



Global public games support systems

Minc, Anckargripsgatan 3
SE 211 49 Malmö
Tel +46 40 630 50 05

www.nordicgameprogram.org

Introduction and summary

This paper documents publicly funded games development support systems in the world, and positions the Nordic Game Program among them.

More and more aggressive schemes are introduced all over the world to support creative industry in general, or to attract it to those that do not have any of their own, and this goes for the games industry in particular.

Just leveling the playing field – in terms of public funding per employee in game development – corresponds to a twenty-fold increase in the funding for the Nordic Game Program. Plus 2,000%, in other words.

We find that few global support systems are designed specifically for the games industry, like the Nordic Game Program. Instead they copy film schemes and/or give general tax breaks.

We must work hard to even marginally, for some limited time, use this advantage to compensate for the lack of funding in the Nordic countries. We can only hope for a simultaneous and rapid growth of Nordic public awareness of what is going on globally.

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1. Background

The game industry is today one of the fastest growing economic sectors, which employs thousand of people worldwide. In US alone, the game industry took in close to 10 billion USD in 2007. The development of new games for computers, consoles and mobile phones contribute to new demands for the hardware needed for playing the games, which in turn affects other industries.

All over the world, governments and regional authorities have started to give the game industry attention, and understand the industry's strengths and weaknesses. Due to different regulations and traditions, the implemented measures differ between different countries and regions.

1.1 The Nordic countries

The Nordic Council of Ministers was founded in 1952 to manage the cooperation between the governments of the Nordic countries. One of the goals of the Nordic Council of Ministers is to increase the collaboration between Nordic cultural actors. In 2006, the Nordic Game Program was founded by the Nordic Council of Ministers as a way to secure the access to high quality computer games aimed at children and youth, developed by Nordic game companies and localized in at least one of the Nordic languages. Other responsibilities of the Nordic Game Program are to promote the Nordic game developers, assist them with vital information, and establish

networking opportunities for them. Today the program's most important tasks are development support grants and the annual conference, Nordic Game.

Besides the Nordic Game Program, which works as an umbrella organization for all the Nordic countries, three of the Nordic countries also have their own programmes supporting the game industry. Denmark offers development support to Danish game developers through New Danish Screen. In Norway, both Norsk Filmfond and regional centres for audiovisual culture support game development with grants. Innovasjon Norge, a state-owned company which main purpose is to boost innovation in business and industry nationwide, offers loans for new and aspiring companies, among them game studios. Innovasjon Norge has also supported the presence of Norwegian studios at Game Developers Conference in San Francisco.

In Finland, the national industry organization Neogames, supports game developers with information, networking activities and attendance at global industry events. Funding for Finnish game developers can be granted by the POEM Foundation, given that the development studio has close ties to the region of Northern Ostrobothnia.

Spelplan-ASGD is the Swedish industry organization that gathers game development companies. Spelplan assists its members with information, networking and initiatives that focus on finding and educating the right personnel for the industry. Iceland is the only Nordic country that still, in May 2008, lacks a functioning industry organization. Neither Iceland nor Sweden has any public support measure specifically for games.

Below is a chart of the organizations and the different support they offer game development companies.

DS = Development support

ES = Event Support (for arranging events)

IN = Offers market information, expert support etc

IM = Industry meeting and networking opportunities

GE = Attendance at global industry events

Region/Country	Organization	DS	ES	IN	IM	GE
Nordic Region	Nordic Game Program	X	X	X	X	X
Denmark	New Danish Screen	X				
Øresund (DK-SE)	Diginet Øresund					
Finland	Neogames			X	X	X
Northern Ostrobothnia	POEM Foundation	X				
Norway	Norsk Filmfond	X				
Hedmark County (NO)	Hedmarks fylkeskommune	X				
Central Norway	Midtnorsk filmfond	X				

1.2 Economic considerations

In order to illustrate the amount of money the different Nordic organizations and countries have decided to support the game industry with, the chart below shows the total annual budget for a number of the organizations. The budget is divided by the countries' and regions' populations and their number of game developers (GD). The last two columns show the yearly funding per inhabitant and per individual game developer employee.

