MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government

Game Development Sector Rebate

YEAR TWO REVIEW



MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Ministry of Business, Innovation and Employment (MBIE)
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Contents

Executive Summary 4
Acknowledgements 5
Microdata disclaimer 5
Introduction 7
Method 10
Main findings 13
Next steps 24
Annex One: Detailed results from LBD and Companies Office 26
Annex Two: Interview questions 35
Annex Three: Interview results 37
Annex Four: GDSR monitoring framework and results 42

Executive Summary

Uptake of the Game Development Sector Rebate (GDSR) is strong and the sector is growing. This review lays foundations for enhanced monitoring of the economic impact of the GDSR.

What is the GDSR?

The GDSR is a 20 percent rebate for eligible game development expenses, introduced in 2023. Its objectives are to catalyse growth of the sector in terms of economic activity, employment and exports, and to support an ecosystem approach to funding for the sector. The GDSR was implemented in the context of potential hollowing out of the New Zealand game development sector.

The GDSR is delivered by New Zealand on Air (NZ On Air) and monitored by MBIE. A firm's rebate payment is capped at $3 million per annum and the minimum qualifying expenditure per annum is $250,000. $22.3 million was paid out to 33 firms across 2023/2024 for the first full funding round, and around $22.4 million in 2024/2025 for 40 firms.

When creating the scheme, Cabinet directed MBIE to prepare reviews of the GDSR around two years and four years after delivery began. The 'Year Two Review', this report, is to gauge uptake and, if detectable, any economic impact. The 'Year Four Review' is to more fully assess economic impact.

The review method is quantitative and qualitative

The main sources of data were the Longitudinal Business Database (LBD), Companies Office, and NZ On Air. The New Zealand Game Developers Association (NZGDA) provided assistance in identifying the population of game development companies. The game development sector's definition was created specifically for this review.

MBIE ran twelve interviews to learn about why firms use or don't use the GDSR, whether and how it affects their decisions, opinions of the GDSR design, and other topics. The pool of interviewees included people from nine companies, as well as two game company investors and one community figure. Some of the companies had received the GDSR, some applied but did not receive it, and others had not applied.

This review finds the GDSR is well received by the sector and some indications of impact

The sector is growing, in both export revenue and employment. We find the sector earnt $513 million in sales revenue and employed around 1600 workers at end of June 2024. It is too early to be able to identify economic impacts of the GDSR on the sector or New Zealand, but interviews and data indicate the GDSR has led to additional business activity and dampened interest in some local firms relocating to Australia. Businesses report diverse uses of the funding from GDSR, such as retaining or hiring new staff, using contractors, and substitution for alternative funding arrangements like bank lending.

The uptake of the GDSR has been strong among the target sector. Generally, firms report satisfaction with the GDSR design, but we heard recommendations for relaxing some settings to increase economic impact, like the per firm cap, minimum expense threshold, and the types of eligible expense.

Preparing for the Year 4 Review

In preparing this Year Two Review, we have established initial measures and tools for use again later, in the Year Four Review, and identified opportunities for enhancements to GDSR monitoring. Most importantly, we can improve our method for identifying the sector, begin tracking the trajectories of firms that do and do not receive the GDSR, and will be better equipped to assess the economic contribution of the GDSR to New Zealand.

Acknowledgements

MBIE acknowledges the help of all stakeholders involved in the creation of this review.

The population of firms in the game development sector could not have been identified without the support of the New Zealand Game Developers Association, and the retrieval of data from the LBD would not have proceeded without Stats NZ facilitation. Individuals that responded to interview requests enabled the collection of deeper insights. Comprehensive information on the uptake and performance of the Game Development Sector Rebate was shared by New Zealand On Air.

Feedback on drafts and to a presentation given at MBIE on 3 June was gratefully received, coming from a range of teams across and outside of MBIE, with particular thanks to the Treasury for feedback. A draft was also reviewed by New Zealand Game Developers Association, mainly for comments on economic context and future data gathering methodology.

All data collected remained purely confidential and only accessible to MBIE for the purposes of analysis and aggregation.

Microdata disclaimer

Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers. These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD) which are carefully managed by Stats NZ. For more information about the IDI and LBD please visit https://www.stats.govt.nz/integrated-data/. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

Introduction

Purpose of this report

In 2023, the Game Development Sector Rebate (GDSR) was created. Cabinet set the expectation that the Ministry of Business, Innovation and Employment (MBIE) produce two reviews of the GDSR, at two years then four years after GDSR implementation. This report, the 'Year Two Review', has two purposes:

- To assess the early uptake and, if apparent, any economic impacts of the GDSR.
- To provide meaningful information on the sector's characteristics.

A review is valuable to both the government and stakeholders. The government invests in the sector. Access to quality data is important for developing and evaluating policy interventions. Good data gives visibility of changes in the sector, aids understanding of the sector's relationship to the economy, and shows us the characteristics of people involved in the sector. For workers, investors and firms, having access to quality data helps them to identify trends and make plans.

The findings and lessons taken from the Year Two Review will be useful for future analysis, including in the Year Four Review of the GDSR, which will be undertaken by 30 September 2027.

The objectives of the GDSR

The GDSR was implemented in the context of potential hollowing out of the New Zealand game development sector. The main concern was incoming subsidy schemes, including relocation incentives, from state and federal governments in Australia. In 2022, the sector had reported large local studios were investigating moving to Australia, and the NZGDA produced data indicating staff in different occupational levels were beginning to move, in volumes that potentially threatened the viability of some local studios.

The GDSR aims to drive growth and job creation in mid- to large-sized game development studios while fostering the sustainable expansion and success of New Zealand's game development sector.

The objectives of the GDSR are:

- catalysing the growth of the game development sector in New Zealand, in terms of economic activity and employment;
- increasing exports from the game development sector; and
- supporting an ecosystem approach to funding for the game development sector.

What is the GDSR?

The GDSR is a 20% rebate for eligible game development expenses. The GDSR was effective as of 1 April 2023, meaning eligible businesses could count eligible expenditure from this date. The eligibility period for the GDSR runs from 1 April to 31 March each year.

The GDSR is funded under Vote Business, Science and Innovation. The total size of the appropriation, including administration expense of $1.85 million for NZ On Air, is $40 million annually.

What are the main rules of the GDSR?

Businesses can receive a maximum rebate of $3 million per year, with a minimum of $250,000 in eligible expenditure required annually to qualify.

Eligible games

Eligibility is assessed based on criteria outlined in the GDSR Design Features document, including the definition of a digital game:

> "For the purposes of the GDSR, a digital game comprises content, game mechanics (rules) and code, and player participation that changes the outcome. It is in an electronic form that is capable of generating a display on a portable electronic device or a computer monitor, TV screen, liquid crystal display or similar medium. Eligible formats include virtual reality (VR), augmented reality (AR), mobile, tablet, console, hybrid, installation, web browsers, PC, and multiplatform games."

The GDSR applies to eligible expenditure on digital games that are:

- intended for general public release; and
- for entertainment or educational purposes, including serious games[1].

A full breakdown of eligible and ineligible expenditure can be found on pages 5–7 of the GDSR Design Features document here. All GDSR documentation, including detailed guidelines and forms, is available on the NZ On Air website here.

NZ On Air delivers the GDSR

The GDSR is administered by NZ On Air, an Autonomous Crown Entity that funds and promotes public media content reflecting the different voices and stories of Aotearoa New Zealand. NZ On Air supports the creation and distribution of screen, music and audio content across a range of platforms. With the introduction of the GDSR, NZ On Air now also plays a key role in supporting the growth and sustainability of New Zealand's game development sector.

NZ On Air, Ministry of Culture and Heritage and MBIE monitor GDSR delivery through a Contract Governance Group that meets quarterly.

In addition to core administration, NZ On Air supports the sector through one-on-one guidance, studio visits, webinars, public talks, newsletters, and detailed published resources to help businesses engage with the scheme. It collects and analyses standardised financial and operational data from all applicants, generating insights into industry performance and economic outcomes. In response to feedback from the sector and internal delivery teams, NZ On Air regularly makes operational improvements to the GDSR, in consultation with MBIE.

A key objective of the GDSR is to foster an ecosystem approach to funding, one that supports not just individual studios, but the broader infrastructure, networks, and conditions necessary for the sector to thrive. Since assuming responsibility for the administration of GDSR, NZ On Air reports that it has taken an active role in supporting industry development, embedding collaboration and knowledge-sharing into the programme's administration across both local and global activities.

Domestic ecosystem development

Domestically, NZ On Air maintains partnerships with key organisations including New Zealand Trade and Enterprise (NZTE), the Centre of Digital Excellence (CODE), and the NZGDA through regular engagement. NZTE is a government agency that supports exporting businesses. CODE is a government-funded incubator, a provider of grants and other support to early-stage game companies. Each organisation engages a different set of businesses to the set that is known to NZ On Air.

[1] Serious games are games designed for purposes other than or additional to entertainment, such as for education.

NZ On Air also works directly with educational institutions to align academic programmes with industry needs and supporting studios transitioning from adjacent fields like animation. Further sector engagement has included work with local government to build regional support, such as facilitating Wellington City Council's consideration of sponsorship support at the 2025 NZ Game Developer's Conference, and meeting directly with individual game development businesses to understand their challenges and connect them with suitable partners and opportunities.

International engagement and strategic partnerships

NZ On Air has built international relationships across eleven countries,[2] working with government and industry bodies to learn from established support programmes and create strategic partnerships. Collaboration with New Zealand's diplomatic and trade networks, including NZTE Trade Commissioners and embassy staff, has included supporting New Zealand's participation in major global events like Bitsummit in Japan and Gamescom 2025 in Germany, facilitating connections between local studios and international IP holders, and raising the profile of New Zealand's games sector including by presenting at the Game Developers Conference in San Francisco to raise international awareness of the GDSR, CODE, and the growing capability of the local sector. These international connections with publishers, platforms, and investors are consistently shared with the wider New Zealand games industry to maximise benefit across the sector.

[2] Includes: United Kingdom, Republic of Ireland, Finland, Canada, Belgium, the Netherlands, Poland, South Africa, Colombia, Australia, and the United States.

Method

This review draws on quantitative data collected through GDSR applications and national datasets, as well as qualitative insights gathered through stakeholder interviews and feedback. Limitations of the method and opportunities for improvements are discussed under the Next Steps section.

Interviews by MBIE

A policy staff member of MBIE ran twelve interviews to learn about why firms use or don't use the GDSR, whether and how it affects their decisions, opinions of the GDSR design, and other topics. MBIE sought thirteen interviews but received no response from one firm. **Annex Two** contains the full list of interview questions, which were developed with cross-agency input and informed by a scan of similar reviews conducted overseas.

Interviews were held online using video meetings, in January and February 2025, each about one hour. Non-verbatim notes were taken and stored securely, accessible only by the interviewer, who then categorised according to key themes and shared the findings within MBIE. Interviewees are not named in this report, and comments are not attributed to identifiable individuals or companies.

The pool of interviewees included people from nine companies, as well as two game company investors and one community figure. Mainly, interviews were held with people who both founded and manage a game development company, or are currently a manager at a company. We interviewed people involved with companies that received the GDSR, applied but did not receive the GDSR, or did not apply. The firms range in size from one to over a hundred employees, and cover diverse product types.

MBIE interviewed a diverse group of stakeholders. The interviewees' opinions should not be treated as fairly and evenly representative of firms generally, but are rather indicative of the views of some.

Data

The main sources of data were the Longitudinal Business Database (LBD), Companies Office, and NZ On Air. The New Zealand Game Developers Association (NZGDA) also provided assistance in forming a definition of the population of game development companies which MBIE then used with the LBD. These fully anonymised data relate to firms and the workforce employed by those firms.

