

Changes to super rules upset art market

LINDA MORRIS

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GALLERY owners, artists and dealers have united to campaign against proposed changes to Australia's superannuation system that would prohibit self-managed super funds investing in art.

The Australian Artists Association lobby group has warned of "disastrous" consequences for the commercial art market if the federal government backs plans to categorise art as a collectable - alongside antiques, cars and golf club memberships - and exempt it as an investment vehicle for DIY investors.

The government's Cooper review of superannuation has proposed a ban on art investment for the 420,00 self-managed super funds and a 10-year grace period for investments to be divested. Rules for pooled and industry funds would remain unchanged.

A Sydney gallery director and consultant, Michael Reid, said the proposal had created damaging uncertainty in the commercial art market. He knew of one client who wanted to sell two works, fearing any rule changes would depress prices.

In the long term, any change is likely to affect prices at the top end of the market, such as works of Arthur Boyd, Brett Whiteley and Charles Blackman, which attract prices exceeding \$50,000 and make substantial capital gains for investors.

Susan McCulloch, co-author of *McCulloch's Encyclopedia of Australian Art*, said indigenous artists and their communities would be affected.

"Take \$100 million away from the art market and the effects will be devastating for visual artists, suppliers, indigenous communities, and small businesses," she said. "The most significant impact is likely to be on Aboriginal artists and their communities whose livelihood will be severely and immediately affected."

Reid said the ruling could not come at a worse time for the commercial art market. It was still recovering from the global financial crisis, which had crunched the discretionary income of wealthy buyers.

Galleries have yet to assess the impact of the federal government's resale royalty scheme. As from today, all works of art by living artists and those who have died since 1941 will be subject to a resale royalty of 5 per cent when next sold.