Organization	KEUR	Pop (M)	GD (K)	EUR/capita	EUR/GD
Nordic Game Program	800	24.600	2.0	0.033	400
New Danish Screen	800	5.500	0.5	0.145	1,600
Norsk Filmfond	770	4.600	0.3	0.167	2,567

2. Europe

As part of the European Union's MEDIA programme, funding is available for the development of interactive works for computer, internet, mobile phone and games console. Game development companies applying for the support must have completed a previous, commercially distributed, game.

2.1 France

France offers two different support systems for game development companies on a national level. Centre National de Cinématographie supports the production of innovative, interactive content for use on digital media and networks. This description makes the scope of projects that can apply fairly wide, and game developers have to compete with other applicants.

One of the support systems in France that has been given a lot of attention recently, is the tax break introduced by the French Ministry of Culture. Producers of video games with a "cultural dimension" can apply for a tax break for 20% of the company's development costs. France is the first European country that offers tax breaks to game producers for cultural content, which has started a discussion on the possibility of the implementation of similar systems in other European countries.

Lyon Game is a networking organization, aimed at game development companies in the French region of Rhône-Alpes. Lyon Game's main focus is to increase the contact between the area's game developers and assist them with information, attendance at global industry events etc.

2.2 Germany

Germany's most visible game development support incentive is Gamecity:Hamburg. New gaming companies in particular are supported in their first steps by the organization. The most important measure is a programme for supporting prototypes. Gamecity:Hamburg also assists local game developers to attend international game events and supports networking within the Hamburg area.

The Mitteldeutsche Medienförderung, working in the German regions of Saxony, Thuringia and Saxony-Anhalt, supports multimedia projects with a significant cultural content and which are produced in the region. The funding is available both for project development and the production of video games.

2.3 United Kingdom

The United Kingdom is home to a great number of successful game development companies, and dominates European game development, and also has a few publishers and distributors. Different support organizations are present throughout the country, just as studios can be found almost all over the country, and are not just concentrated around London, the country's business centre.

In East Midland, EM Media is an organization that supports the local game developers. Game Republic is a trade alliance for the games/interactive entertainment software production industry in Yorkshire. Advantage West Midlands is active in Birmingham and the surrounding region, financing the cluster Digital Central, which assist the local game development companies. In Scotland, Scottish Enterprise, alongside its partners, offers financial support to the creative industries. Game Horizon, based in Newcastle, function as a business network for the UK game industry, with a special focus on the north-east part of the country. In Wales, Finance Wales and its Wales Creative IP Fund offers co-financing in the form of loan guarantee for a number of entrepreneurs, among them game developers.

It should certainly be noted that the UK has generous tax subsidies for research and development, on the scale of 150%, that could be applied towards at least part of game development work. The UK developer organisation Tiga has had some progress in getting national and local tax authorities to recognise game development as R&D, but it is at the time of writing not possible to give a fair estimate of the resultant funding for the sector.

2.4 Overview

Below is an overview of European support offered to game development companies.

TB = Tax break

CF = Co-financing

DS = Development support

ES = Event Support (for arranging events)

IN = Offers market information, expert support etc

IM = Industry meeting and networking opportunities

GE = Attendance at global industry events

Region/ Country	Organization	TB	CF	DS	ES	IN	IM	GE
European Union	MEDIA			X				
France	Centre National de Cinématographie			X				
France	Lyon Game					X	X	X
France	Ministry of Culture	X						
Hamburg (DE)	Gamecity:Hamburg			X		X	X	X
Central Germany	Mitteldeutsche Medienförderung			X				
East Midlands (UK)	EM Media			X		X		
Yorkshire (UK)	Game Republic				X	X	X	X
West Midlands (UK)	Advantage West Midlands					X	X	X
Scotland (UK)	Scottish Enterprise		X			X		
North East (UK)	Game Horizon					X	X	X
Wales (UK)	Finance Wales		X					

3. North America

3.1 United States

The United States has a long tradition of audiovisual production, and is home to many of the world's game related businesses. In contrast to Europe, game development companies based in the United States are rarely offered direct funding, instead there is widespread use of tax incentives in order to attract the entertainment industry to the state in question.