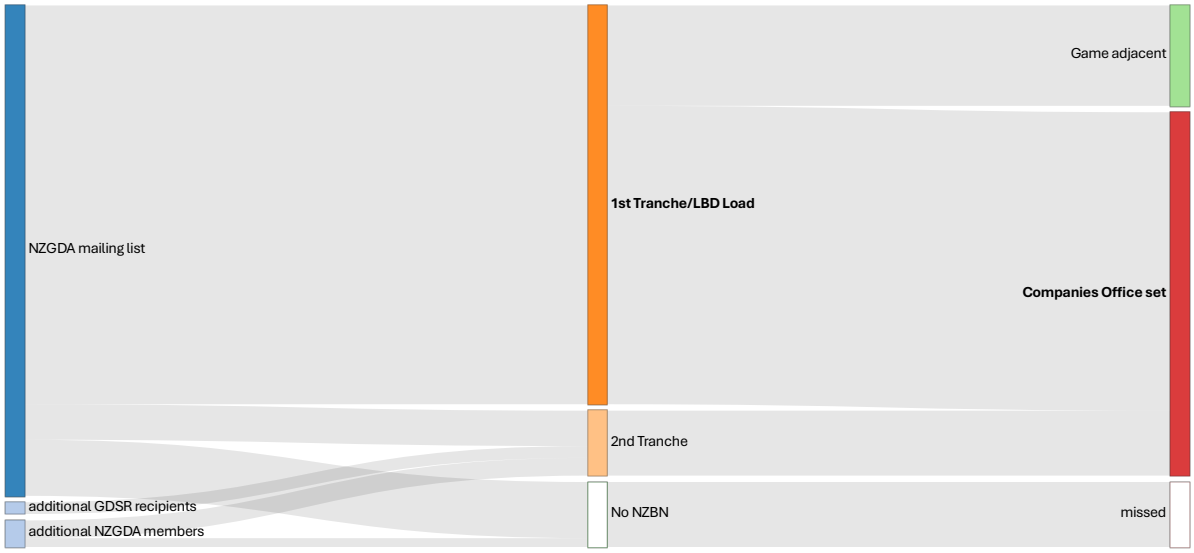
Defining the game development sector

Three different populations of firms are referenced in this review. Each set comes from a different definition:

1) The 'NZGDA set' is the firms that the NZGDA surveys and reports on year to year. The size and members of the set vary slightly each year. The method is determined by NZGDA and their survey provider.
2) The 'LBD set' was created by MBIE for the purposes of this review. It relies on business names from the survey mailing list of 166 firms provided by the NZGDA, checked by MBIE for New Zealand Business Numbers (NZBNs) and the relevance of businesses' activities to game development, and cross-checked with names provided by NZ On Air of GDSR recipients. Of the 135 loaded into the LBD, around 100 were matchable to Enterprise Numbers, and 84 firms of these were present in the relevant productivity tables. This 84 is the 'LBD set'. Note this number is randomly rounded to base 3. We expect some firms not being matched in the LBD is mainly due to their newness or small size, e.g. meeting a threshold of revenue generation or GST payments.

3) Likewise, the 'Companies Office set' was created by MBIE for this review. All firms were included that MBIE could find an NZBN for that were in any of: the mailing list, publicly listed NZGDA members as at 27 February 2025, or recipients of the pilot round or round one of the GDSR. Using the Companies Office information, these 149 firms were found to be networked with others, such as holding companies for intellectual property. This combination of 157 are the firms with known NZBN, of which 123 were identified as being core-Game Developer firms and form the 'Companies office set'.

The process and relationship between the three sets is shown below.



Not all firms focused solely on game development activity

'Game adjacent' status was marked by MBIE after observing, in the names provided by NZGDA, some firms that, based on public information, appeared not to engage in game development activity, or relatively little. Firms with no apparent activity were removed from the list; firms with some minor activity were marked as game adjacent.

As we found the population of game adjacent firms was not large enough to ensure Stats NZ's confidentiality rules for release, this group has not been separately identified or analysed in this report.

NZ On Air provided data for this review

For this review, NZ On Air provided quantitative and qualitative data drawn from two rounds of GDSR applications, offering early insights into the scheme.

The dataset included:

- total employment figures across businesses receiving the rebate;
- the range and average proportion of revenue derived from exports among GDSR recipients;
- the number of projects supported that were in development, live, or released, and whether they were revenue-generating;
- the age of recipient companies and their years of operation in New Zealand; and
- reasons why applicants were ruled ineligible for the GDSR.

Insights provided by NZ On Air, on firms' feedback on the GDSR and recommendations for the future, are set apart on **pages 18 and 23**. The full list of NZ On Air measures, and the relevant results, is included in **Annex Four**.

The data from the LBD runs up to June 2024

Firm-level data is primarily derived from the Longitudinal Business Frame and Fabling's harmonised GST on sales and purchases table.[3] This dataset is then linked with Inland Revenue (IR) data, migration spells and the 2023 Census to obtain employee-related information.

Workforce definition

We have defined 'workforce' as people in Aotearoa New Zealand who are engaged in the labour force and receive wage and salary earnings. They are recorded in the Inland Revenue (IR) derived dataset - the Employer Monthly Schedule (EMS). Wage and salary income includes any gross earnings received from any employer where pay as you earn (PAYE) was deducted or the income was otherwise reported by employers through the PAYE system, e.g. salary and wages, income received in the form of shares and share options and Paid Parental Leave.

The data from the Companies Office that is shown covers

- New Zealand Business Numbers;
- Geographic location of firms;
- Shareholder characteristics; and
- the firms' date of registration.

While the Companies Office also records both GST and indicators of whether the business should be considered a Māori business, neither have robust coverage, and only one firm for each category could be found in the registry.

[3] Fabling, Richard and David C Maré. 2019. "Improved productivity measurement in New Zealand's Longitudinal Business Database." Motu Working Paper 19-03. Motu Economic and Public Policy Research. Wellington, New Zealand.

Main findings

The game development sector is performing well, with strong growth in employment and earnings, and high export intensity. The GDSR has been welcomed by the sector and is generally considered well designed. It is too early to draw conclusions about the economic impact of the GDSR.

This section highlights the results that are most relevant to the objectives of the GDSR. Beyond these main findings, further results from the LBD and Companies Office data are shown in **Annex One**, including more detailed data on the sector's increasing drawings, dividends, employment and export intensity. More detailed interview results are shown in **Annex Three**, and the full set of NZ On Air annual reporting is included as **Annex Four**. The full set of data used for this review are available at https://www.mbie.govt.nz/dmsdocument/31199-game-development-sector-rebate-year-two-review-data

The sector is growing in size

The LBD set shows a strong trend of company formation, shown below in figure 1.

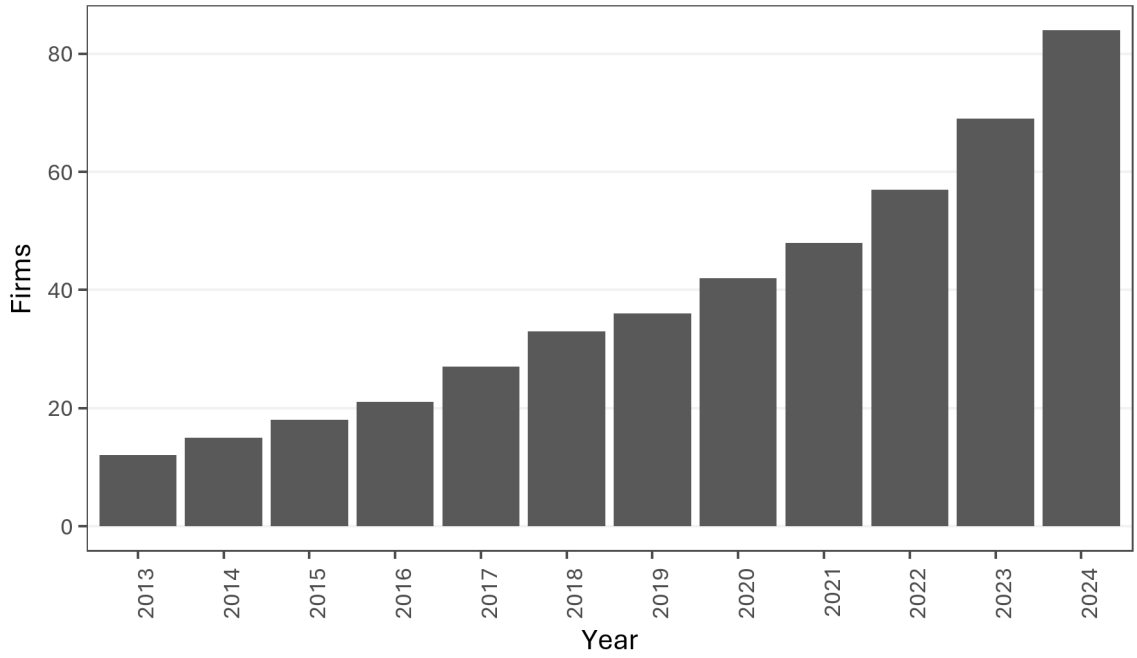


Figure 1. Annual count of number of game development sector firms (2013-2024). Source: LBD.

Other data confirms that the game development sector has seen recent surges in growth. Below, in 2018-2019 and 2021-2024, there are noticeable increases in small companies being counted in the LBD. And, the gradual emergence across the last decade of a cohort of game development companies that would be considered medium to large scale game development companies.

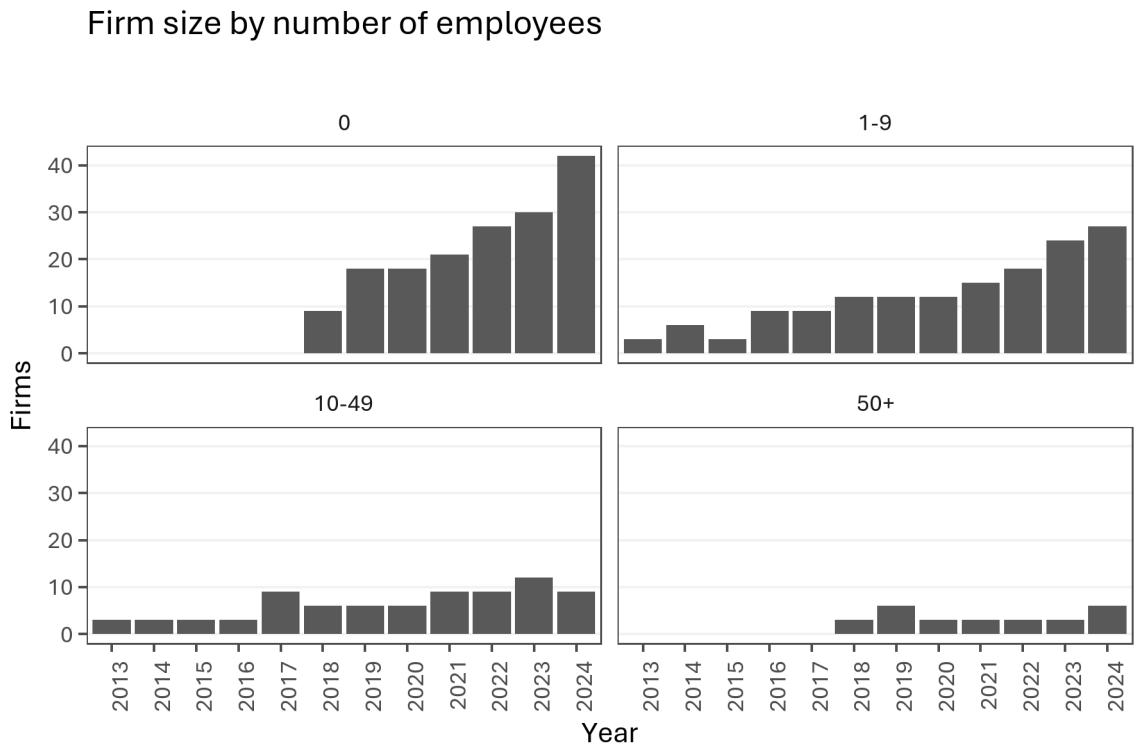


Figure 2. Number of active firms grouped by their employee count. Source: LBD.

Data collected from NZ On Air from GDSR recipients shows a similar trend, with a burst of formations of eligible studios around 2014-2021. In future years, we will monitor these types of data closely. In line with some theories of industry development, we might see company formations slow down or speed up while sector revenue continues upwards, depending on the degree of merger and acquisition behaviour and other forms of sector consolidation.

