



SUBMISSION TO THE

## National Cultural Policy Review

*Arts, Industry & Innovation: Completing the Government's Own Logic*

<b>Submitted by</b>	Canberra Symphony Orchestra (CSO)
<b>Date</b>	22 May 2026
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## 1. Executive Summary

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Revive: A Place for Every Story achieved what it set out to do. It restored funding, established Creative Australia, introduced the Digital Games Tax Offset, and repositioned artists as workers making a genuine economic contribution. 75 of 85 committed actions were completed. Canberra Symphony Orchestra (CSO) welcomed it.

But Revive contained one aspiration that was stated and not fulfilled. The policy promised "a variety of investment, regulatory, revenue and policy mechanisms" affecting "the whole of government." Cross-portfolio integration with industry and innovation policy was never operationalised. The structural and fiscal settings of government were not brought into alignment with the cultural policy ambition.

The 2026 National Cultural Policy consultation paper provides the mandate to close this gap. For the first time in Australian cultural policy, it states that culture "fosters creativity, design thinking and problem-solving capabilities, and is increasingly recognised as important for innovation and productivity." High fixed costs and shifting consumer preferences place orchestras under structural pressure. Without the same fiscal settings available to comparable creative industries, public funding requirements will only grow. If culture drives innovation and productivity, the settings of government must reflect it.

### **CSO makes four interconnected submissions.**

#### **Rec 1: Introduce a Live Performance Production Incentive**

A 40% offset on pre-production costs for commercial and not-for-profit live performance producers, applied as a tax offset for taxpaying entities, or as a rebate for non-taxpayers. Commissioned modelling confirms a revenue-positive return for government: \$117.3m in tax received against \$93m forgone, 4,151 FTE jobs, and \$1,505m in additional industry output. All State Governments endorsed the LPPI following the Creative Industries Tax Summit in September 2025. This is the foundational reform from which all others follow.

#### **Rec 2: Strengthen the Underlying Financial Settings and Support for Philanthropy**

Expand philanthropic incentives, increasing the tax deduction donors can claim to 1.5x the gift amount, and extend Public Benevolent Institution status to a broader range of arts organisations. Extend GST-free treatment for eligible non-commercial ticket sales from 75% to 100% for charity-endorsed and Deductible Gift Recipient (DGR) organisations. Introduce a Gift Aid-style government contribution model for DGR arts organisations. These structural measures reduce cost pressures and build long-term sector sustainability without additional direct funding.

#### **Rec 3: Build Innovation Capability**

Establish a formal governance relationship between the Arts and Culture portfolio and Department of Industry, Science and Resources (DISR), including IISA representation. Reinstate and extend the Creative Industries Innovation Centre model. Support digital, hybrid and community-based delivery models that extend reach, diversify audiences and reduce reliance on finite venue-based capacity.

#### **Rec 4: Connect Cultural Capability to National Systems**

Recognise Arts and Culture under the National Reconstruction Fund (NRF) and Industry Growth Program. Initiate two-track R&D Tax Incentive reform: an Industry Innovation and Science (IISA) administrative determination and a Treasury Laws Amendment removing the arts exclusion from s355-25(2)(d) ITAA 1997.

**These are not requests for additional arts funding.** They are requests that the government apply to the arts sector the same policy logic it already applies elsewhere, and complete what Revive began.

## 2. Introduction and Policy Context

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### 2.1 Purpose of this Submission

This submission responds to the public consultation paper Towards a New National Cultural Policy (March 2026). It is submitted by Canberra Symphony Orchestra (CSO). CSO is Canberra's largest professional performing arts organisation, employing musicians, conductors and arts workers.

Canberra Symphony Orchestra:

- Employs 8 full-time and 5 part-time administrative staff.
- Employs 143 casual musicians.
- Attracted 13,500 concert attendees (excluding community programs).
- Provided 6,800 people with access to our community programs.

In 2025, CSO:

- Staged 11 main-series concerts.
- Was engaged for 19 musical services.
- Provided four regional performances.
- Provided 84 community engagement opportunities/performances.

This submission makes a single, coherent argument: the structural gap between Australia's cultural policy and its industry, innovation and R&D policy settings is both a policy failure and a correctable one. The four recommendations that follow are grounded in the government's own policy language, supported by economic evidence, and aligned with the National Competition Policy reform agenda being advanced through Treasury.

### 2.2 Scope

This submission addresses four specific structural recommendations, from production investment incentives through to cross-government R&D access. This submission focuses where orchestras have a distinctive and evidence-based contribution to make.

### 2.3 Reading the Policy Moment

Three shifts make this the right moment for these arguments.

