

Final Cooper Report Recommends Ban on Artworks in Super Funds

By Michael Fox, on 05-Jul-2010

The final report of the Cooper Review into Superannuation, delivered to Government yesterday has now called for legislation to ban self-managed super funds from investing in art and requested a shorter time period for super fund art collections to be divested than it previously recommended in April.

Julia Gillard may have to add the arts portfolio to her growing to-do list of correcting Rudd Government mistakes and unintended consequences with the timing of this report only adding to the anger and frustration of the Australian art market. It is less than unfortunate to release the Cooper Review a month after the flawed introduction of the resale royalty scheme.

Cooper now wants the ban on artwork purchases to apply from the moment it is legislated with no period of grace and for a period of only 5 years from the statute date for all super funds to sell their collections. Large APRA-regulated funds will be exempted from these changes.

Self-managed super funds (SMSFs) who wish to continue in the art market are presented with little or no choice to do so. Cooper's report says that a SMSF can convert to a Small APRA Fund (SAF) during the five-year divestment period but in reality this will mean trustees will have to surrender control of their investments and more telling is the fact that the few SAFs on the market will not accept artworks in any case.

The Australian Artists Association, which is auspicing the Save Super Art campaign, last week released best practice guidelines for SMSF art investments in conjunction with The Self Managed Super Funds Professionals Association (SPAA). These guidelines should address the regulatory concerns of the final report.

"Artwork is a viable investment option for many SMSF trustees and so SPAA urges caution on measures outlined by the Cooper Panel which seek to restrict how self managed super assets can be invested", said Andrea Slattery of SPAA.

Save Super Art will be holding meetings with the arts and

superannuation ministries over the next two months, when the Government will be making their final determinations about the Cooper Review. The Shadow Minister for the Arts, Steven Ciobo MP, last week stated that a Coalition Government would rule out these recommendations:

"Only the Coalition supports a strong and sustainable superannuation system and a prospering Australian art sector. Labor believes they must be mutually exclusive."

To make a comment about the final Cooper Review recommendations please visit www.savesuperart.org.au and an email can be sent to the website, Jeremy Cooper, the Government and the Opposition.

We strongly believe that these recommendations, made without consultation, lacking evidence and directly contradicting other key tenets of this review will never be legislated if the arts industry expresses its concerns loudly enough while there is time enough to do so.

About The Author

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The Australian Art Sales Digest is published by John Furphy Pty. Ltd., Melbourne, Australia.