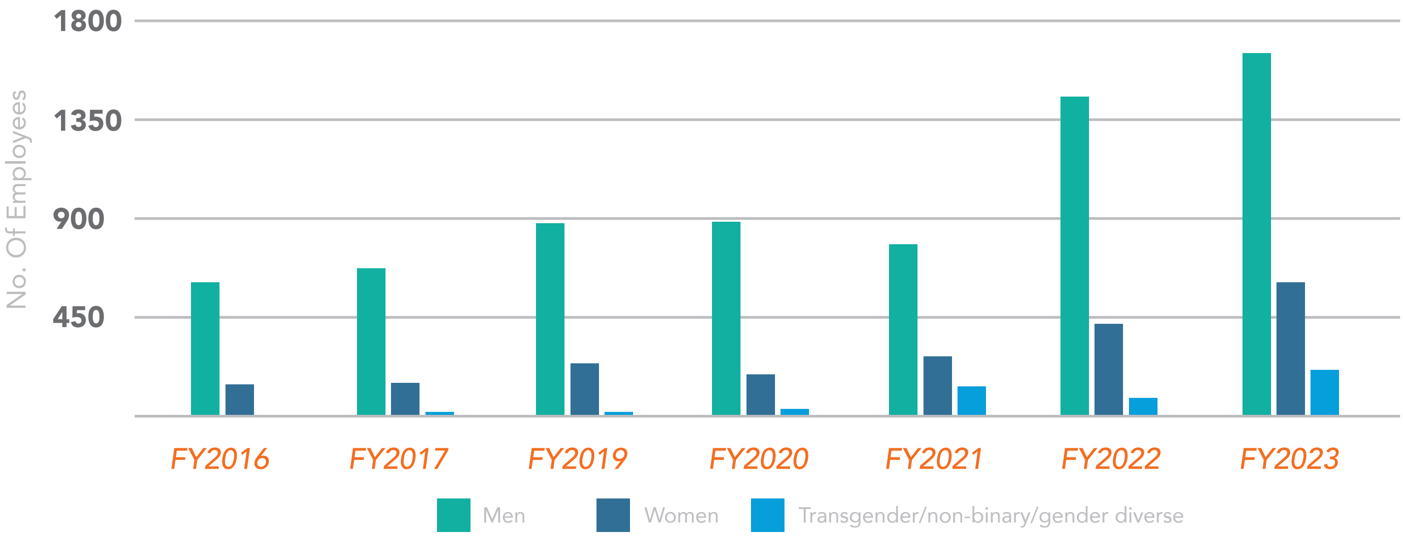


Gender Diversity

FY2023 saw an increase in Cisgender Females and gender diverse people being employed in the sector:



The trends in diversity are summarised in the graph below:

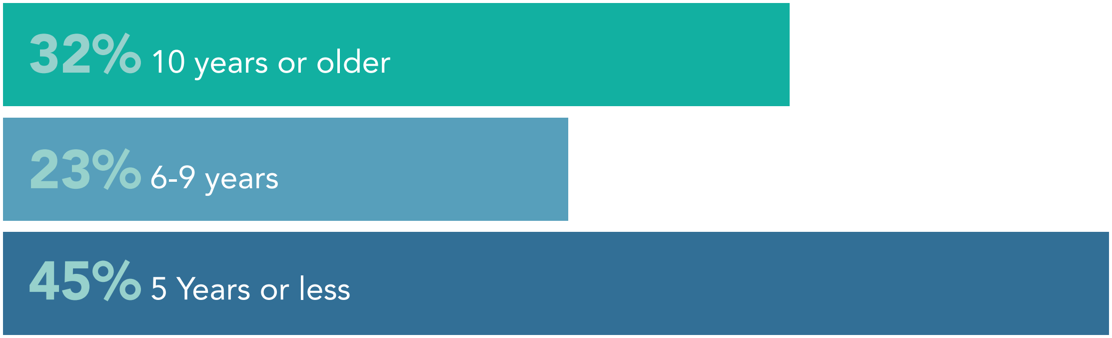


Many Australian studios are actively aiming to hire, attract and retain diverse candidates and this is having an impact on the employee make up of studios.

