



26 August 2004

Mr Mark Taylor
General Manager, Arts and Regional
Department of Communications, Information, Technology and the Arts
GPO Box
CANBERRA ACT

Dear Mr Taylor

Thank you for inviting comment from Arts Tasmania on the *Report of the Contemporary Visual Arts and Craft Inquiry* resale royalty scheme. In responding to your request for feedback to the resale royalty discussion paper, on the DCITA website, we have approached a number of established contemporary Tasmanian visual artists and galleries to ascertain their response to some of your questions for implementing a resale royalty scheme in Australia.

Five artists and two gallery owner/managers from Tasmania (names withheld) were consulted and the following feedback has been provided for you from their responses.

1. Whether or not Australia should introduce a resale royalty?

The overall response to this question from those consulted was that some sort of resale royalty scheme should be introduced in Australia. However, the degree of support altered with each response, with working artists being more in favour of implementing a scheme than gallery owners who were at times seemed dubious about the implications of such a scheme.

One of the artists consulted comments, 'Given the recent secondary market, artists would benefit from (re)sales involved with that market that they are currently unable to benefit from. Unless an artist sells direct to the auction houses the artist has no way, currently, of benefiting from often inflated auction sales. Therefore, a resale royalty scheme would be significant for the contemporary art scene and when implemented should examine the current level of increase in resale prices at some galleries and particularly some auction houses. A resale royalty scheme should also be considered to be fair to use for all stakeholders.'

Another artist states the following similar to the first suggestion, 'It is a good idea to implement such a scheme, particularly with recent market trends towards Aboriginal art. The current gap that occurs between the increased sale prices of work over years definitely needs to be addressed. A resale royalty scheme may also go a long way to stop a perceived exploitation of artists by the big auction houses and dealers.'

A Hobart gallery owner comments, 'It appears that the introduction of a resale royalty is inevitable. It will be difficult to administer, time consuming and will make running a business more costly.'

2. What form an Australian Resale royalty scheme should take?

Most of the artists and gallery owners consulted had mixed ideas for the actual implementation of a resale royalty scheme, many considered the process of identifying the right method to form a scheme in Australia too complicated and made no comment, however one artist suggests, 'The resale royalty scheme should be introduced with a ceiling on it, something like on all items valued at \$20,000 and above with a separate cap for small gallery owners and dealers, who maintain small businesses.'

Another artist suggests 'It should operate as a percentage of the resale, something like 10 to 20 percent for auction houses with a lesser percentage applying to smaller galleries, due to their administrative capacity. It is a concern that a resale royalty would be a very bureaucratic process, however an independent collection body could be a possible solution.'

One small gallery owner states that he believes the implementation of the scheme will be 'beyond his control', insisting that 'the Government will decide their own method of implementation.' He believes that 'it will add another layer of cost to the sale of art and that the market will have no real say in the implementation of the scheme.' He felt very pessimistic about the scheme and added that currently he finds running a business more difficult due to the increase in Governmental procedures for small business operators. He comments that he used to employ a bookkeeper half a day a week, however he now needs to employ someone for up to two days a week to keep up to date with small business guidelines, 'A resale royalty,' he suggests, 'will probably increase this workload burden and add further strain on his business.'

3. How a resale royalty scheme should operate?

Most of the artists and gallery owners consulted commented that a resale royalty scheme, if implemented, should be fully legislated. A Hobart artist suggests 'A resale royalty scheme could be difficult for galleries to administer, therefore the scheme should either be fully legislated or not at all, as galleries will avoid it where possible, maybe it could be introduced for high profile galleries, dealers and auction houses with a cap operating depending on the size of the business.'

Another artists adds, 'The scheme should be legislated, otherwise auction houses and galleries will try and avoid it. A resale royalty scheme will not work successfully if any other approach is taken.'

A third artist states, 'I would prefer a fully legislated scheme and would support royalty payments to the artist (living) and/or estate. I would also hope that the introduction of such a scheme would help to stamp out some rather dubious dealings within the secondary market.'

A gallery owner states, 'The resale royalty scheme could not operate if not made legislation, as the majority of galleries will not become involved otherwise. If it ran on goodwill, the galleries will avoid it where possible.'

Another gallery owner states, 'The introduction of a resale royalty scheme will add another layer of bureaucracy to an already complicated business administration procedure.' The

gallery owner continues, 'I am not dead-set against the concept for artists and I believe the resale royalty scheme has merit for them, however I believe it will be another bureaucratic hurdle and more of a nuisance than what it is worth for my organisation.'

4. Whether or not alternative means of support for visual artists are more appropriate?

When asked to comment on the above question, most artist's and gallery owners stated that they did not know enough detail about each of the various international models currently in operation, however one artist states, 'The introduction of a resale royalty scheme for Australia should be considered only in terms of how it may work in an Australian context, and who ever eventually will implement the scheme should very carefully consider this factor.'

Overall the majority of the artists and galleries felt that the introduction of a resale royalty scheme would benefit the visual arts and crafts sector and should be introduced, however concern was shown regarding which model should be introduced into Australia and the effect that it may have on small business owners.

Thank you again for the opportunity to comment on the resale royalty scheme. We have found this a useful process in further understanding the visual arts and craft sector and facilitating improved communication between artists and the arts industry in Tasmania.

I trust that this information proves to be useful, and if you require any further information, please do not hesitate to contact me.

Yours faithfully

David Edgar
Program Officer