SUBMISSION TO THE

National Cultural Policy Review

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

Submitted by	State Orchestra Six (SO6)
Date	May 2026
Contact	Kate Lidbetter Chief Executive Officer Symphony Services Australia [redacted]

1. Executive Summary

Australia's state orchestras are navigating a structural transition: a business model built on finite physical capacity—performances, seats and labour—at a time of rising costs, shifting audience behaviour and rapid technological change. The policy settings required are not only for sustainability, but enabling the sector to evolve, expanding reach, creating new products and services and contributing to national priorities. The following addresses economic settings, growth opportunities, capability development and cross-government contribution.

1. **Strengthen the underlying financial settings for cultural production**

Introduce targeted tax and regulatory settings that improve the sustainability of producing and presenting work, including incentives for philanthropy, support for production investment (a Live Performance Production Incentive), and measures reducing structural cost pressures.

This recognises that:
• cultural production operates within constrained economics
• sustainable financial settings are foundational to long-term viability
• artists and organisations require stable conditions to create, employ and plan

Pillars: 3 — The Centrality of the Artist; 4 — Strong Cultural Infrastructure

2. **Strengthen Financial Settings and Support for Philanthropy**

Expand philanthropic incentives, increasing tax deductions for donors and extending PBI status to more organisations. Reform the GST-free concession under section 38-250 to reflect contemporary operating models for charity-endorsed and DGR organisations. Introduce a Gift Aid-style government contribution for DGR arts organisations.
These measures reduce cost pressures and build long-term sustainability without additional direct funding.

Pillars: 3 — The Centrality of the Artist; 4 — Strong Cultural Infrastructure

3. **Enable orchestras to develop new products, services and audiences, and to innovate and take risks**

Support the creation and scaling of new digital, hybrid and community-based delivery models that extend reach, diversify audiences and reduce reliance on venue capacity.

This will:
• expand access to new and underrepresented audiences
• develop new formats and cultural experiences
• strengthen regional and community engagement
• support First Nations storytelling and participation

Pillars: 5 — Engaging the Audience; 2 — A Place for Every Story; 1 — First Nations First

Establish a dedicated arts and culture innovation capability (eg within Creative Australia) to support experimentation, partnerships and access to financing mechanisms.
This will:
• enable organisations to test new ideas safely
• build internal capability and partnerships
• support collaboration with other sectors
• provide mechanisms to reduce risk

Pillars: 4 – Strong Cultural Infrastructure; 3 – The Centrality of the Artist

4. **Connect cultural capability to national priorities and cross-government systems**

Enable cultural organisations to participate in cross-government initiatives across multiple sectors, and to access industry and innovation programs, contributing to defined outcomes.

This recognises:
• cultural capability intersects with multiple policy domains
• orchestras contribute to workforce development, wellbeing, education and innovation
• effective cultural policy requires engagement across portfolios

This supports:
• partnerships with education and research sectors
• contributions to health and social outcomes
• participation in innovation and industry ecosystems

Pillars: 2 — A Place for Every Story; 1 — First Nations First

Summary

Together, these recommendations balance:
• economic sustainability
• audience and market expansion
• innovation capability and risk management
• whole-of-government contribution

They position orchestras not only as cultural institutions, but as platforms for cultural, social and economic value, contributing broadly to Australia's national priorities when supported by aligned policy settings.

2. Introduction and Policy Context

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 Symphony Services Australia on behalf of the State Orchestra Six (SO6), a coalition of the six state symphony orchestras (Adelaide Symphony Orchestra, Melbourne Symphony Orchestra, Queensland Symphony Orchestra, Sydney Symphony Orchestra, Tasmanian Symphony Orchestra and West Australian Symphony Orchestra).

Australia's six state symphony orchestras are the nation's largest employers of professional musicians. Together they employ nearly 2,000 people, contribute $158.7 million to GDP, reach about 900,000 audience members each year, and achieved total operational income of $62.4 million in 2024. They operate in every capital city, with a reach that extends across their entire state, including regional and remote communities.

Yet orchestras face structural pressure. Their high fixed costs cannot be scaled down like digital businesses, while operating costs have risen 30–40% since the pandemic. Income is constrained by venue capacity and shifting audiences. Current policy settings do not give orchestras the tools to attract capital, innovate, and grow revenue.

The NCP consultation paper recognises culture as a source of creativity and problem-solving that supports innovation and productivity. Government should now align fiscal settings with that view.

This submission supports those made by its sister organisation, the Coalition of Australian and New Zealand Symphony Orchestras (CANZO) and Live Performance Australia (LPA), of which each of the state symphony orchestras is a member. It 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.

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

ACTION	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.
ELIGIBLE ORGS	Commercial and not-for-profit theatrical and performing arts producers. Modelled on the UK Theatre / Orchestra Tax Relief (TTR / OTR) eligibility frameworks.
ELIGIBLE COSTS	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.
OFFSET / REBATE MODEL	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.
ADMIN MODEL	Mirror the Digital Games Tax Offset (DGTO) (Division 378 ITAA 1997): Arts Minister certification via Smarty Grants; refundable offset or rebate claimed via Australian Taxation Office (ATO) Company Tax Return. Lowest-overhead implementation path available.

NCP LINK	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

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

ACTION	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.
ACTION	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.
ACTION	Establish a co-funded Reserves Incentive Scheme: a federal government investment of $25 million over two years, with matched 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.
ACTION	Reform the operation of the GST-free concession under section 38-250 to better reflect contemporary operating models, including

	allowing eligible ticket sales by charity-endorsed and DGR live performance organisations to be treated as GST-free. The current cost-test methodology 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.
ACTION	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.
NCP LINK	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.

