

BUSINESS

Super review brushes off art market

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DABBLERS in the art market are not the only ones to be disappointed/annoyed/furious/inconsolable that paintings are included in investments excluded from self-managed superannuation funds by the Cooper review of the super industry.

The art auction business in Australia was hit by a global recession in the early 1990s, when it dropped to less than \$20 million a year.

It rebounded to a peak of \$175 million in 2007 before the global financial crisis saw it drop to only half that last year.

The market was showing strong signs of recovery this year, but faces another slowdown because of concerns that some European countries are struggling to meet their debts.

Financial markets are tumbling and the major auction houses will see a significant number of investors leave their rooms if the Rudd Government adopts the Cooper review recommendations.

A ban on SMSFs from owning paintings as well as jewellery, rare coins, antiques and even racehorses may not be attracting the attention given to the rent resources tax, but the recommendations could pull down the price of artworks in the auction rooms.

If adopted by the Rudd Government, the Cooper review recommendations would mean that self-managed funds would have to liquidate their holdings over a 10-year period.

The ban could also mean that more than \$100 million would be taken out of the market when paintings bought at galleries and through dealers were taken into account.

The first question must be why a ban? The answer would seem to be that Jeremy Cooper and his review panel do not consider such items to be "prudential" investments.

But that is a matter of opinion.

If you want to invest in a painting or a racehorse, why not?

Investing in slow racehorses might be seen as an unlikely financial instrument, especially by their mostly disappointed owners, but paintings would seem to deserve another look.

Under the existing rules, art works must be stored so they cannot be looked at as anything other than an investment.

This is shortsighted to say the least and inspectors knocking on the doors of people who manage their own superannuation funds to see if the paintings are hanging on their walls or safely stored in a darkened cellar is hardly practical.

But the real reason for including artworks is probably because it is too difficult to make the argument that jewellery and racehorses should be banned if paintings are excluded.

A **Save Super Art** campaign has held meetings in Melbourne and there is to be another in Sydney today.

The auction houses are likely to find it difficult to cope with changed conditions, particularly smaller players such as Mossgreen Auctions.

Mossgreen's autumn auction series starts on Monday with Australian and international art followed by the collection of Robert Bleakly.

Bleakly, a former head of Sotheby's in Australia, is selling more than 100 Aboriginal and tribal pieces including a magnificent carved Solomon Islands Bonito Fish Effigy with an estimate of \$20,000 to \$30,000.

The catalogue cover for the four-day sale is Sali Herman's Argyle Place in Sydney with the harbour bridge in the background.

If the painting sells near its upper estimate of \$120,000, it will break the record for the artist, which stands at \$96,000 for Aboriginal Burial Grounds, Melville Island I, sold at Christie's in Melbourne in 2000.

The contents of Miegunyah, one of Melbourne's grandest houses, will be sold the following week together with a collection from South Australia.

The contents of Werrington House in Sydney will be offered later in the month.