

DIY super changes hit collectors

Emily Parkinson

Hans Sip is getting out of the art market as soon as his 350-work, \$2 million-plus Aboriginal art collection gets back from overseas.

The star pieces from the collection the Melbourne finance broker has amassed since he bought his first painting, *Napperby Dreaming* by Clifford Possum, 15 years ago, have been touring public museums for the past six months care of the Italian Ministry of Culture.

Most of the collection is held as assets in Sip's self-managed super fund. The 60-year-old pays himself a pension by divesting works and, despite softness in the indigenous art market recently, says the fund has outperformed the sharemarket over the past 15 years.

But strict new laws governing investments in art by do-it-yourself superannuation funds have made it "all too hard", he says.

Under new regulations applying from July 1, investors such as Sip are not allowed to lease artwork, must submit yearly valuations and comply with strict new storage codes preventing works from being held at his private residence or that of related parties.

The upshot is that he would have to rewarehouse his collection within the five years allowed to comply with the new code.

"Who's going to invest in art when the provisions for warehousing are going to be so expensive?" he asks. "If there are enormous costs involved in holding all that art at arm's length somewhere — and then getting an auditor in and so forth — the attraction of investing in art for retirement is zero."

Such stories are part of a crisis of confidence for self-managed super funds investing in art that began with a new code for acquiring and holding art for retirement purposes as part of the Cooper Review of Australia's super industry in June last year, says Tom Lowenstein of Lowenstein's Art Management.

Lowenstein — who successfully lobbied for a retraction of the laws prior to the last federal election,

before amended guidelines were reintroduced in February — says the policy has undermined already precarious confidence in the Australian art market.

"I'm surprised at the strength of the market overseas in places like France and Italy and Hong Kong, where sales at the recent art fair were quite significant, but here in Australia you have every second art gallery complaining — there's a negativity in our market that revolves around the question of confidence and uncertainty," Lowenstein says.

Collectors are already selling and if that selling escalates, he warns, the effect on an already fragile art market could be catastrophic.

"There is somewhere in the vicinity of \$700 million worth of art held by super funds. If, over the next five years, they have to suddenly divest, that would create a tremendous load

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on the art market. That threat alone is why some people are considering getting out."

But others see opportunity in that complexity: Melbourne art auctioneer Leonard Joel recently launched a new valuation service targeted at SMSF investors or, more specifically, those that advise them.

Accountant and fine art valuer Michael Fox will head the department, which will liaise between client, accountant, financial planner and lawyer.

Leonard Joel managing director John Albrecht says helping investors and their advisers navigate the new regulatory environment will also help avoid panic selling.

"A lot of private clients are asking their brokers about this area and their brokers, with no disrespect, generally struggle because they don't feel there's anyone to go to.

"We want to professionalise that so they can pull in our expertise on an hourly basis to assist."



(Curiosities) by Danie Mellor has been reserved by the AGSA.

of surviving ng times

and tighter purses are doing it tough but some
ites **Brook Turner** and **Katrina Strickland**.



and Child is by Sam links.

well but for most mid-career and emerging artists, people are saying, 'I don't need to buy that now, there will be another show, I'll buy then.'

Jan Murphy, owner of yet another eponymous gallery just up the road, confirms a "particularly rough" first six months to the year. But her current show of 2009 Telstra National Aboriginal and Torres Strait Islander Art Award winner Danie Mellor has virtually sold out, with one of the largest works, priced at \$36,000, reserved by the Art Gallery of South Australia.

Similarly Philip Bacon's William Robinson show, which coincides with a survey of the 75-year-old artist's work at the Queensland University of Technology Art Museum, is also selling well — including a handful of landscapes priced