- **Revive's unfinished business:** The policy explicitly promised cross-portfolio mechanisms but did not deliver them, creating an acknowledged gap the new policy can fill.
- **New innovation language:** The 2026 consultation paper states for the first time that culture "fosters creativity, design thinking and problem-solving capabilities" important for innovation and productivity. This submission asks the government to follow through structurally.
- **Structural cost pressure:** High fixed costs, post-pandemic cost inflation of 30–40%, (Live Performance Australia, *Pre-Budget Submission 2024-25* (January 2024)) and

shifting consumer behaviour place performing arts organisations under sustained financial pressure that are best addressed through targeted fiscal settings.

- **A government-commissioned R&D reform agenda that has already begun:** In March 2026, the Government released *Ambitious Australia: Strategic Examination of R&D*, the final report of an independent panel commissioned in the 2024–25 Budget, with advice provided to government in December 2025. The report recommends reform of the R&D Tax Incentive focused on activity quality, technical advancement, step-change outcomes, and commercial impact, rather than sector classification. Critically, it formally includes Humanities, Arts and Social Sciences (HASS) disciplines within the proposed National Strategic Initiatives framework, recognising them as part of Australia's cross-cutting R&D portfolio alongside STEM and enabling technologies.

### 3. The Economic Case: Australia's Orchestras as Industry

#### 3.1 The Sector-Wide Picture

More Australians see a live performance than attend all major sporting codes combined, whether it is ballet and dance, classical music, opera, or musical and dramatic theatre. The performing arts sector represents a civic and cultural infrastructure of comparable or greater reach than any sporting code.

Despite this scale, Australia's public investment in culture is comparatively low by international standards. Federal per capita cultural expenditure in 2023 was the lowest on record at \$114. Australia ranks 23rd out of 34 Organisation for Economic Cooperation and Development (OECD) countries for expenditure on culture, recreation and religion, with the OECD average at 1.23% of GDP against Australia's 0.95% (OECD, Government at a Glance 2023). While Australia's population grew by 27% between 2007–08 and 2023–24, cultural expenditure over the same period grew by only 19%, a significant decline in real per capita terms. These are not the settings of a government that has matched its cultural ambitions with structural investment.

The cultural and creative sector contributed \$67.4 billion to Australia's GDP in 2023–24, employing over 591,000 people. This places it in the same economic tier as industries that receive dedicated treatment within Australia's industry policy framework. Australia's tourism industry contributed \$78.1 billion to GDP and employed 691,500 people in 2023–24, and receives dedicated Commonwealth infrastructure including Tourism Australia, Tourism Research Australia, and explicit priority status across federal programs. Agriculture, forestry and fishing contributed approximately \$60–65 billion in value added and employed around 421,000 people, and receives a dedicated Commonwealth department, full Research and Development Tax Incentive (R&DTI) access, and Industry Growth Program eligibility. The cultural and creative sector is of comparable economic scale to both. It receives neither comparable structural support nor equivalent access to the fiscal and innovation programs available to every other sector of this size.

The economic data presented below reflects the activities of the six state symphony orchestras, and is reflective of the value of orchestras more broadly provide in Australia (noting CSO is not included in these figures).

Metric	Figure (2024)
Cultural & Creative GDP	\$67.4 billion (2023–24), Source: 2026 NCP Consultation Paper
Cultural & Creative Employment	591,000 people, Source: 2026 NCP Consultation Paper
Six State Orchestras: Total Expenditure	\$166 million
Orchestras: GDP Contribution	\$158.7 million total value added
Orchestras: Employment	1,931 headcount (760 direct FTEs; 1,196 including supply chain)

Return on Public Investment	\$2.07 value added per \$1 government funding; \$2.39 including non-market value
Annual Audience	~900,000 attendances; 24,400 international visitors (\$5.8m spending)
Community & Education	91,936 participants (five orchestras)

Source: Allen, Eslake and Mahler, *The Economic Contribution of State Symphony Orchestras*, December 2025.

### 3.2 Commercial Scale and Industry Characteristics

A critical argument for all four recommendations is that orchestras are not purely grant-dependent institutions, being commercially active organisations generating earned income at scale.

- **\$62.4 million** in commercial/operational income from ticketing (38% of total revenue, 2024)
- **\$24.9 million** in private sector support, comprising sponsorship, donations, bequests (15% of total revenue)
- **\$99.3 million** in wages and salaries paid to nearly 2,000 workers
- **28,333 person-hours** of pit services (notional value ~\$3.1m), contracted professional services at commercial scale

These are the characteristics of an industry sector, directly relevant to the case for production incentives, Industry Growth Program (IGP) and R&DTI inclusion.

### 3.3 The Productivity Challenge and the Innovation Imperative

The Baumol cost disease, defined as the observation that live performance productivity is intrinsically difficult to increase because a concert requires a fixed number of musicians in real time, creates a structural case for innovation investment. For orchestras to remain financially sustainable, they must achieve productivity and revenue gains outside the traditional concert model.