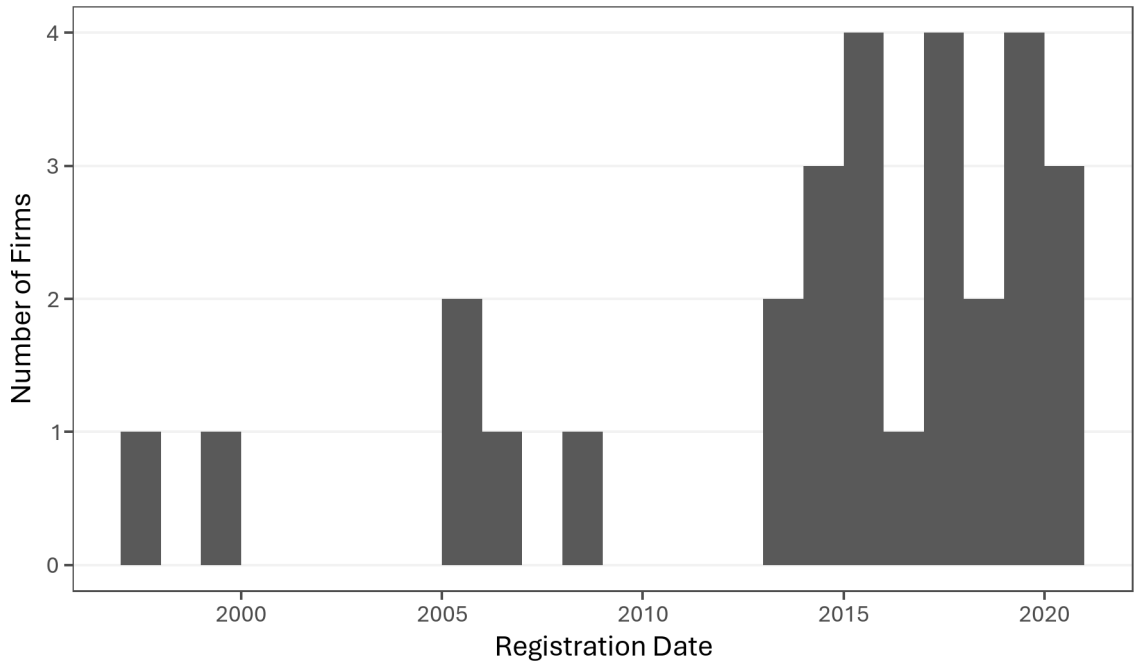


Figure 3. Number of firms founded each year, for firms receiving the GDSR. Source: NZ On Air

In figure 4 below, from the LBD we see that, as would be expected, the average spending of larger firm (more than 10 employees) is significantly higher, particularly for firms of 50 FTE and above. Anecdotally, we have heard that sector revenue is largely driven by a set of a few or several key firms, and the Year Four Review could delve into this with something like a Herfindahl-Hirschman Index.

These larger firms also have higher export intensity – the share of their activity associated with sales to overseas customers. The sector's export intensity has increased from 0.73 to 0.87 from 2013 to 2024.

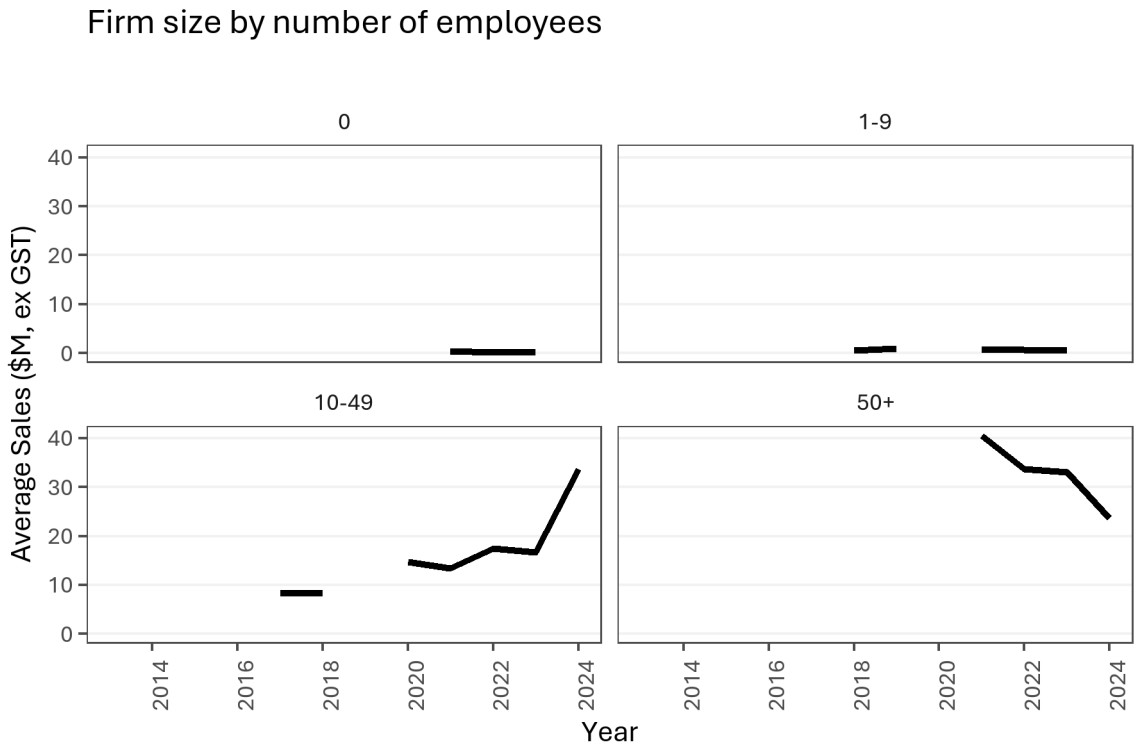


Figure 4. Average sales ($M nominal, GST-exclusive) by firm size as measured by employee count. Source: LBD.

Revenue and spending is trending upwards

According to annual survey data collected by NZGDA, from 2012 to 2024, revenue earnt by the NZ game sector has risen from NZD $19.6m to $548m, shown in the chart below.

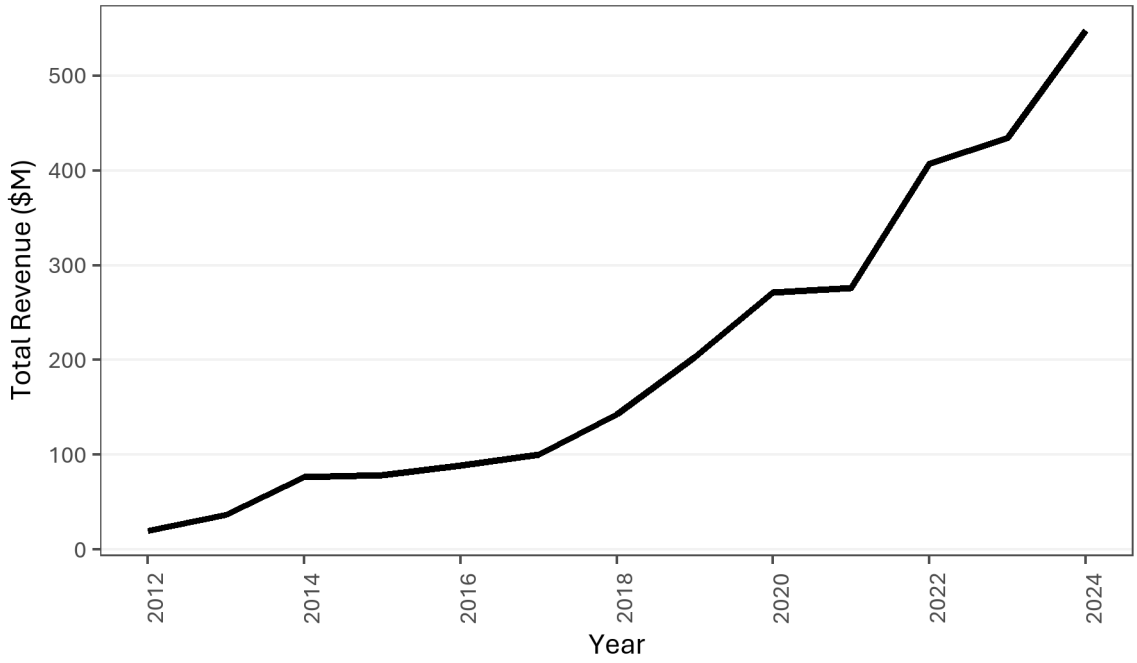


Figure 5. Total Revenue ($M) in nominal dollars. Source: *NZGDA Annual Surveys, 2012 to 2024*

The data we collected from the LBD finds a similar trend, shown in figure 6 below, with sales reaching $513,168,644 in 2024. And, shown in Annex One, there also positive trends for sector employment and export intensity.

Below, in figure 6, we see trends in spending tend to mirror trends in sales, and spending tends to rise less dramatically than revenue. This is a phenomenon that has been highlighted by some industry stakeholders in the context of attempts to forecast when claims on the GDSR may reach the limit of the $40 million appropriation.

For 2025, initial estimates from NZGDA are that sector revenue will reach $760 million, a 38% increase on 2024, and employment rose 33% to 1458.

MBIE created comparisons with data from other sectors on different time spans

Employment growth in game development, at a 10.4% compound annual growth rate (CAGR) for 2016-2024, appears to outrun all other reported sectors, with Agritech the closest at 9.9% in 2021-2021, but others such as Screen at 1.3% CAGR for 2020-21 and -0.5% for Tourism. Similarly, productivity growth for the game development sector is highest among all reported sectors, at 23.8% CAGR in 2016-2024, compared to Agritech at 14.5% in 2017-2021, 3.2% for Tourism in 2015-2024 and -1.2% for screen in 2013-2021.

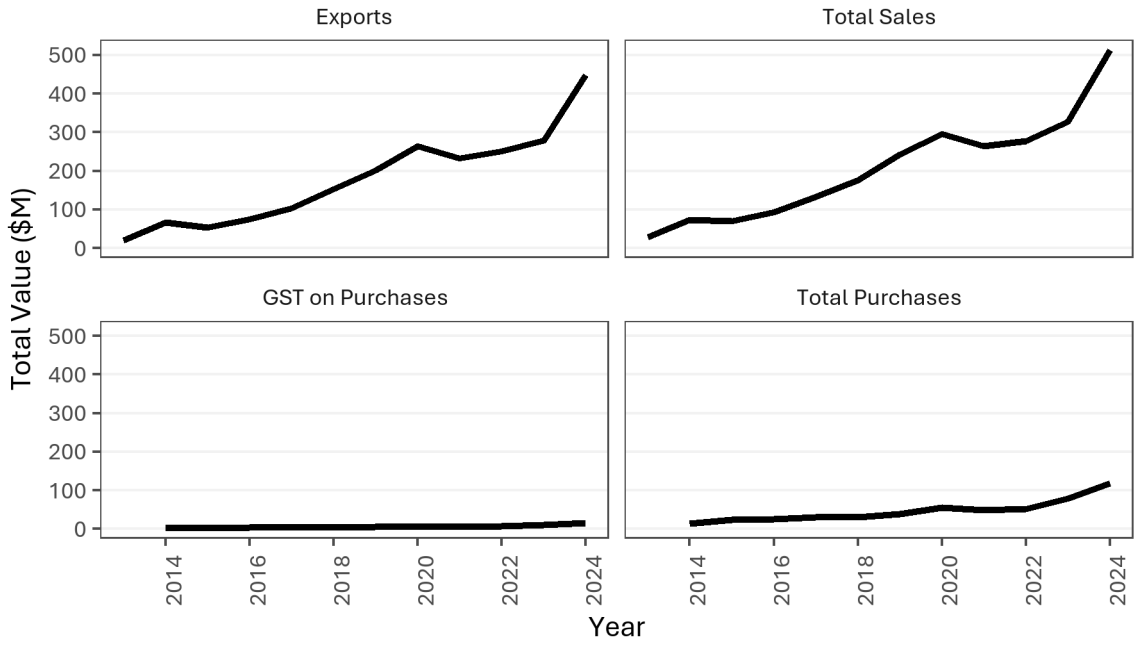


Figure 6. Annual total exports, sales, GST on purchases, and purchases, of all firms in sector known to the NZGDA, 2013-2024. Source: LBD.

GST does not appear to be a relevant indicator for this sector, mainly because the main input is labour cost and GST is not paid on wages and salaries.

It appears that, after GDSR was announced, industry purchases (and revenue) accelerated above the normal preceding trends. This could be wholly or partly attributable to other factors, like conditions in the industry, but some interviewees did say they increased spending as a result of receiving the GDSR.

As of 2024, in the LBD set, 21% of firms in the LBD population use the Research and Development Tax Incentive (RDTI), which indicates the sector is relatively highly innovative. Trends in the use of the RDTI and similar measures could be monitored as indications of innovation, of spend on R&D, and of the strategic orientations of firms in the sector.

In future work, particularly the Year Four Review, MBIE will do more to analyse the economic impacts of the GDSR, in terms of the policy objectives and logic of the intervention, how much additional activity is occurring because of the GDSR, potential spillover benefits of having more game development activity versus other activity which resources might be drawn away from, and the opportunity costs.

Information provided by NZ On Air to MBIE

Detailed data on round two of the GDSR was presented to MBIE in August 2025 (with the key figures represented in **Annex Four**), along with NZ On Air's assessment of how the rebate over its first two years may be influencing growth, employment, and investment behaviour within the New Zealand game development sector.

