



Australian Government
Office of the Registrar of
Indigenous Corporations

AT THE HEART OF ART

A snapshot of Aboriginal and Torres Strait
Islander corporations in the visual arts sector



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Cover image: Weavers and their work. Trip to Amata and Ernabella to complete the 'Heaven and Hell' commission for Tandanya Gallery. Works were included in the Adelaide Biennale exhibition 2012.

Photo: Jo Foster/Tjanpi Desert Weavers





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Summary

This report examines the Aboriginal and Torres Strait Islander visual arts sector over the past four financial years using information gathered by the Office of the Registrar of Indigenous Corporations (ORIC). Each of the 101 corporations analysed as part of the sample group is registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act).

As at 31 May 2012, there were 2365 Aboriginal and Torres Strait Islander corporations around the country registered under the CATSI Act.



Ngulpun Gagaith
(image of mask)
by Laurie Nona
(570 mm x 775 mm)
Photo: Badu Art Centre

The key findings

- Corporations generating the highest average revenue from art sales are located in South Australia, Western Australia and the Northern Territory.
- Although the visual arts sector experienced a rapid growth over the past three decades, there has been a noticeable downturn since 2007 as evidenced by the following:
 - 52.1 per cent reduction in average art sales revenue generated per corporation
 - 31.2 per cent reduction in average total assets owned by corporations
 - 35.0 per cent reduction in average total equity per corporation.
- The global financial crisis (GFC) has had a major impact on the visual arts sector.
- The average number of people employed by corporations operating exclusively in visual arts has steadily risen—from 1.83 full-time equivalents (FTE) in 2007–08 to 4.5 FTE in 2010–11.
- Common characteristics of corporations involved in visual arts are:
 - membership of one or more peak industry body
 - registered for tax concessions and/or exemptions
 - adapted their rule book to reflect the specialised nature of their activities
 - most directors are women
 - they operate an ‘open door’ policy—any community member is welcome to participate in art activities
 - they offer materials and services such as providing workspaces, art supplies, secure storage and marketing opportunities.



Camp dog by Sylvia Campion (natural earth pigment on pandanus), 2006. Photo: ORIC

The CATSI Act

The CATSI Act came into effect on 1 July 2007. Corporations registered under the CATSI Act must be owned and controlled by Aboriginal and Torres Strait Islander people. The Registrar of Indigenous Corporations is an independent statutory office holder appointed by the Minister for Families, Community Services and Indigenous Affairs to administer the CATSI Act. The Registrar is supported by ORIC to regulate corporations which are registered under the Act. ORIC also provides corporations with a range of tailored services.

The Registrar's principal aim is to build strong corporations, strong people and strong communities.

The Registrar's statutory functions are set out in section 658-1(1)(h) of the CATSI Act. One of those functions is to conduct research in relation to matters affecting Aboriginal and Torres Strait Islander corporations. This report has been prepared under that statutory function.

Data

The data in this report comes from general and financial reports lodged with the Registrar. ORIC also surveyed 39 corporations about topics not covered in general and financial reports. The accuracy of the data relies on the quality of the information provided to the Registrar.

Averages have been calculated by using the number of corporations that provided financial information for a particular financial year. Those that did not submit this information have been excluded from parts of the analysis to ensure that financial information and averages remain accurate.


Definition of visual arts

In this report 'visual arts' refers to a branch of arts and culture which is involved in the making of original pieces. It exclusively refers to Aboriginal and Torres Strait Islander visual arts.

Artworks are produced using a range of techniques and mediums including but not limited to painting, drawing, etching, sculpting, screen printing, weaving or are photography, basketry, pottery or jewellery. The definition also includes the making of traditional cultural artefacts, such as spears, boomerangs, canoes and fish traps.

Artworks may be made in accordance with traditional practices. Equally, they may be made using non-traditional methods and materials as long as they incorporate some traditional elements (e.g. designs and motifs passed down through clan lines).

For the purposes of this report visual arts do not include the making and selling of imitation and mass-produced items destined for the tourist market. Souvenirs, such as printed tea towels, fridge magnets, stuffed animals, stickers, key rings or bamboo didgeridoos made in Asia are not included as part of the Aboriginal and Torres Strait Islander visual arts sector for the purposes of this report.



Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council Aboriginal Corporation

Tjanpi Desert Weavers ICN 2043

Art profile

Making opportunities

Almost 600 women, from 28 communities covering 350 000 square kilometres and reaching across three states, have sold their fibre work to the enterprise known as Tjanpi Desert Weavers which began in 1995.

They are all part of the famed Ngaanyatjarra Pitjantjatjara Yankunytjatjara lands (NPY lands) where the South Australian land rights struggle took place in the 1970s.

During consultations over land rights, many women felt that their views were ignored so they established their own organisation—NPY Women's Council. The members expressed a need for income opportunities for women out on the NPY lands.

Tjanpi Desert Weavers began as an experiment. The then NPY Women's Council coordinator Maggie Kavanagh and staff member Thisbe Purich tested a new idea for a possible source of income for the women—a coiled basketry technique using locally harvested grasses or *tjanpi*.

While grass weaving was not a traditional skill the women were experienced in spinning human hair, animal fur and wool, and so took to grass weaving with ease and enthusiasm.

Since then, Tjanpi Desert Weavers has gone from strength to strength, including winning the Telstra National Aboriginal and Torres Strait Islander Art Award for its life-sized grass sculpture of the *Tjanpi Toyota* in 2005.