Digital delivery platforms, acoustic technology research, music cognition research, educational innovation and international intellectual Property (IP) licensing are all areas where orchestras can achieve gains unavailable through the traditional performance model. The combination of the Live Performance Production Incentive and R&DTI access is designed to address both the investment gap and the innovation incentive gap simultaneously.

## 4. Recommendation 1: Introduce a Live Performance Production Incentive (LPPI)

### 4.1 The Gap

Australian theatrical and performing arts producers compete for investment against the screen and digital games industries, which benefit from federal tax offsets of 30–40%. Unlike commercial theatre, orchestras operate a permanent professional ensemble model: the six state orchestras collectively expend \$166 million annually, with \$99.3 million, nearly 60% of total expenditure, comprising wages and salaries for a fixed workforce that cannot be scaled between productions. Post-pandemic cost inflation of at least 30% has been absorbed almost entirely against this fixed cost base, with high levels of audience price sensitivity preventing organisations from sharing those increases with consumers. Rising costs and structurally constrained revenue growth are making it progressively harder for orchestras to invest in new Australian work, maintain touring programs, and sustain the production ambition the National Cultural Policy demands of them.

Unlike film, television and digital games, live performance has no equivalent production incentive. The UK recognises this structural asymmetry and has permanently set Theatre Tax Relief at 40–45% and Orchestra Tax Relief at 45% from April 2025. Australia has no equivalent.

Following the Creative Industries Tax Summit in September 2025, the Live Performance Production Incentive is understood to be supported by all State Governments. This cross-jurisdictional consensus transforms the LPPI from a sector request into a nationally coordinated reform position. The submission is strengthened by citing this explicitly and framing the federal government's response as completing a reform that the states have already endorsed.

### 4.2 Proposed Action

<b>ACTION</b>	Introduce the Live Performance Production Offset on qualifying pre-production costs for commercial and not-for-profit live performance producers, including theatre, dance, opera and orchestral productions.
<b>ELIGIBLE ORGS</b>	Commercial and not-for-profit theatrical and performing arts producers. Modelled on the UK Theatre / Orchestra Tax Relief (TTR / OTR) eligibility frameworks.
<b>ELIGIBLE COSTS</b>	Pre-production expenditure including casting, rehearsal, costume design, set construction, rights to story/music, and exceptional running costs. In consultation with industry; to mirror existing Australian screen offset frameworks.
<b>OFFSET / REBATE MODEL</b>	Applied as a tax offset for taxpaying entities, or as a rebate for non-taxpayers, ensuring both commercial producers and not-for-profit performing arts organisations can access the benefit. This mirrors the two-pathway approach endorsed by the National Performing Arts Partnership (NPAP) sector organisations.
<b>ADMIN MODEL</b>	Mirror the Digital Games Tax Offset (DGTO) (Division 378 ITAA 1997): Arts Minister certification via Smarty Grants; refundable offset

<b>NCP LINK</b>	or rebate claimed via Australian Taxation Office (ATO) Company Tax Return. Lowest-overhead implementation path available.
	Addresses competitive neutrality: live performance producers compete for investment against screen and digital games sectors that benefit from equivalent offsets. The absence of live performance parity constitutes an unjustified market distortion.

### 4.3 The Economic Case

EY economic modelling (2024), commissioned by Live Performance Australia, provides a directly applicable revenue model for a 40% tax offset on live performance pre-production costs:

Economic Contribution	40% Tax Offset	50% Tax Offset
Full time equivalent (FTE) Jobs created	4,151	5,136
New productions	168 (50 Not for Profit (NFP); 118 commercial)	210 (63 NFP; 157 commercial)
Industry output (direct & indirect)	\$1,505 million	\$1,862 million
Industry value add	\$486 million	\$601 million
Tax forgone	\$93 million	\$116.2 million
Tax received	\$117.3 million	\$145.1 million
Net tax position	+\$24.3 million	+\$28.9 million

Source: Ernst & Young (2024), *The benefits of providing tax offsets to Australian theatre producers, for Live Performance Australia*.

**The 40% offset is revenue-positive for government**, representing \$24.3m more in tax received than forgone. This is not a subsidy; it is an investment with a positive fiscal return.