By the numbers

As reported by NZ On Air, a notable sign of sector growth is the rise in the number of successful GDSR applicants—from 33 in 2024 to 40 in 2025, marking a 24% increase. This upward trend indicates that more studios are achieving the scale and capability needed to qualify for the rebate, reflecting progress toward a more mature and resilient industry.

Employment data shows steady, positive momentum. The number of GDSR-eligible staff has grown from 1,141 to 1,353 - a year-on-year increase of 18.6%. Similarly, FTE roles rose by 20.5%, from 1,078.9 to 1,299.7. NZ On Air suggests this increase could be a sign that studios are not only maintaining headcount but actively expanding their teams, reflecting growing production demands and confidence in the sector's outlook.

Although a few recipient studios have reported recent redundancies, this appears to reflect broader global trends rather than domestic instability. A general downturn in publisher investment, linked to global recessionary pressures, has contributed to studio closures and layoffs worldwide. Within New Zealand, however, these instances remain isolated, and do not reflect the overall direction of the sector.

Total eligible expenditure across GDSR recipients has grown by 16% compared to 2024. Notably, three studios more than doubled their eligible spend year-on-year. This level of reinvestment signals that many studios are scaling up - hiring staff, increasing output, and taking on more ambitious projects.

The number of games eligible under the GDSR rose from 145 in 2024 to 170 in 2025, an increase of 17%. This growth suggests that more studios are reinvesting in the development of new titles, indicating a lift in production activity and forward planning across the sector.

How recipient studios are using their GDSR funds

GDSR recipient studios reported to NZ On Air a strong focus on reinvesting GDSR rebate funds into core areas that support both immediate production goals and longer-term studio sustainability. The most frequently cited use was staff retention and compensation, with 15 out of 41 studios using the rebate to offer internationally competitive salaries, reduce the risk of talent loss to overseas markets, and invest in staff development through training, mentorships, and conference participation. Nine studios indicated plans to expand their teams, particularly by hiring New Zealand-based developers, including junior and graduate candidates. The feedback received by those studios is that the rebate has made it more financially viable to grow their local workforce while also enabling international hires to fill specialist roles.

Game development and production costs were another major area of investment, also noted by nine recipient studios. Funding is being directed toward the prototyping, completion, and expansion of existing projects, covering costs such as developer salaries, contractor fees, software tools, and infrastructure. Meanwhile, three studios explicitly cited research and development as a priority, with a focus on building internal tools, frameworks, and systems to enhance innovation and future project scalability.

Marketing and user acquisition were mentioned by four recipient studios, particularly in relation to new title launches, user engagement strategies, and international market expansion. Finally, five studios highlighted strategic growth objectives, such as strengthening their position with potential investors, developing original IP, improving negotiating power with publishers, and expanding their New Zealand presence to compete globally.

Uptake so far, and forecasting future claims on GDSR

Uptake to date is stronger among larger local firms. To drive the outcomes sought by the GDSR, we should expect to see broad uptake among a broad variety of firms in the sector, particularly medium (more than several employees) and larger sized firms.

For the 84 firms we identified in the LBD, there are around 1600 employees, up from 230 in 2013. The NZGDA latest survey, in 2024, reported 1097 FTEs in 99 studios. NZ On Air data indicates that, in 2025, the recipients of GDSR employ 1436 FTEs, with 1147 attached to GDSR-eligible activity.

Source	Studios		Workers	
Count in LBD, 2024	84		1600	
NZGDA survey list	99		2024: 1097	2025: 1458
NZ On Air GDSR recipients, 2024 and 2025	2024: 33	2025: 40	2024: 1141 attached to eligible game development	2025: 1,353 attached to eligible game development

The population of firms as determined by their proven eligibility for the GDSR, the bottom row in the table, is the most reliable definition of the sector for the purposes of this review, and indicates the GDSR has achieved strong uptake in the target sector.

In comparison, the population identified in the LBD can be expected to undercount smaller firms, and overcount firms not primarily focused on game development. The LBD set may also overcount staff within firms working on games because the LBD approach does not carve out those workers attached to non-game development work. For example, some firms will undertake work in game development alongside projects in the screen production sector.

The population as defined by the NZGDA may overcount the same kinds of staff, as well as firms that aren't engaged in what might commonly be considered 'game development'. On the other hand, the NZGDA approach possibly undercounts some firms and staff because it relies on voluntary engagement with data gathering.

The size of these effects on the variances in measurement has not been studied for this review, and could be revisited in the Year Four Review.

Insights on uptake from interviews

Feedback from stakeholder interviews conducted by MBIE offers useful context on the pilot and first round of the GDSR. Smaller firms in particular report some issues with processes and settings or rules. Many of the concerns raised align with common challenges seen during the initial rollout of new funding programmes. Since the completion of the first round and since these interviews, NZ On Air has proactively implemented a range of improvements in response to stakeholder feedback. These include conducting a retrospective examination with audit providers to identify process enhancements for 2025, publishing clearer guidance on eligibility criteria, particularly around software expenses, and refining and streamlining the application process. The implementation of the GDSR was done at a relatively quick pace, and NZ On Air met all milestones in the Funding Agreement with MBIE.

Process

Of the nine companies interviewed, eight companies had entered the GDSR application process. Of these, two were satisfied and had no criticisms. However, the other six companies faced various challenges, including difficulties with auditing, and an excessive burden on smaller companies. Most interviewees experienced confusion over software expense eligibility. The strongest complaints were about the audit process.

For all of these companies, these complaints were placed in the context of overall appreciation of the value to their firm of the GDSR.

Settings

Interviewees had mixed views on the optimal GDSR settings for growing the sector. Among nine companies, two had no criticisms of the GDSR settings and rules. Six companies recommended making eligible more types of expenditure that relate directly to game development. Two companies suggested that a higher per firm cap would be a beneficial change, while three other interviewees advised a lower minimum expense threshold to unlock the growth of the sector's smaller firms.

Six of ten companies that applied for but did not receive GDSR funding were declined because their eligible expenses fell below the minimum threshold of $250,000. Others mainly failed because they did not fully complete the application process, or did not meet digital game criteria. It is speculated that firms which did not complete the process are likely to have predicted they would fall below the minimum expenditure threshold.

Two of the interviewed companies applied for but did not receive the GDSR. One of these, a relatively small company, was declined for being below the expense threshold, and one other did not complete their application but plans to apply again. A third company, of relatively small size, did not apply because they expected they would not reach the threshold, but plans to apply next round.

Forecasting future uptake

Over time, assuming the sector continues growing, the size of GDSR payments will rise in proportion to a rise in studios' eligible expenses. Forecasting was given to Cabinet in 2023 before the establishment of the GDSR. This early forecasting indicated payments from the GDSR could grow to reach the appropriation's $40 million annual limit by 2027, but more recent estimates indicate this will not happen so soon. This is further supported by our findings from the LBD on the spending profile of the sector.

Some stakeholders have continued to predict that the sector's expenses will continue to rise less rapidly than revenue. Mainly, because firms are still able to find opportunities to lift revenue, and because the sector's main expense is labour. Notwithstanding that employment is growing, the cost and unavailability of labour is widely reported as a barrier to higher employment growth in the game development sector, particularly skilled and senior local talent. We have heard that labour which is less senior or based overseas is more easily engaged by local firms seeking to grow. The GDSR only incentivises expenses for activities carried out in New Zealand. In the Year Four Review, we will look for more evidence on whether firms have chosen to expand employment overseas rather than domestically, especially for firms that have reached the per firm annual cap.

GDSR impact according to interviews

Generally, interviews indicate the GDSR gave confidence to a portion of the sector's firms and workforce to stay in New Zealand, encouraged some additional economic activity, and enhanced the sector's attractiveness to overseas investors. This relates to the GDSR objectives to increase economic activity and support an ecosystem approach to funding.

GDSR impact on the sector

Most interviewees said the GDSR had a positive impact on the stability and growth of the sector, in terms of employment, firm growth, and investor interest. Some firms reported that the GDSR, and CODE, as signals of Government endorsement, gave more confidence to the sector than the actual volume of financial support.

However, there were concerns from one firm about the GDSR's influence on the future characteristics of the sector. They were concerned the GDSR is overly favouring larger firms and overseas-based investors, potentially to the disadvantage of smaller and locally-owned companies. This was not the only instance where we heard nuanced views on the role of foreign investment in the sector. While some companies reported engaging overseas investors, two companies reported they had declined investment offers from overseas investors due to considerations like alignment or their readiness for scaling.

One firm claimed that the GDSR will lead to a sector with a lower proportion of smaller, more innovative and productive studios. They say firms that don't receive GDSR have to compete with GDSR recipients for talent and investment on an uneven playing field, e.g., senior developers will be more likely to stay at big studios rather than take a risk working for a startup. Indications of potential economic distortions caused by the GDSR will continue to be monitored, for example in the market for labour in the sector and between this sector and others.

One firm was not in favour of government funding for the sector, and said that the GDSR was not a worthwhile government investment.

GDSR impact at firm level

Five of the six recipient companies reported that the funds helped them deliver their products on time maintain quality standards. For five firms, the GDSR served as a substitute for potentially less desirable funding sources than government funding, such as remortgaging a home, additional bank finance or new equity investment. Potential crowding out of private investment by the GDSR will continue to be monitored.

Three firms used the GDSR funding to retain staff, while one hired additional employees. The funds also enabled firms to explore new projects, invest in R&D, and pursue diversified revenue streams.

GDSR impact on relocation or expansion in Australia

According to the NZGDA, before the announcement of the GDSR, about half of firms in the sector were considering relocation or expansion in Australia. In the latest NZGDA annual survey, 2024, 11% of firms are planning or seriously considering expanding into Australia.

In our interviews, two companies and one investor had considered relocating or expanding overseas. In these three cases planning was stopped by the GDSR. One other interviewee, a firm, reported they were still actively exploring relocation to Australia, despite the GDSR.

This apparent change in sentiments, together with the domestic sector's resurgent economic growth, indicates the GDSR may have been effective in stemming a potential flow of firms and workers to Australia. It is reasonable to interpret that the GDSR provided a level of confidence that altered their decision-making.

Future sector issues and opportunities, according to interviews

Gaps in the ecosystem

Several interviewees acknowledged the growing maturity and technological capability of New Zealand's game development ecosystem.

While five businesses highlighted these advancements, some also pointed to gaps, particularly the lack of local publishers and a limited understanding of the sector among domestic investors. In the context of the GDSR's objective to support an ecosystem-based approach to funding, views were mixed. Some interviewees felt the sector is being held back by a lack of local investment, while others stated that sufficient funding is available through a combination of channels. These include overseas publishers and platforms, CODE grants, and both local and international angel investors and venture capital. Despite differing perspectives, most respondents agreed that the availability of funding is gradually improving.

Access to professional services such as legal, accounting, and marketing support was not generally seen as a barrier. Six businesses and an investor reported no issues in this area, while two others noted challenges in finding or using relevant external expertise.

Labour market

Skills shortages remain a concern, particularly around the availability of senior talent required to develop higher-quality products. Several interviewees noted that lower salary levels in New Zealand make it difficult to attract experienced staff, especially in competition with overseas studios and adjacent industries such as film and television. In some cases, overseas hires are necessary to fill key technical and creative roles. Suggestions for government support included assistance with talent recruitment and export promotion - specifically, building a national game sector brand and improving access to key markets such as China.

CODE

Four of the businesses interviewed had received a grant from CODE. Interviewees generally praised CODE for its role in supporting sector growth. One business recommended increasing the number of grants available through CODE as the most effective lever for further development. Another interviewee cautioned that continued oversubscription to CODE could lead to some smaller studios to consider relocating to Australia, particularly if other countries continue to expand their own incentive programs.

NZTE and support for R&D

Most interviewees reported positive experiences working with NZTE, especially in relation to international market access. Experiences with government support for R&D were more mixed. While some reported difficulties accessing funding, four of the nine companies interviewed, and 21% of firms identified in the LBD, were successfully using the RDTI.

NZ On Air reporting on GDSR stakeholder feedback

Through a combination of conversations and written submissions, GDSR-eligible game studios have shared feedback with NZ On Air on the GDSR policy settings. The key themes emerging from this feedback are summarised below.

Broadening eligibility criteria

Studios have suggested updates to the eligibility criteria to recognise a wider range of game development-related activities. This includes the development of tools and engines sold to the industry, and the creation of platforms used to distribute games. They argue that these areas are fundamental to how the modern games sector operates and that they also generate meaningful export revenue and IP value. Studios believe that including them could enable the GDSR to reflect the full scope of value-generating work undertaken by New Zealand studios.