The chart below shows the tax breaks available throughout the United States, and the tax breaks' maximum percentage of overall production cost. A game development company must produce the largest part of the game in the state to be eligible for the tax credit.

Region/State	Responsible authority	Max. percentage	Comments
Baltimore County Massachusetts	Baltimore County's Economic Development Department	30%	Productions costs, also offers loans to game development companies
Connecticut	Connecticut Commission of Cultur & Tourism	30%	Preproduction, production and postproduction costs.
Florida	Film in Florida	10%	Offers cash reimbursement of a digital media project's qualified expenditures in the state, max 1 MUSD.
Georgia	Georgia Film, Music & Digital Entertainment Office	9%	All expenditures in the state.
Hawaii	The Hawaii Film Office	20%	Production costs.
Louisiana	Louisiana Office of Entertainment Industry Development	20%	Production costs, for up to 6 years.
Maine	The Maine Film Office	12%	Wage reimbursement and income tax credit.
New Mexico	The New Mexico Film Office	25%	Production costs and wages.
Rhode Island	The Rhode Island Film and Television Office	25%	Production costs.
Texas	Texas Film Commission	5%	In-state spending, max. 250 KUSD/project.
Wisconsin	Film Wisconsin	25%	Production costs, also offers a 15% state income tax credit.

3.1.2 Canada

In Canada, the national and regional authorities have put a lot of effort into attracting the game industry to establish in the country. Among the different incentives available for game development companies are tax credits, funding

opportunities and organizations encouraging the networking between people involved in the industry.

Region	Organization	TB	CF	DS	ES	IN	IM	GE
Quebec	Investissement Quebec	X						
Ontario	Ontario Media Development Corporation	X		X				
Canada	Canada New Media Fund		X	X				
Manitoba	Manitoba Energy Science and Technology			X				
Nova Scotia	Department of Finance	X						
Prince Edward Island	GamePlan	X						

It is worth noting that the tax credits offered by the different Canadian provinces are comparatively high in relation to the ones offered to game development companies based in the United States. The Multimedia Production Tax Credit offered in Quebec is 37,5% of eligible labour costs, and as a part of it's programme GamePlan, Prince Edward Island is willing to reimburse 52,5% of a company's labour costs. The Canadian incentives are all aimed solely at the game industry, as opposed to those in the United States, which usually include all of the entertainment industry (film, television, music etc.).

Certainly there has been discussion within the global industry whether it is fair and legal to so aggressively subsidise an industry. Large parts of the historically French game development industry are now in Quebec. The Canadian position is of course that they fully comply with world trade agreements and the like.

4. Australia

Australia has got its fair share of game development companies, and has a strong tradition of supporting the audiovisual industry of the country. Film development funds have made Australian film successful on a global scale, and nowadays the game development industry is treated the same way. Among the states, Victoria has an especially generous approach towards the game industry. They support businesses, individuals and game projects at early stages – in developing game prototypes and demos.

In Tasmania, project development funding is available for audiovisual projects developed in the state. Screen Tasmania shows a big interest in supporting all sorts of projects that can increase the visibility of the audiovisual industry in the state.

Region	Organization	DS	ES	IN	IM	GE
Australia	The Australian Film Commission	X	X			X
Victoria	Film Victoria	X	X	X		X
Tasmania	Screen Tasmania	X	X			X

5. South East Asia

The game industry, along with the software industry as a whole, is of big economic importance to the South East Asian region. Even if Japan is often recognized as the leading force for game development in this part of the world, many other countries also develop games and share the Japanese's passion for playing them.