### 4.4 International Precedent

Jurisdiction	Instrument	Rate	Notes
United Kingdom	Theatre Tax Relief (TTR)	40–45% (permanent from Apr 2025)	Touring and non-touring; commercial & NFP; introduced 2014
United Kingdom	Orchestra Tax Relief (OTR)	45% (permanent from Apr 2025)	Orchestral Production Companies only; introduced 2016
United States	Federal live theatre deduction	100% deduction (capped \$15m)	Equal treatment to screen; established 2015

United States	New York, Illinois, others	20–35% credit	State-level credits in addition to federal deduction
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## 5. Recommendation 2: Strengthen the Underlying Financial Settings and Support for Philanthropy

### 5.1 The Gap

Even with a production incentive, performing arts organisations face structural cost pressures that targeted financial settings can address more efficiently than direct funding. The Productivity Commission has noted that fewer Australians are claiming tax deductions for giving, even as the total value of donations has grown. Australia’s philanthropic giving (0.81% of GDP) compares unfavourably with New Zealand (1.84%) and the United States (2.1%). Public Benevolent Institution status — which provides income tax exemptions and DGR access that increase salary competitiveness and philanthropic appeal — is unavailable to many performing arts organisations that deliver demonstrable social benefit.

A third dimension of structural vulnerability is the state of organisational reserves. The pandemic and the years of uncertainty that followed stripped reserves from not-for-profit arts organisations across the sector. SSA and its member orchestras have long called for government to address this through a dedicated Reserves Incentive Fund — a mechanism that enables organisations to rebuild the financial buffers that protect them against future crises, underwrite creative risk, and reduce dependence on emergency public support. Overseas models using donor-matching incentives and direct reserve-building grants have demonstrated that this is both achievable and cost-effective. Strong reserves are as foundational to long-term sustainability as consistent core funding: they are what allows organisations — large and small — to keep operating through unexpected shocks like the pandemic.

### 5.2 Proposed Action

<b>ACTION</b>	Increase the tax deduction donors can claim to DGR organisations from 1x to 1.5x the gift amount, incentivising private giving and reducing dependence on direct public funding. Singapore provides a working model at 2.5x. Matched funding schemes, building on existing Creative Australia programs including Plus1, MATCH Lab and Australian Cultural Fund (ACF) Boost, should be expanded as a complementary mechanism.
<b>ACTION</b>	Extend Public Benevolent Institution (PBI) status to arts and cultural organisations that deliver measurable social benefit outcomes, particularly those serving people with disability, young people, First Nations communities, and Culturally and Linguistically Diverse (CALD) communities.
<b>ACTION</b>	Establish a co-funded Reserves Incentive Scheme: a federal government investment of \$25 million over two years, with matched

	<p>contributions from state and territory governments, to enable not-for-profit arts and cultural organisations to rebuild reserves depleted during the pandemic and subsequent years of financial uncertainty. Modelled on successful international donor-matching and reserve-building schemes. The scheme would be open to organisations across the sector, with particular benefit to small-to-medium organisations that have limited capacity to rebuild reserves through earned income alone.</p>
<p><b>ACTION</b></p>	<p>Extend GST-free treatment for eligible non-commercial ticket sales from 75% to 100% for charity-endorsed and DGR organisations. The 75% threshold under s38-250(2) of the New Tax System (Goods and Services Tax) Act 1999 has not changed since July 2000, while the economics of for-purpose arts companies, including their increasing reliance on ticket income, have changed substantially. A 100% setting removes a structural barrier to incremental revenue growth, reduces retrospective tax risk, supports pricing flexibility to keep tickets affordable, and enables simpler compliance through one GST treatment across all tickets sold by eligible organisations.</p>
<p><b>ACTION</b></p>	<p>Introduce a Gift Aid-style government contribution model for DGR arts organisations. Under the UK Gift Aid model, for every donation made to a registered DGR organisation, the government directly contributes an additional percentage, substantially increasing the impact of every donation. Administered through existing ATO infrastructure via an online portal, this is a complementary mechanism to the 1.5x deduction multiplier and operates on the organisation side of the transaction rather than the donor side.</p>
<p><b>NCP LINK</b></p>	<p>Addresses competitive neutrality in talent markets: PBI status enables income tax exemptions that allow organisations to offer more competitive salaries, reducing the disadvantage arts organisations face in attracting specialist technical and managerial staff. GST threshold reform removes a compliance barrier unique to the performing arts sector.</p>

## 6. Recommendation 3: Build Innovation Capability: Arts–Department of Industry, Science and Resources Governance, Digital, Hybrid and Investment in New Delivery

### 6.1 The Governance Gap

Revive committed to cross-portfolio action but created no formal relationship between the Arts portfolio and the Department of Industry, Science and Resources (DISR), or its advisory body, Industry Innovation and Science Australia (IISA). Arts organisations cannot access co-design, advisory, or innovation ecosystem mechanisms available to other sectors. No formal channel exists for the Arts portfolio to engage with DISR on innovation policy. No arts or cultural organisation has representation on IISA.