Increasing the rebate percentage to 25 - 30%

A commonly suggested change is raising the rebate from 20% to 25-30%, bringing New Zealand closer to competitor markets such as Australia, which offers a 30% digital games tax offset. Studios argue that the current percentage, while helpful, limits how far and fast they can scale. Increasing the rebate would allow accelerated hiring, technical R&D, global publishing readiness, and market expansion.

Lowering the eligibility threshold from $250,000

A number of studios expressed concern that the $250,000 minimum expenditure threshold creates a structural disadvantage for smaller studios. Without access to the rebate, these studios are forced to compete for staff against larger, rebate-eligible studios that can offer higher salaries. They believe that reducing the threshold would allow earlier-stage studios to access support during a crucial phase of their growth. Their argument is that this would help cultivate a more diverse and resilient pipeline of studios, stimulate regional development, and increase the overall sustainability of the sector.

As an alternative to lowering the minimum threshold, some suggested maintaining it at its current level but increasing support to CODE, enabling CODE to provide more targeted assistance to early-stage studios that are not yet eligible for the rebate.

Raising the cap from $3 million to $5 million

Some of New Zealand's largest studios have recommended increasing the annual rebate cap from $3 million to $5 million. These studios contribute to training and capability-building across the sector. Increasing the cap would enable those with the capacity to reinvest at scale.

Australia's Digital Games Tax Offset offers a 30% rebate capped at AUD 20 million per company per year. Given this disparity, some of New Zealand's largest studios have indicated that they are still considering relocation to Australia. They suggest that raising the cap would help retain large anchor studios, many of which act as training hubs for the wider industry, and ensure New Zealand remains globally competitive while continuing to benefit from the revenue, jobs, and innovation they generate.

Next steps

MBIE and NZ On Air will continue engaging with the sector and monitoring GDSR performance.

GDSR monitoring will be enhanced

Feedback gathered through this review has already been incorporated as part of ongoing policy and operational processes, and will continue to guide future improvements. The next major opportunity for reporting will be the Year Four Review, expected to be undertaken by September 2027. Assessing the economic impacts of the GDSR is likely to be the primary focus. This could include sector inputs, outputs, the direct and indirect employment generated by the sector, economic relationships with other sectors, taxes paid, and more types of revenue than examined in the Year Two Review. At that time, MBIE can also outline changes or expected changes in the settings of major overseas policies supporting game development.

In addition, ahead of the Year Four Review, NZ On Air has already implemented the regular collection of additional data aligned with the GDSR's objectives. These enhanced programme insights and will help inform the Year Four Review. These include:

- What is the number and seniority of roles supported by GDSR?
- What is the platform on which the game being developed is played.
- Is the incentivised work being performed on behalf of a client?
- Is the subsidised work original intellectual property, belonging to the applicant firm?
- What is the monetisation model of the subsidised work?
- What are the funding sources or investor types of applicants?
- Does the subsidised work contain any distinctly NZ elements? If so, please describe.
- What do applicants report as their intention for the funding they will receive?
- What do applicants report as their main business challenges?

We will be able to categorise the sector in different, potentially more accurate and precise ways

In the Year Four Review, we can look at other options for defining the sector.

There is an upcoming update for New Zealand industry and occupation codes that includes a code for game developer. Previously, these workers would usually be categorised under a more generalised code for software development. This update will aid measurement of the game development sector.

Similarly, we will look at options for measuring the intensity of game development activity versus other business activity in game developing firms. As described under *Method*, the information provided to MBIE by NZGDA to help identify the population of companies included some companies that were apparently not solely focused on game development, as well as companies apparently uninvolved in game development. For this review, the latter group was cut before we looked at data from the LBD and Companies Office. In future, we will explore ways to examine and report the variance in game sector activity among the firms. For example, NZGDA has a survey question that asks about % of respondent company activity in game development.

We will identify and track cohorts of GDSR recipients

We aim to identify an LBD population of firms with differentiation of the GDSR recipients and non-recipients. From these data, and data provided by NZ On Air gathered from application forms, we hope to have visibility of the life journeys of companies and anonymised, aggregated movements of associated employees. For example, we will see the survival rates and growth trajectories of firms that did or did not receive the GDSR.

Further comprehension will be given if, as we expect, lists of customer firms can be gathered by MBIE from NZTE and CODE. NZTE is a government agency that supports exporting firms. CODE is a government-funded provider of grants and other support to startup game companies. CODE in particular engages a different set of firms to the set that is known to NZ On Air, and both NZTE and CODE will be collecting different types of information, adding to a more comprehensive picture of sector activity.

We will look at other ways to collect feedback and data on sector trends, like surveys

As part of this review, MBIE considered conducting a one-time survey of all game firms or all GDSR recipients, either in addition to or as an alternative to interviews. However, it was determined that such a survey would be excessively burdensome. It was anticipated that firms would not respond in sufficient numbers within the desired timeframe. Additionally, these firms were already obligated to provide information to NZ On Air and respond to NZ On Air queries regarding their GDSR applications.

There are several aspects of the sector not covered in this review but which could be better understood through surveys. For example, the flow of graduates from education into businesses, use of internships, and attitudes among business managers towards education offerings. We could also ask questions about uptake of the GDSR, firm characteristics, business decisions made relating to receipt of GDSR, use of contractors, future intentions etc.

We can revisit the idea of a survey in future, delivered via NZ On Air's regular annual surveying or otherwise.

We will collect more information on the funding ecosystem

Improving the ecosystem for funding is one of the primary GDSR objectives. Several interviewees commented on the increasing local activity of foreign and domestic investors in recent years, in terms of angel investors and venture capital firms. The investors we talked to were positive about their chances for making returns and the untapped opportunity for more investors to engage the sector. Also, CODE funding (as well as CODE support to engage overseas publishers and investors) is seen to provide a significant boost to the growth prospects of the sector. **Annex One** contains some data on the ownership stakes, as well as the sector's increasing dividends and drawings.

There are opportunities to better understand the funding ecosystem as part of the Year Four Review. For example, we could interview overseas investors, and collect more varied types of data on earnings and number of people in roles such as directors, shareholders, partners, sole traders, and waged and salaried employees. Also, data on taxes paid by firms and individuals.

Also, the presence in New Zealand of workers employed by overseas-based game development companies is known to us but we have not yet found a way to identify these.

Annex One: Detailed results from LBD and Companies Office

This annex contains commentary on findings additional to those discussed in the body of this review. And, the full set of data used for this review are available at https://www.mbie.govt.nz/business-and-employment/economic-growth/digital-policy.

Firm location

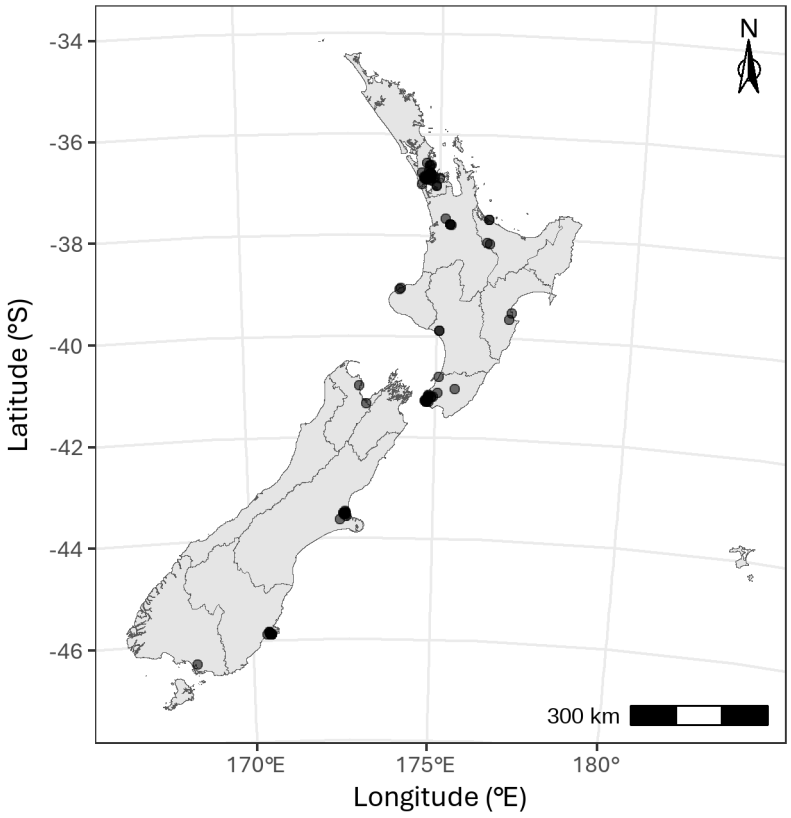


Figure A1. Map of game developers registered addresses.
Note: 3 out of 123 organisations excluded as without a recorded physical office.

Region	Firms
Auckland	41
Wellington	26
Otago	20
Canterbury	15

Waikato	5
Bay of Plenty	4
Taranaki	2
Hawke's Bay	2
Manawatū-Whanganui	2
Tasman	1
Southland	1
Nelson	1
Unknown	3
Total	123

Export intensity

Year	Export intensity
2013	0.73
2014	0.90
2015	0.75
2016	0.79
2017	0.78
2018	0.87
2019	0.83
2020	0.89
2021	0.88
2022	0.91
2023	0.85
2024	0.87

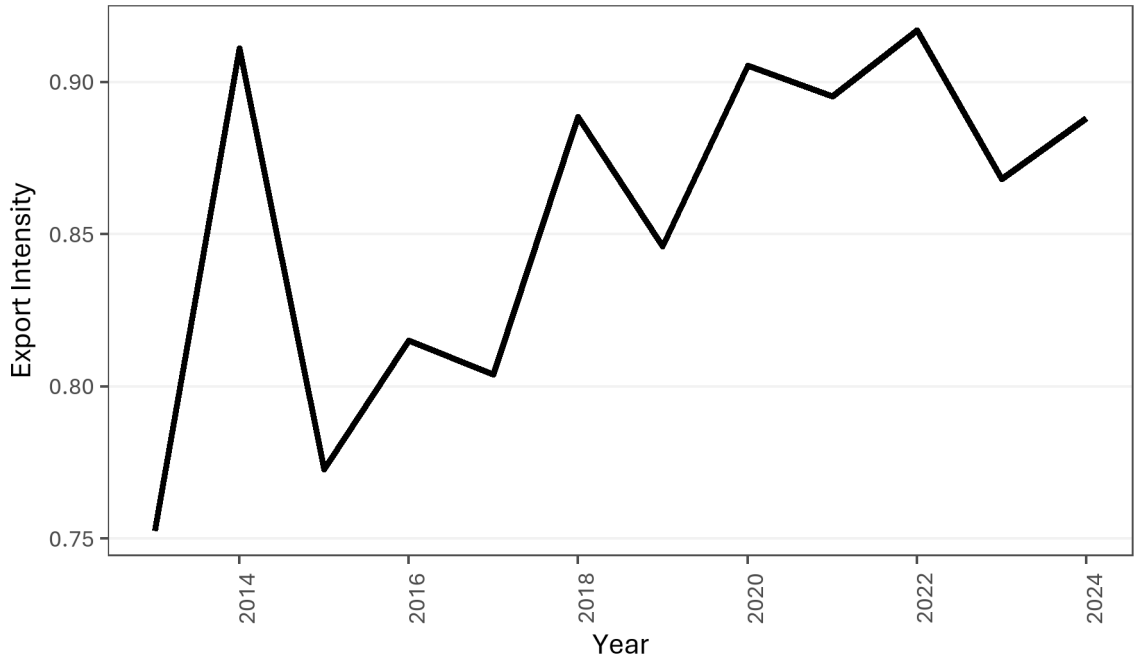


Figure A2. Export intensity of the Game Sector (2014-2024).

Export intensity of the game development sector, where proportion of exports is estimated by the share of GST-exclusive sales to total sales.

Ownership

Of the 123 firms that were identifiable within the Companies Office, the vast majority (119) were Limited Liability Companies. Of the remaining four, three were sole traders and one a Limited Partnership, neither of which are entity types that have shareholders.

As of December 2024, almost half of the 119 companies (58 or 49%) had a single shareholder which in turn was almost as likely to be a shareholding individual (30) as a shareholder company (28); however, for firms with more than a single shareholder those shareholders were significantly more likely to be individuals than companies.