6. Recommendation 3: Enable orchestras to develop new products, services and audiences, and to innovate and take risks

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

ACTION	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.
ACTION	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.
ACTION	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.
ACTION	Require the Arts portfolio and DISR to jointly report annually on arts-sector participation in industry programs and R&D incentives, with improvement targets.
NCP LINK	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.

DGTO DETAIL	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.

7.4 Proposed Action: IGP / NRF

ACTION	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.
ACTION	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.
PATHWAY	NRF priority sector review: policy process; no primary legislation required for the review phase. Legislative amendment is the longer-term track.
NCP LINK	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

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

- **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

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 three case studies drawn from member orchestra R&D activity. Two are operational programs from the Canberra Symphony Orchestra; one documents a capital-barrier case from the Tasmanian Symphony Orchestra that directly illustrates the real-world cost of the R&DTI exclusion. Together they 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 **TSO Capital Barrier** case supports Section 7.1 (The Gap: R&D Tax Incentive) and the Track 1/Track 2 reform pathway, it is the most direct evidence of the exclusion causing measurable harm.
- 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: Tasmanian Symphony Orchestra: Capital Markets Barrier and Emerging IP Project

Primary relevance: Recommendation 4: Connect Cultural Capability to National Systems

Summary

The TSO operates in a city of approximately 253,000 people, with a fixed ticket inventory of around 35,000 seats and 312 playing calls per year. These structural constraints mean the orchestra cannot grow revenue through its core business alone. Its long-term financial sustainability depends on developing IP-based products and services, activities that meet the definitional criteria for R&D investment but are currently excluded from the R&DTI framework.

In 2024, following TSO's donor roadshow, a high-net-worth patron offered R&D funding through a company he had established specifically to fund medical and scientific research, structured to maximise capital growth via the R&DTI. Upon investigation, the patron discovered that TSO was ineligible as an R&DTI recipient under s355-25(2)(d) ITAA 1997. Thus, the opportunity and capital was lost to TSO.

In 2026, TSO is developing a piece of IP the organisation believes will have global significance. Without R&DTI eligibility, TSO must raise $3 million startup capital through philanthropic means, precluding the offer of equity positions or dividend shareholdings – and providing a much less attractive tax offset relative to the R&DTI. This places TSO at a structural disadvantage compared to any equivalent commercial R&D entity.

.

TSO: R&DTI Capital Barrier and IP Development Project	
Organisation	Tasmanian Symphony Orchestra (TSO)
Project type	IP development, commercially scalable product with global market potential (details withheld pending IP protection)
Technical challenge	Development of IP-based product designed to generate revenue beyond the constraints of live performance capacity (35,000 seat inventory; 312 annual playing calls)
Outcome uncertainty	Commercially and technically novel, with outcome, market acceptance and scalability not knowable in advance at commencement
Knowledge generated	Proprietary IP with assessed global significance
Estimated expenditure	$3 million startup capital required; current funding gap due to R&DTI ineligibility
Commercial application	Direct: global licensing / commercialisation of IP output. Indirect: demonstrates scalable revenue model for orchestra sector beyond core concert delivery
Cross-sector partnership	Investor with established R&D funding vehicle (medical/scientific sector precedent); potential university or technology partnerships to be confirmed
Investment barrier	Investor offering R&D capital through established R&D funding company was unable to structure investment under R&DTI, patron withdrew. TSO now unable to offer equity or dividend participation to investors due to not-for-profit structure and R&DTI exclusion

Submission Linkage

- This case study is the most direct available evidence that the s355-25(2)(d) exclusion causes measurable, proximate harm to a specific organisation. It should be cited in Section 7.1 as a named example of lost investment, not merely a structural argument.
- The investor's withdrawal is precisely the kind of competitive neutrality harm the NCP Legislation Review Principle is designed to address.
- The 2026 IP project also supports the Track 1 (IISA determination) argument: if a determination were in place clarifying that technically novel activities by arts organisations are assessed on the nature of the activity, TSO's project would likely qualify immediately, with no legislation required.

Case Study 2: 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)	
Organisation	Canberra Symphony Orchestra (CSO) with Goodwin Aged Care Services and University of Canberra
Program name	Music and Memory Pilot
Year delivered	2020 (truncated due to pandemic)
Technical challenge	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
Outcome uncertainty	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
Experimental method	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
Knowledge generated	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

Estimated expenditure	To be provided by CSO, including CSO staff time, musician costs, program coordination, and any data collection costs attributable to the research component
Commercial application	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
Cross-sector partnership	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
Program status	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 3: 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)	
Organisation	Canberra Symphony Orchestra (CSO), program led by Kristen Sutcliffe (bassoonist and audiologist)
Program name	Rediscovering Music
Year commenced	Pre-2025; expanded to Sydney and Goulburn in 2025
Technical challenge	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
Outcome uncertainty	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
Experimental method	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)
Knowledge generated	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

Estimated expenditure	To be provided by CSO, including Kristen Sutcliffe practitioner time, program delivery costs, and any costs attributable to the formal research development phase
Commercial application	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
Cross-sector partnership	Arts (CSO) + Health/Hearing Science (audiologist-practitioner; formal research collaborators to be named); expansion to multiple cities demonstrates proof of geographic scalability
Program status	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.