The 2026 consultation paper's question about "how existing partnerships and systems could be used more effectively" is the explicit invitation to address this. The Creative Industries Innovation Centre (2009–2015) provided exactly this cross-portfolio function. It should be reinstated and extended.

### 6.2 The Delivery Gap

Orchestras' reliance on finite venue-based capacity is both a financial constraint and a strategic limitation. Digital, hybrid and community-based delivery models offer pathways to new audiences, new revenue streams, and reduced fixed-cost exposure. These are not peripheral activities, being core to long-term sustainability, and are exactly the kinds of commercially uncertain, technically novel activities that governance alignment and innovation support should enable.

### 6.3 Proposed Action: Arts–DISR Governance

<b>ACTION</b>	Establish a formal cross-portfolio working arrangement between the Minister for the Arts and the Minister for Industry and Science, with a mandate to identify and address structural barriers to arts-sector participation in innovation and industry programs.
<b>ACTION</b>	Create a dedicated Arts and Cultural Industries advisory stream within IISA, or nominate a cultural industries representative to the IISA board, mirroring the UK Creative Industries Council model.
<b>ACTION</b>	Reinstate and extend the Creative Industries Innovation Centre (CIIC) model as the institutional architecture for the Arts–DISR relationship, providing the cross-portfolio function the CIIC delivered between 2009 and 2015.
<b>ACTION</b>	Require the Arts portfolio and DISR to jointly report annually on arts-sector participation in industry programs and R&D incentives, with improvement targets.
<b>NCP LINK</b>	Directly addresses NCP Reform Theme 1: Promoting a more dynamic business environment. The absence of any Arts–DISR mechanism constitutes a structural barrier the NCP reform agenda targets.

## 6.4 Supporting Evidence

- The 2026 consultation paper's own language, that culture is "increasingly recognised as important for innovation and productivity," provides direct governmental endorsement for the Science, Technology, Engineering, Arts and Mathematics (STEAM) framing this recommendation relies upon.
- The Creative Australia / CSIRO collaboration programs and the UK's Creative Industries Policy and Evidence Centre (operating under Innovate UK) demonstrate that cross-portfolio creative industry innovation infrastructure is both achievable and productive.
- The CANZO Cultural Policy Platforms (October 2025) identifies this governance alignment as the foundational platform from which IGP eligibility and R&DTI reform flow, establishing sector-wide consensus for this approach.

## 7. Recommendation 4: Connect Cultural Capability to National Systems

### 7.1 The Gap: Industry Growth Programs

The Industry Growth Program (IGP) provides grants of \$50,000–\$5 million to Australian small and medium enterprises (SMEs) for commercialisation and scaling of innovative products and services. Eligibility is tied to National Reconstruction Fund (NRF) priority sectors. Arts and cultural organisations are entirely absent, despite generating IP, pursuing international markets, and developing innovative digital platforms at commercial scale.

### 7.2 The Gap: R&D Tax Incentive

Section 355-25(2)(d) of the Income Tax Assessment Act 1997 explicitly excludes "research in social sciences, arts or humanities" from R&DTI eligibility. When orchestras undertake technically novel, financially risky activities, including acoustic innovation, digital performance platform development, AI-assisted composition tools and music cognition research, they cannot access the same incentive available to equivalent activities in manufacturing, biotech or digital technology. This exclusion has no public interest justification in the context of technical R&D undertaken by arts organisations. The case studies in Appendix D provide concrete evidence of the harm this exclusion causes.

### 7.3 The DGTO Precedent

The Digital Games Tax Offset, introduced under Revive Pillar 5, demonstrates that government already accepts that creative industry innovation warrants dedicated economic support. The performing arts sector asks only that this logic be **completed**, not extended as a special exception.

<b>DGTO DETAIL</b>	Introduced under Division 378 ITAA 1997. 30% refundable offset on qualifying development expenditure, capped at \$20m per company. Arts Minister certification via Smarty Grants. This administrative model is directly applicable to a performing arts innovation equivalent.
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### 7.4 Proposed Action: IGP / NRF

<b>ACTION</b>	Add Arts and Cultural Industries as an eligible sector within the National Reconstruction Fund framework, or classify qualifying cultural organisations within the existing 'Enabling Capabilities' sector.
<b>ACTION</b>	Extend IGP eligibility to performing arts organisations undertaking commercialisation or scaling of innovative products, services, digital platforms or IP. Use the DGTO as the definitional model for eligible activity.
<b>PATHWAY</b>	NRF priority sector review: policy process; no primary legislation required for the review phase. Legislative amendment is the longer-term track.
<b>NCP LINK</b>	Addresses Competition Principles Agreement (CPA) Clause 3 Competitive Neutrality: denying equivalent support to arts

organisations undertaking comparable technical and commercial activities creates an unjustified competitive distortion.