Singapore has chosen to invest heavily in the nation's game developers and funds developers of casual games for PC, through a programme called Invigorate. One of the conditions for the game developers to receive the funding is that they participate in sessions with representatives from established game studios and publisher companies. The Singapore Media Development Authority also assists developers of games for mobile phones, game consoles etc, through their other funding schemes.

The Malaysian government has started a programme aimed at supporting the research and development of innovative ICT and multimedia products with commercial potential. In the Philippines, the department of trade and industry offer game development companies an opportunity to attend global industry events, but on an irregular basis, since the department assists a number of different industry sectors.

In South Korea, where gaming is socially accepted to a higher degree than in most of the rest of the world, and even recognized as sports, the national game developers association Kogia works on public awareness and promotes e-sports.

Country	Organization	DS	ES	IN	IM	GE
Singapore	Media Development Authority	X		X		
Malaysia	The Multimedia Super Corridor	X		X		
Philippines	Department of Trade and Industry					X
South Korea	Kogia			X	X	X

6. Summary

We can see that the support systems for game development on a global basis is to a high degree dominated by the countries which have a long tradition of supporting this industry; Canada, Australia and France. Among the regions that have started entrenching their position is the Nordic region, European Union and the United States. New actors on the scene are certain districts in Canada, as well as the Philippines and Singapore. Mexico is not mentioned in the report above, but have also launched a program called Prosoft, which main aim is to make Mexico Latin America's leader in software development. This is achieved through offering venture capital, supporting incubators etc.

Depending on the economic structures of each of the countries or regions offering support, the way the support is distributed differs. There are also some differences between which parts of a game development project that are supported – e.g. prototypes and demos, the production, marketing or the country's or region's IT infrastructure or general conditions for entrepreneurs.

Territory	KEUR	Pop (M)	GD (K)	EUR/capita	EUR/GD
EU (MEDIA 2007)	750	495.0	17.0	0.002	44
Norden (NGP)	800	24.6	2.0	0.033	400
Norway (Norsk Filmfond)	770	4.6	0.3	0.167	2,567
Canada (New Media Fund)	9,300	33.0	8.0	0.282	1,163
Canada & USA (20% tax refunds)					6,000

Revisiting some of our described territories, above, we find that the funds required just to meet, not surpass, the aggressively offered benefits of certain countries, would mean a twenty-fold increase in the funding for the Nordic Game Program, plus 2,000%, in other words. This would be needed just to level the playing field in terms of funding per employee in game development. It would certainly be highly beneficial for the Nordic industry to just get an increment of such an increase.

We also note that no territories match all the activities, the set of structured and balanced components, of our industry support. Few global support systems are designed specifically for the games industry, instead they copy film subsidies or offer more or less general tax rebates. We must use this to our advantage, and we may thus with the structure of the Nordic Game Program for some time be able to slightly compensate for the lack of funding in the Nordic countries.

We must be aware, though, that time does not work in our favour. More and more territories introduce even more aggressive schemes to support creative industry in general and the games industry in particular.

Heidi Nilsson and Erik Robertson

Appendix: Web resources

1 The Nordic countries

Diginet Øresund:

<http://www.diginet.org/o.o.i.s/1>

Hedmark County:

http://www.hedmark.org/dt_singlearticle.aspx?m=20&amid=43943

Innovasjon Norge:

<http://www.innovasjon norge.no/Satsinger/Kultur-og-opplevelsesnaringene/>

Midtnorsk filmfond:

<http://www.midtnorskfilm.no/index.php?m=stotteordninger>

Neogames:

<http://www.neogames.fi/index.htm>

New Danish Screen:

<http://www.dfi.dk/filmstoette/nds/computerspil/computerspil.htm>

Nordic Game Program:

<http://nordicgameprogram.org/index>

Norsk Filmfond:

<http://www.filmfondet.no/iCM.aspx?PageId=11>

POEM Foundation:

