

10 October 2006

Dr. Ian Holland
Secretary
Environment, Communications, Information Technology and the Arts
P. O. Box 6100
Parliament House
Canberra ACT 2600

RE: Inquiry into Australia's visual arts and craft sector

Thank you for your letter of 13th September 2006 addressed to my colleague Wally Caruana and myself. Mr. Caruana will reply under his own steam.

As I read it, your letter poses a number of questions designed to illicit an understanding as to the overall size of the Indigenous art market; Caruana & Reid Fine Art's role within that industry; the art sales commissions that we charge and so on. All fairly nuts and bolts issues to begin with. Along side answering these more general questions, I will however, also take this opportunity to focus on the pressing concern of what to do about all the down right crooks involved in the buying and selling of Aboriginal art.

1. The general size and reach of the Australian art market

The size and growth of the Australian art market is relevant to an understanding of the size and growth of the Indigenous art market. The growth rates for both markets are similarly robust.

The Australian art market is growing at a phenomenal rate. This is not anecdotal hearsay but art industry fact. We have witness the longest, sustained financial boom in Western history, an unprecedented accumulation of discretionary income, and one that has witnessed vast sums of money awash in the domestic art market. The turnover of the Australian art market at auction in 1995 was a \$27.1 million dollars; the turn over in 2005 was \$93.14 million dollars. The market has sustained three record-breaking art sold at auction years, in the last five.

Over the same near decade, quality art sales in galleries have jumped from around \$100 million dollars a year up to the present where many, many hundreds of millions of dollars in quality art is now traded routinely across the nation- possibly \$400 million dollars worth a year. And having recently co-authored *Reid's Guide to Australian Art Galleries*, Allen & Unwin, 2005 I have for the first time been able to obtain an overview of the art world players who are contributing to this astonishing turnover. There are literally hundreds of galleries out there vying for our attention, with spaces opening (and some rapidly closing) all over the country. An interesting facet of the research is that on closer analysis of the art gallery start up dates, you soon realise that there are only around thirty galleries- out of the 800 we canvassed- in the whole of Australia who have had the door open more than twenty years.

So, on anyone's reading of the numbers, in financial terms alone the sale of art has developed into a significant and growing industry, one of general importance to the wider community and economy. Last year the value of Aboriginal art sold through auction houses (both at auction and private treaty sale) exceeded \$10 million dollars, up from \$175,000 in 1992. By our estimation quality retail sales through art galleries would be five times that amount.

In terms of art sales and our first people, art is now culturally and financially central to the livelihoods of a fair swag of Aboriginal people- particularly in the Top End. Art and the notion of 'cultural revival is survival' has been the single most significant driver to elevate Aboriginal people from almost abject obscurity some twenty years ago, to their important presence today on the world stage. Art matters.

Irrespective of the general vagaries of the economy, there will be no significant going backwards for either the Australian or Indigenous art market. Over a decade ago, wanting to better understand their business, Christie's London undertook a study, which concluded that worldwide, 1.2 per cent of the population collected art or antiques in any serious manner. I worked for Christie's London at the time, and the outcome of this study was widely known and discussed amongst staff. Today much has changed. From my experience 5 per cent plus of Australians spend significantly on art and antiques. Another 5 per cent would identify themselves as interested in buying art and or as art collectors.

This acceleration in art buying has occurred over the last five years to some significant degree as a result of a surging real-estate market. The national (and particularly Sydney) fascination with all things housing-stock has stimulated a relatively new parallel economy in life style programming. The how we should live our lives or more pointedly how should we spend our discretionary income- within the house- style of media has aggressively emphasised the importance of the home interior. Nightly renovation TV programs invade the homes of millions of consumers outlining the importance of such issues as colour and art. As a consequence of all this focus on the house, the art market has to no small degree been democratised- rapidly growing, as a far wider section of the community has been lead to a greater appreciation of owning your own quality art. For this we give thanks.