The 2025 Administrative Review Tribunal (ART) decision in *Body by Michael v Commissioner of Taxation* confirmed that the arts exclusion in s355-25(2)(d) must be interpreted in context, and that the nature of the activity, not the sector classification of the conducting entity, determines whether the exclusion applies. This supports both the Track 1 determination pathway and the argument that technically novel activities by arts organisations may already not be excluded under current law, properly interpreted

## 8. Conclusion

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The four recommendations in this submission share a common logic: the government has begun to recognise arts and culture as contributors to Australia's innovation and productivity ecosystem but has not yet aligned its structural and fiscal policy settings with that recognition. Each recommendation asks the government to close a specific, identifiable gap, not to create new programs, but to extend existing frameworks to a sector that has been unjustifiably excluded or underserved.

The Digital Games Tax Offset demonstrated that creative industry fiscal support is achievable and revenue positive. The Clinical Trials Determination demonstrated that administrative R&DTI pathways exist without primary legislation. The UK's Theatre and Orchestra Tax Reliefs demonstrate that comparable jurisdictions have found public interest justification for exactly the instruments proposed here. The NCP reform process demonstrates that Treasury is actively reviewing legislative barriers to competition, and the arts exclusion in the ITAA 1997 is precisely the kind of barrier the NCP Legislation Review Principle was designed to address.

More Australians see live performance than all major sporting codes combined. Federal per capita cultural expenditure is the lowest on record. Australia ranks 23rd of 34 OECD countries in cultural investment. These are not the settings of a government that has matched its cultural ambitions with structural commitment. The next National Cultural Policy should close that gap.

**Australia's orchestras are not asking for special treatment.** They are asking for equal treatment, specifically the same access to production incentives, industry programs, and R&D support that every other sector of the Australian economy already enjoys. The next National Cultural Policy should make that equality structural, not aspirational.

## Appendix A: Legislative References

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- **s355-25(2)(d) ITAA 1997**: Arts exclusion from R&DTI core activity definition. Target of Recommendation 4 Track 2.
- **s31D Industry Research and Development Act 1986**: IISA determination power. Basis for Recommendation 4 Track 1.
- **Division 378 ITAA 1997 (DGTO)**: Administrative model for Recommendation 1 LPPI.
- **s38-250(2) New Tax System (Goods and Services Tax) Act 1999**: GST-free ticket threshold. Target of Recommendation 2 GST reform.
- **Competition Principles Agreement 1995, Clause 3**: Competitive Neutrality. Supports Recommendations 1, 2 and 4.
- **Competition Principles Agreement 1995, Clause 5**: Legislation Review Principle. Supports Recommendation 4 R&DTI argument.
- **National Reconstruction Fund Corporations Act 2023**: Priority sector definitions. Amendment or reclassification required for Recommendation 4 IGP/NRF.

## Appendix B: Key Precedents

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### 1. Digital Games Tax Offset (DGTO)

Division 378 ITAA 1997. 30% refundable offset; qualifying development expenditure from 1 July 2022; capped at \$20m per company. Arts Minister certification via Smarty Grants. Establishes that: the Arts Minister can administer an innovation fiscal instrument; creative industry innovation qualifies for dedicated economic support; the Smarty Grants/ministerial certificate model is proven.

### 2. Industry Research and Development (Clinical Trials) Determination 2022

IISA used its s31D powers to clarify that specific categories of clinical trial activity were eligible core R&D activities, without primary legislation. Achievable within 12–18 months. Direct precedent for Recommendation 4 Track 1.

### 3. UK Orchestra Tax Relief (OTR), introduced April 2016

50% (reducing to 45% from April 2025) for Orchestral Production Companies on qualifying concerts for paying audiences or educational purposes. At least 25% of core expenditure must be UK/European. Directly relevant precedent for Recommendation 1 and Recommendation 4.

### 4. UK Theatre Tax Relief (TTR), introduced September 2014

40–45% (permanent from April 2025). Plays, operas, musicals, ballet and other dramatic pieces. Directly informs the LPPI modelling in EY (2024).

### 5. UK Gift Aid Program

For every donation made to a registered charity, the UK government directly contributes an additional 25% to the organisation. Half of UK donors utilise Gift Aid; cultural charities gain substantial benefit. Directly informs Recommendation 2 Gift Aid action.

### 6. Body by Michael v Commissioner of Taxation (ART, 2025)

ART found the arts exclusion in s355-25(2)(d) must be interpreted in context: the nature of the activity, not the sector classification of the conducting entity, determines eligibility. Supports Recommendation 4 Track 1 determination pathway.

## Appendix C: Economic Data

### C.1 Six State Symphony Orchestras: Key Economic Indicators (2024)

Source: Allen, Eslake and Mahler (December 2025), *The Economic Contribution of State Symphony Orchestras*.