Number of shareholders	Firms	Shareholder Company	Shareholder Individual	Total Shareholders
1	58	28	30	58
2	24	4	44	48
3	11	6	27	33
4	10	12	28	40
5	7	12	23	35
6	4	6	18	24
7	2	4	10	14
11	2	6	16	22
26	1	4	22	26
Total	**119**	**82**	**218**	**300**

Foreign Ownership

According to publicly available entries in the Companies Office register, only 15 of the 119 (13%) firms appear to have non-NZ shareholders. In most cases, these firms have 100% foreign ownership, with the United States and Hong Kong being the most common home economies.

Size of workforce

In this table, Graduated Random Rounding (GRR) was used to protect confidentiality following Stats NZ standard output checking requirement. Specifically:

- Counts between 100 and 999 have been randomly rounded to the nearest 10.
- Counts of 1,000 or more have been randomly rounded to the nearest 100.

Year	Sector employees
2013	230
2014	240
2015	340
2016	450
2017	580
2018	770
2019	890
2020	1000
2021	1100
2022	1300
2023	1400
2024	1600

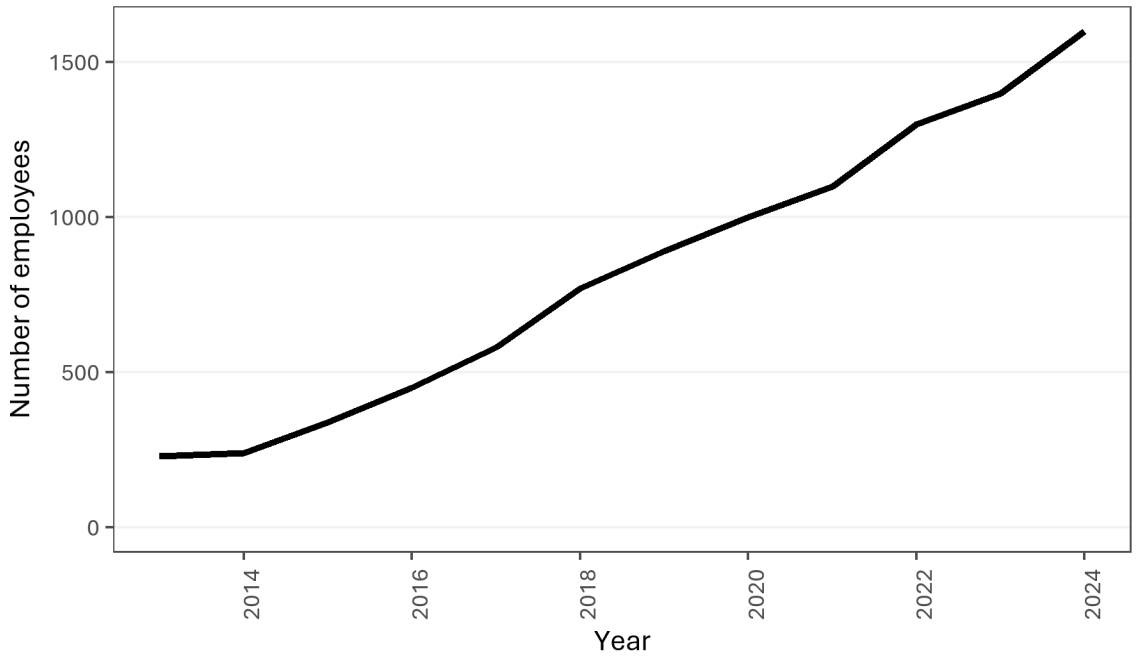


Figure A3. Count of individuals employed by Game Developer firms (2013-2024).

Workers earnings

Note, average earnings data does not account for the number of hours worked and can't be used as a measure/comparison of pay rates.

Workers earnings ($)			
Year	Total earnings	Median earnings	Average earnings
2013	$ 10,448,459	$ 41,534	$ 45,428
2014	$ 12,747,654	$ 46,545	$ 53,115
2015	$ 16,547,236	$ 42,328	$ 48,668
2016	$ 20,820,199	$ 36,792	$ 46,267
2017	$ 28,428,371	$ 42,023	$ 49,014
2018	$ 40,183,440	$ 44,614	$ 52,186
2019	$ 53,441,421	$ 52,665	$ 60,047
2020	$ 71,439,517	$ 56,885	$ 71,440
2021	$ 81,621,946	$ 62,308	$ 74,202
2022	$ 99,066,746	$ 66,784	$ 76,205
2023	$ 110,923,736	$ 67,584	$ 79,231
2024	$ 141,213,735	$ 77,700	$ 88,259

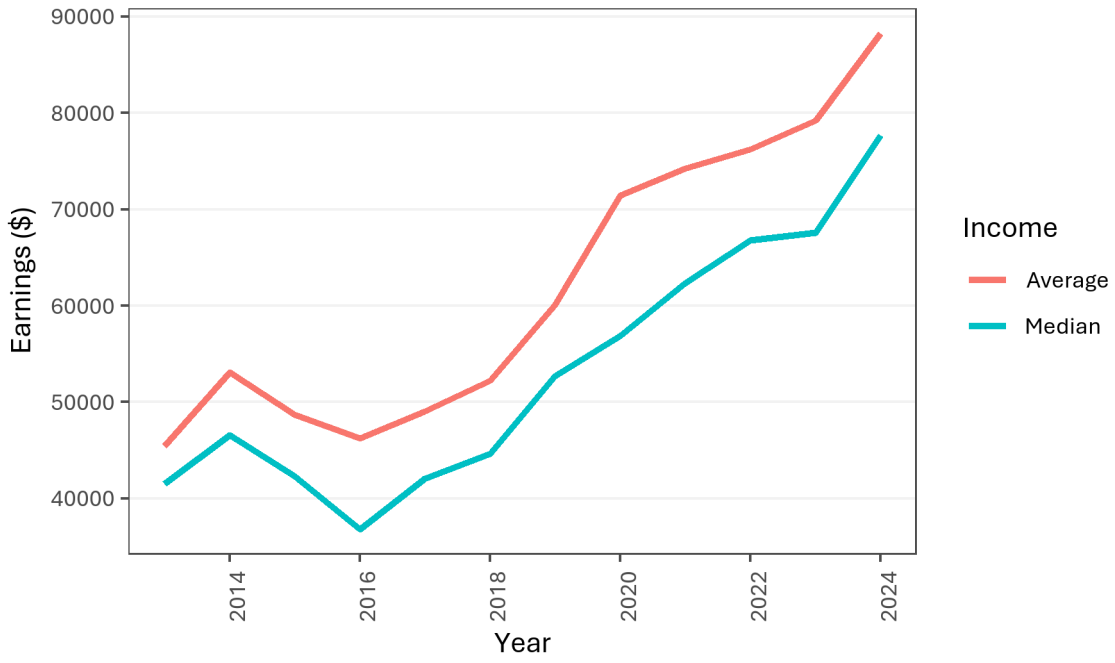


Figure A4. Employee salary and wages (2013-2024).

It is important to note that average earnings data does not account for the number of hours worked and can't be used as a measure/comparison of pay rates.

Non-salary income and share dividends

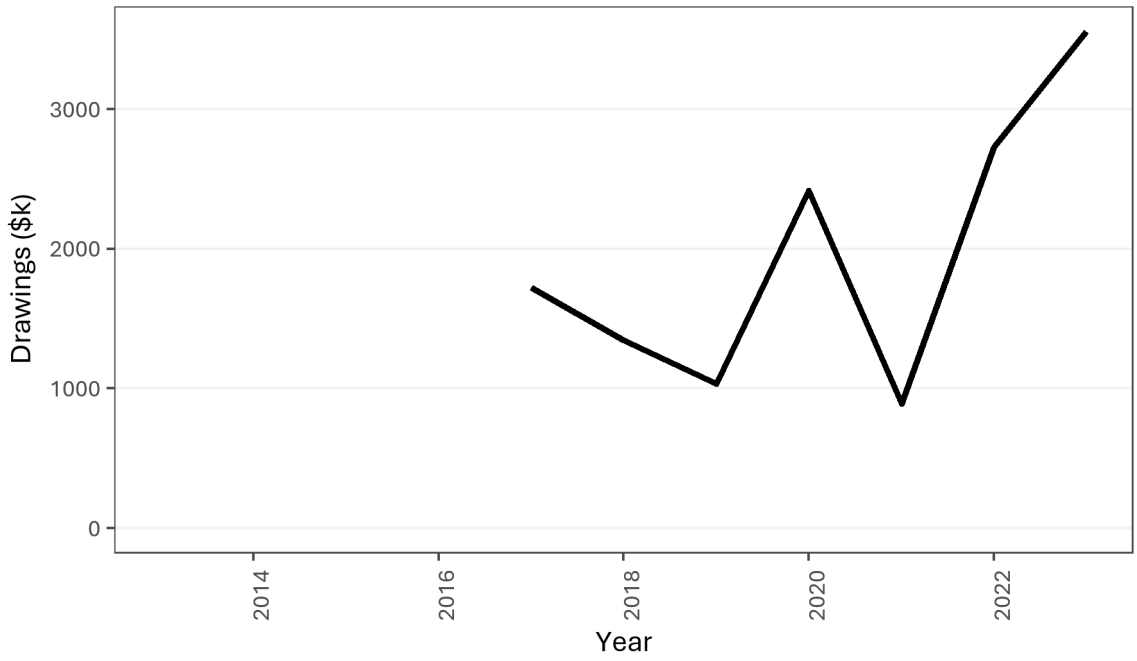


Figure A5. Total Drawings reported (2013-2023). Source: LBD.

As signals of economic activity, in addition to salary and wages, two forms of income are reported for firms: drawings and dividends paid. Drawings are moneys taken from the firm for the use of the proprietors, shareholders or other beneficiaries. In figure A6 and the table below, we see drawings and dividends from the sector trending upwards. By 2023, game firms were reporting ~$3.6M in drawings, and more than $50M in dividends paid.

Year	Firms (RR3)	Drawings	Dividends Paid
2013	12		
2014	15		
2015	18		
2016	18		
2017	24	$ 1,723,150	
2018	27	$ 1,346,932	
2019	36	$ 1,034,316	
2020	36	$ 2,417,417	
2021	42	$ 892,320	$ 34,249,298
2022	51	$ 2,731,756	
2023	60	$ 3,557,112	$ 50,688,549

Note that much of this table has been suppressed to preserve commercial sensitivity and that "Firms (RR3)" reflects the number of firms that had provided an IR10, i.e., the source of this information.

Workforce demographics

Age

Age groups

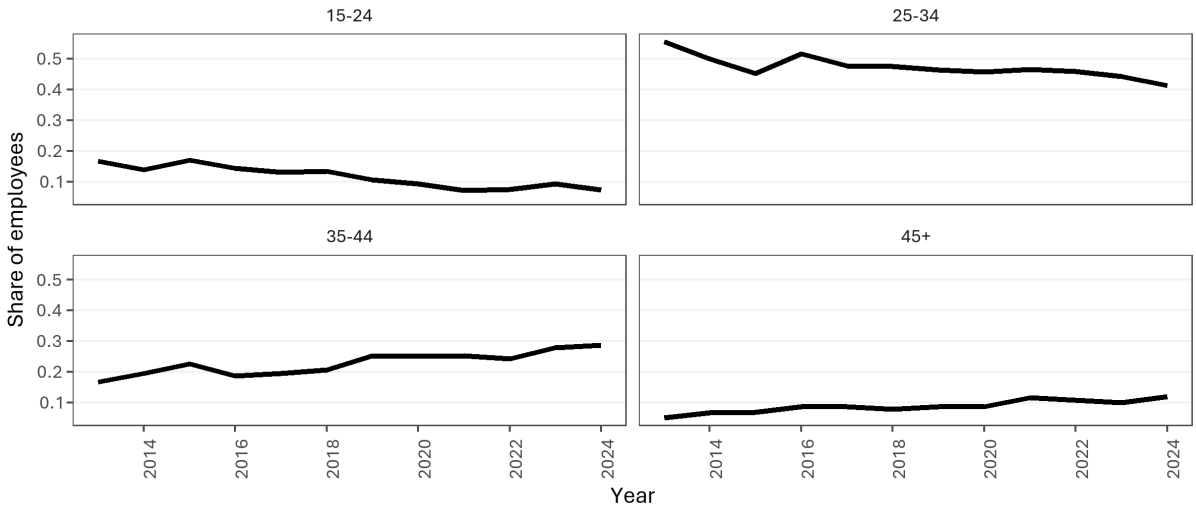


Figure A6. Proportion of employees by age group (Census 2023).