Australian Industry Ecosystem

This year's industry snapshot revealed the breadth of studio size and maturity size across the Australian development ecosystem. The key data is as follows:

STUDIO STAGE (in years):



In terms of maturity, 32% of studios have been operating for 10 years or more, while 45% have been operating for less than 5 years. In fact, 29% of studios are creating their first game. The increase in the amount of new studios points towards increased funding support available from both Screen Australia and various state governments. In fact, 49% of all respondents had received some form of government funding.

This data highlights that the bulk of the industry (79%) are working in smaller studios, employing 20 or less staff members. The Digital Games Tax Offset (DGTO) only passed into legislation in June 2023 (businesses can retroactively claim back through to July 2022) with the intention of allowing studios to grow and employ more people. We look forward to seeing more companies of varying sizes – small, medium, and large across the game development ecosystem in Australia.

In terms of the DGTO, 51% of respondents intend to utilise the DGTO pending eligibility. Since the announcement of the DGTO, Australian businesses have been able to create plans to undertake more projects and have also received increased interest from international businesses.

Challenges Facing Australian Game Developers

Despite the positive growth in employment and revenue for Australian game developers, the local sector is still faced with many challenges, which are also being experienced by game developers across the world as a result of global economic conditions.

The top 3 challenges facing Australian game developers in FY2023 are:

#1 Hiring employees with specialised skills

#2 Attracting early-stage development funding

#3 Securing international publisher deals

The lack of publishing investment available to developers, not only in Australia but across the world, is likely to impact expansion and operations in the immediate future. Hopefully the industry can manage global fluctuations and current support mechanisms available to studios will assist with their progress toward completing and selling games.

Summary

FY2023 has seen the Australian game development industry continue on its upward trajectory, underpinned by support and recognition by numerous parties. Regardless of global challenges currently hitting our shores and likely into 2024, the sector remains cautiously optimistic in continuing to build capacity and deliver quality games projects to a global audience.

FAQ

When was the survey undertaken?

Our FY2023 game development survey is based on financial year data from 1 July 2022 – 30 June 2023. The survey opened in September 2023 and closed in the middle of November 2023.

What are the requirements from studios to complete the survey?

We ask that respondents have an ABN and have made or are making games.

Why was the number of studios participating in the survey so small?

Over 400 Australian development studios were contacted multiple times and requested to complete our annual game development survey.

Participation in the survey is voluntary, with 111 studios completing the survey and providing usable data, which is a slightly higher participation rate than last year. There is often movement and variance in usable responses, predominantly from micro-studios.

Who completed the survey?

We are unable to identify the Australian game development studios that completed the 2023 survey. Under our agreement, Bond University conducted the research on IGEA's behalf. To preserve the integrity of the data, Bond University then provided IGEA with aggregated data from the survey without identifiers. Bond University is not permitted to provide the data to any other party.

How are the state based statistics captured?

IGEA has no control over who completes the questionnaire. This data simply captures those companies that completed the survey at a point in time. In 2023, companies from all States and Territories submitted responses.

How are the gender based statistics captured?

Commencing in 2021 we changed the way we asked the question around gender after consultation with the community. Since 2021 the questions have been as follows:

As at 30 June 2023, what was the gender breakdown (how many) by FTE?

Female (cisgender)

Female (transgender)

Male (cisgender)

Male (transgender)

Non-Binary

In previous surveys, we had not included 'cisgender' in either the male or female category. Studios answer this question to the best of their ability within legal and privacy regulations. Respondents report that they do not always have full information about this data, so answer these questions to the best of their ability.

IGEA

IGEA (Interactive Games & Entertainment Association) is the peak industry association representing the voice of Australian and New Zealand companies in the computer and video games industry. IGEA supports the business and public policy interests of the games industry, through advocacy, research and education programs. We work with many stakeholders including all levels of government, agencies, media and other trade associations.

IGEA advocates on behalf of our members, who range from one-person studio startups to larger multinational developers, publishers, platform holders and digital storefronts. IGEA's role is to help our members and the wider industry more effectively create, distribute and sell interactive games, entertainment content and related hardware.

Through the provision of consistent and frequent industry research and data, along with communications programs, IGEA promotes the interactive games industry both locally and abroad. Please visit www.igea.net for further information.

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