Metric	Figure
Total expenditure	\$166 million
Government funding (Commonwealth + state)	\$76.5 million
Commercial/operational income	\$62.4 million (38% of total revenue)
Private support	\$24.9 million (15% of total revenue)
Total value added to Australian GDP	\$158.7 million (\$102.1m direct; \$50.8m supply chain; \$5.8m visitor spending)
Total wages and salaries	\$99.3 million
Employment (direct FTE)	760 FTEs
Employment (including supply chain)	1,196 FTEs; 1,931 headcount
Return on government investment (GDP)	\$2.07 per \$1 of public funding
Return on government investment (incl. non-market)	\$2.39 per \$1 of public funding
Annual audience	~900,000 attendances; 24,400 international visitors
Community & education participants	91,936 (five orchestras)
Pit services delivered	28,333 person-hours; ~\$3.1m notional value (three orchestras)

### C.2 EY Creative Industry Tax Offset Modelling (2024)

Source: Ernst & Young (2024), *The benefits of providing tax offsets to Australian theatre producers, for LPA*.

Economic Contribution	40% Tax Offset	50% Tax Offset
Jobs created (FTE)	4,151	5,136
New productions	168 (50 NFP; 118 commercial)	210 (63 NFP; 157 commercial)
Industry output (direct & indirect)	\$1,505 million	\$1,862 million

Industry value add	\$486 million	\$601 million
Tax forgone	\$93 million	\$116.2 million
Tax received	\$117.3 million	\$145.1 million
Net tax position	+\$24.3 million	+\$28.9 million

## Appendix D: R&D Case Studies from Member Orchestras

This appendix presents two case studies drawn from CSO's R&D activity. These support the dual argument in Recommendation 4: that technically novel R&D is already occurring within orchestras, and that the current exclusion is actively destroying investment and innovation capacity.

### Linking to submission arguments

- The **CSO Music & Memory** case supports Section 7 R&DTI eligibility argument and Section 6.4 (cross-sector delivery innovation), and maps to the 'music cognition research' category identified in the submission.
- The **CSO Rediscovering Music** case supports Section 6.4 (accessibility/audience development) and Section 7 (R&DTI eligibility for technically novel arts-led programs with health sector partnerships).

## Case Study 1: Canberra Symphony Orchestra: Music and Memory Pilot (Dementia Study)

*Primary relevance: Recommendation 3: Build Innovation Capability, Recommendation 4: Connect Cultural Capability to National Systems*

### Summary

In 2020, the CSO delivered a structured live music pilot program in partnership with Goodwin Aged Care Services and with University of Canberra involvement, targeting people living with dementia. The program was not an arts outreach activity, but a designed experiment to test whether structured live music exposure produced measurable, reproducible changes in clinical behavioural outcomes. The pilot used structured behavioural observation methodology across an eight-week period. Results demonstrated statistically significant reductions in disruptive behaviours alongside improved mood and engagement outcomes.

This program meets the core definitional criteria for an R&DTI eligible activity: the outcome was not knowable in advance; the method was systematic and observable; the knowledge generated was new (rather than merely applying existing knowledge); and the findings are capable of broader application across aged care and health settings.

CSO: Music and Memory Pilot (Dementia Study)	
<b>Organisation</b>	Canberra Symphony Orchestra (CSO) with Goodwin Aged Care Services and University of Canberra
<b>Program name</b>	Music and Memory Pilot
<b>Year delivered</b>	2020 (truncated due to pandemic)
<b>Technical challenge</b>	Whether structured live music exposure by a professional orchestra produces reproducible, statistically significant changes in the behavioural outcomes of people living with dementia, specifically reductions in disruptive behaviour and improvements in mood and engagement
<b>Outcome uncertainty</b>	The specific effect size, the reproducibility of outcomes across different dementia profiles, and the causal mechanism were not knowable in advance. Standard music therapy uses recorded music; the use of live orchestral performance as the intervention was a novel design element whose effect was uncertain
<b>Experimental method</b>	Structured behavioural observation methodology delivered across an eight-week pilot, with Goodwin Aged Care Services as the care partner and University of Canberra involvement in research design and data interpretation
<b>Knowledge generated</b>	Statistically significant reductions in disruptive behaviours; improved mood and engagement outcomes. Establishes an evidence base for live orchestral performance as a clinically relevant intervention in dementia care, a novel finding distinct from existing music therapy literature using recorded music