Visa status

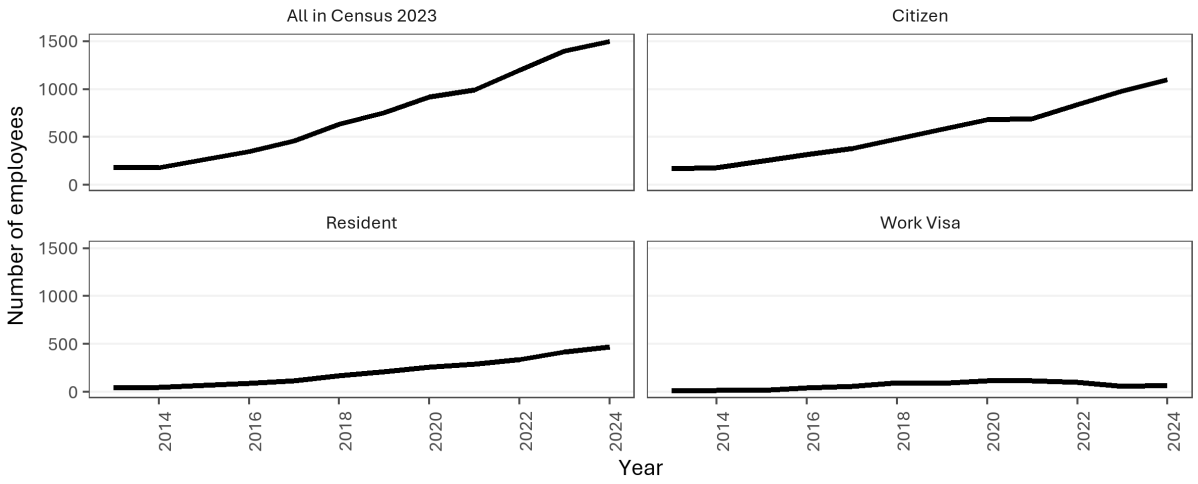


Figure A7. Count of employees by migration status.
Note: Resident includes both Permanent Residents and holders of a Resident Visa.

Employee occupations

Employee records sourced from Inland Revenue data were matched with the Census 2023 to obtain self-reported occupation information. This analysis includes only those occupations that were recorded 20 times or more in each financial year.

Year	Employee occupation	Individuals
2024	CHIEF EXECUTIVE OR MANAGING DIRECTOR	40
2024	CLERICAL AND ADMINISTRATIVE WORKERS NEC	20
2024	DEVELOPER PROGRAMMER	140
2024	GRAPHIC DESIGNER	40
2024	ICT PROJECT MANAGER	25
2024	MARKETING SPECIALIST	30
2024	MULTIMEDIA DESIGNER	35
2024	NOT STATED	95
2024	PAINTER (VISUAL ARTS)	25
2024	POLICY AND PLANNING MANAGER	35
2024	SALES AND MARKETING MANAGER	30
2024	SOFTWARE ENGINEER	180

Annex Two: Interview questions

About the game developer

- Could you tell me about your job? How did you get involved?
- And could you tell me a bit more about the company?
- How is the company structured? Were you established in New Zealand? Do you have investors?
- Do you take part in international game development events?
- How many developers/staff do you have in NZ/outside?
- How many games are you currently working on?
- How would you describe your business model?
- Are you only a game development studio, or do you undertake other activity?
- Do you develop intellectual property? If not, would you like to develop more of your own intellectual property?
- What ambitions does the company?
- What support have you accessed from government, e.g. NZTE, Centre of Digital Excellence.

Awareness of GDSR and process

- When and how did you hear about the GDSR?
- How easy to understand has the purpose of GDSR been? What might be clearer?
- How easy do you think it is to apply for GDSR? How clear is the process? What might be clearer?

Receipt of GDSR

IF APPLIED to GDSR:

- What motivated you to apply?
- What discussions did you have about it before applying?
- Who else did you talk to (e.g. accountants, NZ On Air)? What factors were you weighing up?
- Did you receive the GDSR? Did you receive as much as you hoped?
- Will you apply again?
- What might you do differently next time?
- Would you like to see any changes to the GDSR rules?

IF NOT APPLIED YET:

- What are your reasons for not having applied so far?
- What might change that for you?

Business impact

IF RECIEVED:

- What has the money from GDSR gone towards?
- How might GDSR change your strategic approach in future?
- Are you or have you previously considered moving the company overseas or to expand overseas?
- What are the factors that influence that? Does the GDSR influence that?
- What would the impact on your business be if the GDSR was removed?

Industry and New Zealand impact

- What impact do you think GDSR has had or will have on the sector and New Zealand?
- What can the government do to best support the game development sector?
- What are currently the main challenges for your business?
- Do you have problems with access to finance, access to domestic or overseas talent, or adjacent sectors you rely on like specialised accounting, legal or marketing?

Wrap up

- Of everything we have talked about, what's the most important thing for MBIE to take away?
- Is there anything else you would like to say or ask that we haven't had a chance to cover?

Annex Three: Interview results

Interviews

MBIE held 12 interviews. 9 with game development company founders or managers, three with other types of stakeholders (two investors, 1 community figure).

Of the nine companies, six received the GDSR, one did not apply as they expected to fall below the expenditure threshold, and two applied but were declined. One of these was declined for being below the threshold and one other did not complete their application. Some of the interviewees received the GDSR through the pilot round.

Satisfaction with process

This section is about the experience of companies who navigated the application process in the pilot and first general round of the GDSR. We should not that NZ On Air delivered the GDSR at pace, met all milestones in their Funding Agreement and, since the pilot and first rounds, NZ On Air has undertaken significant process enhancements.

Of the eight companies interviewed that entered the application process, two were satisfied. They expressed they had no criticisms to make of the process.

Of the other six with mixed experiences, there were a range of sources of dissatisfaction, but these were mainly considered minor in the context of an overall positive experience. Some firms stated the GDSR was setup relatively quickly, was a new experience, and they expected the first funding round to present some challenges.

Three companies reported a poor experience with the auditor appointed by NZ On Air. All pilot phase recipients were audited and 20% of recipients in each full round.

Two companies said the burden of effort required to complete their application was more than they were led to expect. One company stated it was frustrated by the requirement to itemise work hours spent by staff with roles split over eligible and non-eligible activity. Two companies found that guidance related to software eligibility was unclear. Two companies thought the burden of applying was higher than needed and unfair to relatively small companies.

Most interviewees experienced some confusion during the process over eligibility of software expenses but mainly expected this to be resolved in following years. Two people suggested NZ On Air make more use of lists of pre-approved expense types, and of consistent and mandatory application templates year on year.

One company thought the process was especially hard for ‘serious games’, because they thought NZ On Air had unclear guidance about serious games, and NZ On Air requested additional information from such firms. Serious games are games designed for purposes other than or additional to entertainment, such as for education.

Satisfaction with policy settings

The settings and rules of the GDSR include the expenditure threshold, rebate rate, per firm cap, definitions of eligible activity, and requirements of recipients.

Of the nine companies, two expressed they had no criticisms of the settings and rules. One of these companies hoped that the government would monitor the scheme in comparison to overseas equivalents to inform future policy changes.

Of the other seven, two companies recommended a higher per firm cap to achieve stronger sector growth. These companies emphasised the significance of the contributions of larger companies to NZ, through growing the business ecosystem, paying salaries and taxes. One of these companies said the cap should at least be $4m per firm, to help ensure company growth happens domestically rather than overseas, while the other company was in favour of a cap nearer $5m. On the other hand, one company said that the GDSR settings are overall too favourable for large companies, associated sometimes with foreign owners. In their eyes, these firms do not necessarily have as significant a benefit to NZ as smaller and/or locally owned companies.

Six companies said that more types of expenditure relevant to game development should be eligible, like marketing and business administration.

Two other companies recommended a lower expenditure threshold, to enable smaller companies to become eligible and boost their growth. Additionally, one of these company's wanted less strict eligibility criteria for smaller companies, such as counting partial FTEs as full FTEs. And one of these companies wanted a higher % rebate.

Two companies sought for the definition of serious games to be broader.

Of the non-company interviewees, two wanted a higher cap and lower threshold, although one noted the GDSR is relatively lower than other countries.

One firm recommended a lower % rebate. They said the % of costs rebated should be set as low as possible while keeping the GDSR competitive with similar Australian schemes.

GDSR impact on relocation or expansion in Australia

Two firms reported that, in their personal networks, most New Zealand firms had been considering relocating or expanding in Australia, and that the GDSR effectively halted these plans. One other interviewee said they considered claims that firms would move to Australia were unrealistic, but there had been a risk of loss of workers which was stopped by the GDSR. According to the NZGDA, before the announcement of the GDSR, about half of firms in the sector were considering relocation or expansion in Australia. In the latest NZGDA annual survey, 2024, 11% of firms were planning or seriously considering expanding into Australia.

In our interviews, two firms reported that, although they had never seriously considered relocating overseas, the availability of the GDSR further prevented them doing so. Two other companies, and one investor, reportedly had considered relocating or expanding overseas (in all cases to Australia) but the availability of the GDSR prevented them carrying out those plans. One of these firms said that a relocation was already a tough option, because of the personal connections of staff to New Zealand. The other firm had gone as far as meeting officials in Australian state governments, to investigate relocation, but judged that the GDSR has clear advantages for firms compared to Australian schemes, e.g. getting money as you go, more claimable items, and supports more types of firms. One interviewee reported they were still actively exploring relocation to Australia, despite the GDSR.

This apparent change in sentiments, together with the domestic sector's resurgent economic growth, indicates the GDSR may have been effective in stemming a potential flow of firms and workers to Australia. It is reasonable to interpret that the GDSR provided a level of confidence that altered their decision-making.

Impacts of GDSR seen or predicted for the sector and New Zealand

One firm reported an indirect hindrance to smaller firms from the GDSR. They said small companies seeking to hire had a harder time because, in their view, the GDSR kept people employed at big studios that otherwise would not have been employed.

Two interviewees emphasised that the sector gained confidence to maintain and grow their businesses in New Zealand because the Government had policies to support the sector, and that the Government seemed to act faster than other countries (like Australia) in implementing such policies. The presence of policies alone, rather than the type or size of support, was considered an important signal. Four interviewees stated that they observe overseas investors have a higher opinion of the attractiveness of the New Zealand game sector, and of companies they invest in staying in New Zealand, because of the GDSR. Contrastingly, one firm expressed concern that the GDSR would grow and attract bigger firms, and foreign investors, which would be less preferred than the counterfactual of more smaller firms and more locally-owned firms.

One firm was not in favour of government funding for the sector, and said that the GDSR was not a worthwhile government investment.

GDSR impact at firm level

Five of the six recipient companies reported that the funds meant they could more easily deliver a product on time instead of late or of lower quality with less chance of commercial success. Two of these firms reported using GDSR funds to pay contractors, in order to meet the project milestones.

Three firms claim they used GDSR funding to retain staff they would have otherwise let go, and one hired additional staff. One other firm, with staff already in multiple countries, said they intended to do more hiring in New Zealand than would otherwise be the case because of the GDSR.

One firm claims the funding prevented them going out of business.

One firm reported that receiving GDSR led to additional investment in R&D, another that it enabled them to explore doing business in a new product category, and one firm reported taking on new projects in pursuit of diversified revenue using GDSR funds.

Five of the six recipient firms reported that the main impact of the GDSR on their company was as a substitute for less desirable funding sources, e.g. remortgage a personal home, additional bank finance, or new equity investment.

One company reported that the GDSR meant they had more time to find alternative funding that then enabled the firm to survive.

One investor reported that they expect the GDSR's effects on business behaviour will diminish over time and that this requires careful monitoring. They predict that the GDSR may then need a redefined purpose and changes to the settings.

Future sector issues and opportunities

Five firms said the New Zealand game development business ecosystem was relatively mature, efficient, productive, technologically advanced and/or is moving ahead of global sector trends.

Five interviewees pointed to some kind of critical gap or deficiency in the ecosystem. Three said that New Zealand's ecosystem critically lacked a local game publisher or enough types of project funding, which is a distinct disadvantage given the relatively high costs to travel overseas from New Zealand to establish deals. One firm said that New Zealand firms needed to address missing skills required to operate in lucrative fields such as 'gaming-as-a-service' and self-publishing. One firm said the ecosystem is too small to provide sufficient supply or liquidity of staffing; combined with a constant loss of staff to overseas, this meant firms had to hire from overseas more than they would consider ideal.

Three interviewees said that, because game developer salaries are lower in New Zealand than overseas, hiring senior staff is particularly challenging. Two firms said that the relatively higher salaries in adjacent industries with overlapping employee skills makes it harder to find workers. One interviewee pointed to screen sector incentives as a cause for higher salaries in that sector making competition for staff with overlapping skills harder.