<http://www.poem.fi/index.php>

Spelplan ASGD:

<http://www.dataspelsbranschen.se/>

2 Europe

Advantage West Midlands:

<http://www.advantagewm.co.uk/>

Centre National de Cinématographie:

<http://www.cnc.fr/Site/Template/A2.aspx?SELECTID=2009&ID=46&directionId=12&ServiceId=32&t=1>

EM Media:

http://www.em-media.org.uk/pages/navigator_07

European Union, MEDIA:

http://ec.europa.eu/information_society/media/producer/develop/interactive/index_en.htm

Finance Wales:

http://www.financewales.co.uk/eng/support.php/c_type=content~c_id=200~sM_id=242

France, Ministry of Culture:

<http://www.culture.gouv.fr/>

Gamecity:Hamburg:

<http://213.238.35.92/index.php?id=gamecity>

Game Horizon:

http://www.gamehorizon.net/index.php?option=com_content&task=view&id=88&Itemid=99

Game Republic:

<http://www.gamerepublic.org/?s=&a=home&id=&pid=&c=>

Lyon Game:

http://www.lyongame.com/lg_en/actualites.html

Mitteldeutsche Medienförderung:

<http://www.mdm-online.de/>

Scottish Enterprise:

http://www.scottish-enterprise.com/sedotcom_home/sig/digitalmedia.htm

3 United States, Canada and Mexico

Baltimore County's Economic Development Department:

http://www.baltimorecountymd.gov/Agencies/economicdev/edd_techadvantage.html

Canada New Media Fund:

http://www.telefilm.gc.ca/03/311.asp?fond_id=3

Connecticut Commission of Culture & Tourism:

<http://www.cultureandtourism.org/cct/cwp/view.asp?a=2126&q=316550>

Film in Florida.

<http://www.filminflorida.com/ifi/incentives.asp>

Georgia Film, Music & Digital Entertainment Office:

<http://www.georgia.org/Business/Entertainment+Industry+Investment+Act.htm>

The Hawaii Film Office:

<http://www.hawaiifilmoffice.com/incentives-tax-credits>

Investissement Quebec:

<http://www.investquebec.com/en/index.aspx?page=1652>

Louisiana Office of Entertainment Industry Development:

<http://www.louisianaforward.com/come-to-louisiana/industries/entertainment.aspx>

The Maine Film Office:

<http://www.filminmaine.com/incentives/default.aspx>

Manitoba Energy Science and Technology

<http://www.midma.com/>

Mexico, Prosoft:

<http://www.software.net.mx/en/default.htm>

The New Mexico Film Office:

<http://www.nmfilm.com/filming/incentives/tax-rebate.php>

Nova Scotia, Department of Finance:

<http://www.gov.ns.ca/Finance/taxpolicy/taxcredits/digital.asp>

Ontario Media Development Corporation.

<http://www.omdc.on.ca/>

Prince Edward Island, GamePlan.

<http://www.gameplan.ca/programs.html>

The Rhode Island Film and Television Office:

<http://www.film.ri.gov/taxcredit.html>

Texas Film Commission:

<http://www.governor.state.tx.us/divisions/film/incentives/grants.htm>

Film Wisconsin:

<http://www.filmwisconsin.net/Incentives/Synopsis.asp>

4 Australia

The Australian Film Commission:

<http://www.afc.gov.au/funding/icd/default.aspx>

Film Victoria:

<http://film.vic.gov.au/>

Screen Tasmania:

<http://www.screen.tas.gov.au/funding/index.php>

5 South East Asia

Kogia:

http://www.kogia.or.kr/english/about_kgdi/01greetings.jsp

The Multimedia Super Corridor.

<http://www.msc.com.my/business/grants.html>

Phillippines, Department of Trade and Industry:

<http://www.citem.com.ph/index.asp>

Singapore, Media Development Authority.

<http://www.mda.gov.sg/wms.www/devnpolicies.aspx?sid=814>