And let us not forget the up and coming generations X & Y. Having taught this on the whole well-manicured and well-educated bunch of optimistic funksters, there is no doubt in my mind that although as a group they tend to have the attention span of a stunned gold-fish, they are without peer the most visually literate generation to walk the planet. Having grown up in the computer age, where information on the World Wide Web is conveyed more through pictures than words, generations X & Y are visually astute and rushing headlong to participate in our art market.

2. What are we going to do about the on-going shenanigans within the Aboriginal art market, actions that greatly undermine the very existence of the market?

There should be no doubt in anyone's mind, that in terms of the contemporary Aboriginal art market, the Indigenous art economy has come to a significant fork in the road.

Heading towards the high road are those art industry players whose behaviour can be described as professional and who are transparent and respectful in their dealings with indigenous artists. This group of art dealers by and large source artworks through Aboriginal run and owned associations.

Heading down the low road are those backyard art distributors, largely based in Alice Springs and Darwin, who use a one-on-one relationship with Aboriginal artists outside the community-based and Aboriginal run arts organisations and abuse any semblance of fair exchange. The nuts and bolts of the issues surrounding the exploitation of Aboriginal artists was adequately outlined in Nicholas Rothwell's timely article entitled, *Art of Exploitation* (The Australian, Saturday 7th March, 2006). My colleague Wally Caruana and I also directly addressed this issue in, *How to Buy and Sell Art*, Allen & Unwin, 2004. We have been banging on about this issue for some time

Many Australians particularly in the Northern Territory would well understand that a strong Aboriginal art economy has had a profoundly positive impact, both economically and socially, on the lives of all Territorians. The bulk of the best of contemporary Aboriginal art (most of which comes out of the Northern Territory) is currently at serious risk of having its provenance and reputation soiled in the market place as collectors and art museums become increasingly aware of the actions of a growing number of backyard distributors.

The Carpetbaggers use standover tactics- it is not unsurprising that many Carpetbaggers are former Northern Territory police officers- to physically intimidate Aboriginal artist to paint exclusively for the backyarders. Painting in corralled conditions, that scream of the artis being unable to leave the painting shed of their own free will. In such an environment artists are coerced into painting in a factory like manner- having to actually ask permission to go to the bathroom- an assembly line of artworks are churned out, of obviously poor quality. God only knows how much and if at all many artists are paid- as an artist's "keep" is regularly deducted from the purchase price. Many of the more elderly artists are both illiterate and innumerate and payment in cash in mixed denominations all but prohibits many artists from crosschecking the value of payments received.

The ramifications in regards to the rise and rise of the Carpetbaggers have been much discussed down South- for some years. Should collectors withdraw even a portion of the discretionary art funds from Aboriginal art acquisitions, as a result of these growing concerns, then the contemporary Aboriginal art economy could well take a confidence hit that it may not readily recover from.

In the face of this most significant crisis of ethics, confidence and quality, may I suggest a matrix of solutions?

2.1 To begin with, resources could be allocated to educate artists and collectors alike, on the importance of the Indigenous art economy to all Australians and the added responsibility when buying Indigenous art of dealing with art buyers and sellers who are transparent and open in their dealing. The whole Carpetbagger problem, to some extent must be the shared responsibility of artists, collectors and the dealing

community;

2.2 The formal accreditation of art dealers is a most important and long overdue accreditation process. Doctors, dentists and builders are all accredited to statutory industry bodies- and so should all art dealers. The accreditation body should be a semi-government authority, one with teeth to regulate the conduct of members.

2.3 There needs to be enhanced monitoring of the arts industry, by existing authorities, within the existing legislative framework. The various specific law enforcement agencies (for fraud; coercion etc), the tax authorities (for the off-sheet economy); Occupation Health & Safety people (to undertake workplace inspections) and so on should all be asked to focus on the arts industry. The arts industry could easily be regulated, if those authorities, charged with regulation, were more aware of the situation and just did their job.

That would be a good start.

I would be more than delighted to discuss this matter in person with the committee- just call.

Mr Michael Reid