Two interviewees said that the government should help the sector with talent recruitment through overseas marketing campaigns or accelerated visa processing.

Three firms said the government should do more to support sector export promotion. Two of these firms suggested working on an overarching New Zealand game sector brand, and one recommended focusing on easing access to the Chinese market.

One interviewee warned that the grants offered by the CODE are becoming more highly oversubscribed, and that this will mean greater risk that smaller firms, with expenses below the GDSR threshold, will look to move to or startup in Australia. The same person said that other countries are still expanding their incentive programmes for game development, and that pressure would grow in New Zealand for the Government to make decisions on supporting the local sector.

One interviewee predicted that the GDSR annual appropriation limit ($40 million) would not be reached for many years, and recommended that the underspends be reprioritised for other measures that support the sector. This person said that sector revenue would continue to grow strongly, but GDSR-eligible expenses would not grow nearly as much.

Impact of removing GDSR

Faced with the question, of how each of the nine firms and two investors would respond if the GDSR was removed, each responded with:

- Two firms would make no change to their operations.
- Two firms would fill the funding gap with bank finance or investment from parent company.
- Two firms would cut some staff.
- One firm would find alternative funding or scale back production, or use contractors instead of permanent staff.
- On firm would cut half of staff or close business.
- One firm would move some operations to Australia.
- One investor would move entire operations to Australia.
- One firm would look at expansion or relocation overseas (to a country other than Australia).

Issues with availability of adjacent capabilities

Of the nine firms and two investors asked about their experience with finding and using external experts in areas such as law, accounting and marketing, six reported no problems. One of these said they could always rely on advice from their personal networks, and one said that they could easily find the right professional services from overseas.

Three interviewees said that local game development firms' growth was held back by relative lack of capability among domestic investment markets.

One firm, with a relatively uncommon sales method, reported it was hard to find the right experts in international tax law, intellectual property law, and accounting.

One relatively small startup reported a problem finding cost effective marketing services.

Two interviewees commented on the expanding role of community-focused sector organisations. They noted that the NZGDA provide discounted access to accountants and lawyers, and other free resources, while CODE offers support to upskill game developers in their use of professional services among other things. Three firms reported they received great advantages from engaging regularly in a community Slack channel run by the NZGDA.

Three interviewees said that they have found the domestic education system serves the game development sector well, in terms of providing graduate-level talent.

Engagement with research and development support

Four of the nine firms receive the RDTI. One other firm receives Student Grants. One firm, who claims to perform research and development, reported they do not receive the RDTI because the definition of eligible activities is too narrow and reporting requirements are too onerous. One firm reported the application process is too difficult to justify. One firm, which holds patents and has launched technology spinout companies, has tried to apply for RDTI and other grants but has not been eligible.

NZTE engagement

Seven firms commented on their experience with NZTE. Five reported positive experiences with receiving support for attendance at overseas conferences, coaching on pitching, free office space, and grants. Two of these five said that NZTE was somewhat helpful and the agency's understanding of the game development sector is still growing. Two of the seven reported negative views of NZTE, that they went to NZTE events but did not find them useful, or that NZTE does not understand the game development sector.

CODE engagement

Four firms received a grant from CODE to travel to an overseas industry event or to scale up their business.

One firm applied for but did not receive a grant from CODE and found the costs to the firm of applying (about $20,000) were disproportionately high for the grant on offer ($40,000).

Size

The size of firms ranged from a single founder without staff to 150+. The average number of staff, excluding contractors, was 48.

Age as at March 2025

Companies ranged from 1 to 15+ years continuous activity in game development. The average was 10 years.

Investment and revenue types

Three of nine companies declined investment offers. The reasons included the desire to retain creative control, disinterest in growing the company too far or fast, and an intention to wait for a higher valuation before bringing in new investors.

Three companies had sourced funding from a local venture capital fund, while two companies had received investment from overseas-based angel or venture capital investors. Other funding sources across all nine firms included contributions from founders, fee for service arrangements, friends and family support, publisher deals, platform deals, and revenue from a business activity other than game development.

For most firms, they had revenue from past games or game-related activity, but two of the interviewees had not yet released a product. Eight work on their own intellectual property.

Annex Four: GDSR monitoring framework and results

Objective	Key Result	Measurement	2024	2025	Data Source/Output
Target audiences (such as game development studios) are aware of GDSR and utilise it	Awareness of GDSR among target audiences	Number of visits to GDSR pages on NZ On Air's website.	2,051 users visited the site for 4,206 views total.	To be confirmed	NZ On Air website data
		NZ On Air holds webinars to raise awareness of the GDSR and how to apply	3 webinars held in conjunction with NZGDA completed (October 2023, February 2024, April 2024).	2 webinars and 1 presentation held in conjunction with NZGDA completed (NZGDC talk in October 2024, December 2024, April 2025).	NZ On Air GDSR team
		NZ On Air meets with sector leaders to identify options for further raising awareness of GDSR and what additional information or support NZ On Air could provide to assist game studios to utilise it	**1. Regular Meetings with MBIE:** Weekly meetings, transitioning to fortnightly to maintain continuous dialogue. **2. Studio Visits:** Conducted visits to game studios in Auckland, Christchurch, and Dunedin to gather early-stage feedback. **3. Direct Communication:** Organised calls with studios to address specific questions.	To be confirmed	NZ On Air GDSR team

			4. Sector-wide Fortnightly Meetings: Participated in regular meetings with key stakeholders, including MBIE, NZTE, NZGDA, and CODE. **5. Focused Fortnightly Discussions:** Additional meetings with CODE and NZGDA to discuss targeted initiatives. **6. Industry Event Participation:** Engaged in industry events, such as delivering a talk at NZGDC, to increase visibility and engagement. **7. Feedback Collection:** Gathered feedback post-webinars and distributed feedback forms following the GDSR general round to refine support strategies. **8. International Engagement:** Held meetings with a variety of international platforms, investors and NZ embassies to broaden understanding and increase opportunities for NZ studios. Weekly meetings, transitioning to fortnightly to		

			maintain continuous dialogue.		
Support growth in the game development sector through paying out the rebate to eligible firms	Number of game development studios receiving the rebate	Total number of studios receiving the rebate	33	40	Applicants approved by GDSR subcommittee
		Number of new recipients	33	10	New applicants approved by GDSR subcommittee

Objective	Key Result	Measurement			Data Source/Output
NZ On Air maintains a well functioning administration system for the GDSR, including internal team members and contractors (where required)	GDSR queries are responded to in a timely way	Queries are responded to within 5 working days	95%	To be confirmed	Queries log
	Game Sector rebates are efficiently processed way and firms are able to access the GDSR in a timely manner	Applications for registration are processed within 10 working days of the registration deadline.	100%	To be confirmed	NZ On Air internal reporting/MBIE internal reporting
		Funding decisions notified to applicants within 5 working days of being made	100%	To be confirmed	
		Payments made correctly within 10 working days of receiving a valid invoice once payment conditions are satisfied.	100%	To be confirmed	
		NZ On Air invoiced MBIE 10 working days before the end of each financial year with the final estimated call on the rebate for that eligibility	100%	To be confirmed	

Objective	Key Result	Measurement			Data Source/Output
Support growth in the exports of game development sector	Growth in game sector businesses	Total value of the game development sector eligible for rebate	Total Studio Revenue for the 33 GDSR recipients: $522,186,763.7 Average: $15,823,841.3 per studio	Total: $710,678,593.94 Average: $17,766,964.85	GDSR Application forms / Information requests
	Growth in the export of New Zealand games	Total number of games exported. Total revenue earned offshore (amount of export revenue earned by eligible firms in the financial year across all games)	145 projects received rebate support in 2023/24. 70 of which were live at the end of the financial year, with 75 still in development. International revenue amounted to $513,086,442 or 98.26% of total studio revenue. 2 studios were pre-revenue.	170 projects received rebate support in 2025. 99 of which were live at the end of the financial year, with 71 still in development. International revenue amounted to $695,419,251.27 or 97.85% of total studio revenue. 7 studios were pre-revenue.	GDSR Application forms
	Supporting the evaluation of the GDSR	A list of all additional annual measures has been included below.	See below.	See below.	GDSR Application forms

		2023/2024	2024/2025
1. Number of FTE's paid per rebate for eligible businesses (# of FTE's per business);		Average = 34.294	Average = 32.4915
2. Rebate paid per FTE for eligible businesses ($ amount per business);		Average = $25,337.53	Average = $20,820.39
3. Breakdown of FTE roles paid per rebate for eligible businesses (# of each FTE role e.g., Senior Developer);		# of staff eligible for rebate per department: Audio Design: 14 Staff Art, UX and UI: 380 Staff C-Suite: 27 Staff (noting, only the percentage of time these roles spent on game development activities was eligible) Game Design: 101 Staff Live Operations: 23 Staff Localisation: 2 Staff Narrative Design: 18 Staff Production: 93 Staff Programming: 304 Staff Publishing, Marketing and Communications: 81 Staff Quality Assurance: 65 Staff Research: 21 Staff Total: 1129 FTE Average = 34.5 FTE	Te be confirmed
4. Number of eligible businesses applying for the rebate per year;		33	40

5. Number of ineligible businesses applying for the rebate per year;		10	1
6. Reasons why a business is ineligible for the rebate;		1. Did not meet the minimum threshold of $250k in eligible expenditure. 2. A product did not meet the definition of a digital game as per the Design Features documentation. 3. Failed to submit a final application.	Products include real money winnings and/or are primarily developed for marketing purposes.
7. Number of new businesses applying for the rebate per year;		43	9
8. Total rebate received per business per year ($ amount per business);		Average = $376,392.52 Range = $1,338,135.25 *These numbers exclude Pilot Phase payouts	Average = $561,031.83 Range $= 2,948,529.00
9. Reasons why businesses expenditure is ineligible for the rebate per year (ineligible expenditure);		1. Product did not meet the definition of a digital game as per the Design Features documentation. 2. Software for general business (ie. GSuite) 3. Depreciation on office equipment 4. Advertisement costs 5. Fee for auditing/accounting cost for GDSR application 6. Expenditure already funded by other grants	1. General Business Software (24x) 2. Depreciation on general business assets (19x) 3. Marketing/advertising costs (17x) 4. Purchase of Digital Assets (14x) 5. Travel not related to conference or event (12x) 6. Website hosting (11x) 7. General business cloud storage (7x) 8. Product not a digital game (7x)

		7. Travel and/or conference costs not associated with game development 8. Employees or contractors not based in NZ	9. Employees or contractors not based in NZ (6x) 11. Portion of wages related to ineligible period (6x) 12. Other government funding received for activity (5x) 13. Internet/network costs (5x)
10. Breakdown of expenditure eligible businesses receive for the rebate per year;		Total amounts paid for GDSR Year One: 80% Employee Costs: $17.2mil 13% Hosting & Software: $2.7mil 4% Contractors: $922k 1% Conference, Training & Travel: $202k 1% Depreciation Costs: $188k 1% Consulting, Legal & Accounting: $100k 0% Other: $30k	To be confirmed.
11. Number of eligible businesses applying for the first time to the rebate;		33	8
12. Number of eligible business that repeatedly apply for/obtain the rebate;		N/A	30
13. Total amount of money paid out for GDSR scheme per year.		$22,263,736. *includes pilot phase	$22,441,273

Supplementary measures 2024 gathered for Year Two Review	
Reasons that firms were ruled ineligible for GDSR.	• 6x did not meet minimum expenditure threshold (following NZ On Air's assessment). • 5x failed to submit Application following successful Registration. • 4x product did not meet digital game criteria. • 1x did not have an NZBN, therefore was not an eligible business.
Number of projects supported by GDSR that were in development versus live or released.	• Full release: 62 • Early Access release: 8 • In Production: 37 • Shelved / Paused: 8 • Prototyping: 30
Whether the projects were revenue earning.	Of the 145 games that were eligible for the GDSR, 57 games were generating revenue at the application time (April 2024).
Total number of employees at firms receiving GDSR.	The 2024 GDSR Application form asked each recipient to input how many people they employed in total. Based on the information provided, a total of 1,436 full-time team members were reported. This figure may include contractors and staff who are not eligible for the GDSR but are employed by the company.
How long have companies receiving the GDSR been operating in New Zealand.	Average = 9 years.
Range and average proportion of revenue earnt through exports by GDSR recipients.	Average domestic revenue = 1.74% Range = 0 – 100% (Two firms sourced 100% of revenue from domestic sources, nine firms sourced 100% of revenue from international sources).



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