<b>Estimated expenditure</b>	To be provided by CSO, including CSO staff time, musician costs, program coordination, and any data collection costs attributable to the research component
<b>Commercial application</b>	Scalable program model for aged care facilities nationally; potential licensing of the intervention protocol; alignment with federal government dementia care priorities and aged care reform agenda. CSO IP in the program design is a licensable asset
<b>Cross-sector partnership</b>	Arts (CSO) + Aged Care (Goodwin Aged Care Services) + Higher Education / Health Research (University of Canberra), the orchestra is the R&D entity delivering the intervention; UC provides research methodology and validation
<b>Program status</b>	Pilot completed; formal research status to be confirmed. Material for a larger, funded replication study

#### Submission Linkage

- This case study directly meets the 'applied music cognition / music therapy research with health institutions' priority category identified in the submission's Appendix D criteria.
- The statistically significant outcome is important: this is not anecdotal. It is the kind of evidence that supports the Track 1 (IISA determination) argument that the nature of the activity, being systematic, uncertain and generative of new knowledge, should determine R&DTI eligibility, not the sector classification of the conducting entity.
- The dementia care context connects the submission to the broader government agenda on ageing and health innovation, strengthening the case for Arts & Culture as an NRF 'Enabling Capabilities' sector.

## Case Study 2: Canberra Symphony Orchestra: Rediscovering Music (Hearing Loss Accessibility Program)

*Primary relevance: Recommendation 2: Strengthen the Underlying Financial Settings and Support for Philanthropy, Recommendation 3: Build Innovation Capability, Recommendation 4: Connect Cultural Capability to National Systems*

### Summary

Rediscovering Music is an accessibility-focused program developed and delivered by CSO bassoonist and audiologist Kristen Sutcliffe, designed to support people with hearing loss to re-engage with music. The program draws on dual expertise in music performance and hearing science to develop an approach that is not reducible to either discipline alone, requiring original work at the intersection of audiological practice and music engagement methodology.

The program began in Canberra and expanded beyond the ACT in 2025, with sessions delivered in Sydney and Goulburn. The CSO is currently working with leading researchers to develop the program further and awaiting the results of a grant application to initiate a formal research project. This positions Rediscovering Music at the threshold between developed program and formal R&D, a status that would be resolved by R&DTI eligibility enabling the CSO to self-fund the research phase without depending on grant outcomes.

CSO: Rediscovering Music (Hearing Loss Accessibility Program)	
<b>Organisation</b>	Canberra Symphony Orchestra (CSO), program led by Kristen Sutcliffe (bassoonist and audiologist)
<b>Program name</b>	Rediscovering Music
<b>Year commenced</b>	Pre-2025; expanded to Sydney and Goulburn in 2025
<b>Technical challenge</b>	How can people with hearing loss meaningfully re-engage with music? The specific acoustic adaptations, pedagogical methods, and hearing science interventions required to make this possible were not derivable from existing practice in either music education or audiology alone, as the program required original integration of both knowledge domains
<b>Outcome uncertainty</b>	Whether the specific combination of music practice methodology and hearing science would produce reproducible engagement and wellbeing outcomes for people with varying types and degrees of hearing loss was not knowable in advance. The program design itself constitutes the experimental variable
<b>Experimental method</b>	Program design and iterative delivery by a practitioner with dual disciplinary expertise; structured participant engagement across Canberra, Sydney and Goulburn; formal research collaboration in development with leading researchers in the field (pending grant outcome)
<b>Knowledge generated</b>	Original program model combining music practice and hearing science; evidence base for geographic replication (Canberra →

	Sydney → Goulburn); basis for formal research project currently in grant application phase
<b>Estimated expenditure</b>	To be provided by CSO, including Kristen Sutcliffe practitioner time, program delivery costs, and any costs attributable to the formal research development phase
<b>Commercial application</b>	Scalable program model licensable to other orchestras, hearing services and community health organisations nationally and internationally; potential for digital delivery extension reducing cost of geographic reach
<b>Cross-sector partnership</b>	Arts (CSO) + Health/Hearing Science (audiologist-practitioner; formal research collaborators to be named); expansion to multiple cities demonstrates proof of geographic scalability
<b>Program status</b>	Operational; formal research project pending grant outcome. R&DTI eligibility would enable CSO to initiate the formal research phase without grant dependency, directly illustrating the submission's argument about the innovation incentive gap

#### Submission Linkage

- This case study supports both the R&DTI eligibility argument and the audience development / accessibility argument in Section 6.4.
- The pending grant application is particularly useful: it demonstrates that the CSO is actively seeking to formalise this as research, and that the absence of R&DTI access forces dependence on competitive grant funding rather than enabling the orchestra to self-fund its own innovation cycle. This directly supports the Baumol productivity argument in Section 3.3.
- The dual-qualified practitioner (musician + audiologist) is a powerful illustration of the cross-disciplinary STEAM framing in Recommendation 3: exactly the kind of role the submission argues innovation governance should support.