The art and economic benefits it brings is of course important but Tjanpi Desert Weavers is also a social enterprise. Manager Michelle Young explains it's about social, health and cultural benefits. 'We take a holistic look at how we can improve the lives of women by finding meaningful employment opportunities on the lands, so that they can remain on country.'

All of the fibre work is bought outright by the corporation so that the women receive an immediate benefit. The artists receive a third of the retail price while as much as possible is invested in supporting artists out on the NPY lands. Tjanpi also wholesales artworks to commercial galleries, retail spaces and public institutions across Australia.

Many of the artists are forging high-profile reputations in the art world.

For more information
www.tjanpi.com.au



There are skills development workshops every year. The hope is that by developing their skills the young women will also have an opportunity to make money, and stay as strong members of their community.

The famous life-sized grass sculpture *Tjanpi Toyota* which won the Telstra National Aboriginal and Torres Strait Islander Art Award in 2005. Photo: Thisbe Purich/Tjanpi Desert Weavers



Workshop outside Warakurna. Tjanpi Desert Weavers is concentrating on nurturing the next generation and is enlisting the support of grandmothers to teach young women fibre work. Photo: Tjanpi Desert Weavers

Profile of the Aboriginal and Torres Strait Islander visual arts sector

Artists

The Australian Bureau of Statistics (ABS)¹ indicates that of the Aboriginal and Torres Strait Islander population aged 15 and over:

- a higher proportion living in remote areas (22 per cent) engage in visual art activities compared to those living in non-remote areas (16 per cent)
- 20 per cent of females are involved in visual arts compared to only 14 per cent of males
- different age groups participate in visual art activities in a similar proportion (16 per cent for 15–34 years and 18 per cent for 35 years and over).

Income

The visual arts sector provides a significant source of income for Aboriginal and Torres Strait Islander artists, particularly for those living in remote or very remote areas where employment opportunities are limited. Unfortunately, it is not possible to obtain accurate figures on the exact worth of the sector for the simple reason that many artists do not operate within a formal structure. The visual arts sector is not usually treated as distinct within the broader arts industry—art outlets are ‘generally counted with retailers of a range of other items in any business listings’.²

Nevertheless, an attempt is made here to provide an analysis based on the limited information offered in the literature on the overall value of sales in the sector. The figures provided in table 1 and graph 1 suggest that the sector experienced strong growth over a period of 28 years (1979–2007).

Table 1—Increase in revenue generated by the visual arts sector

Year	Revenue (\$m) ^a
1979–80	2.5
1989	18.5
1995	60
1999–2000	142.4 ^b
2002	200
2007	400–500

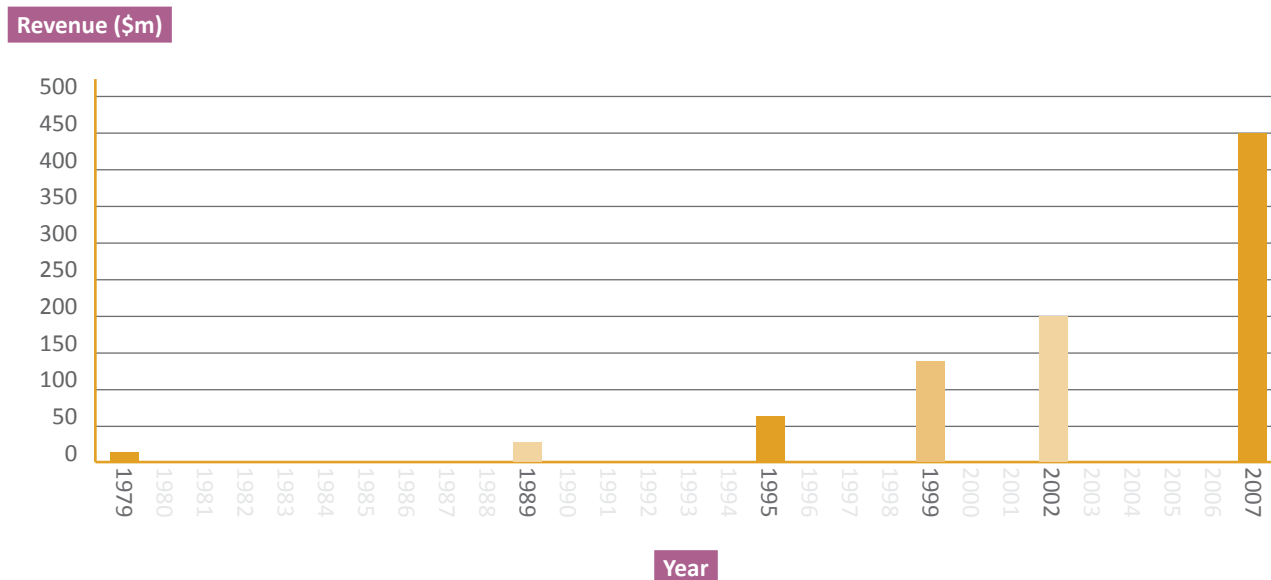
Note: Figures are available only for years shown. There has been no yearly data published by the ABS or other government agencies about revenue generated by the sector.

- a The Senate Standing Committee on Environment, Communications, Information Technology and the Arts, *Indigenous art: Securing the future*, June 2007, pp. 5–10, 16.
- b *ibid.*, p. 7. This figure has been arrived at by multiplying \$35.6 million (sales generated through commercial art galleries) by four—as commercial art gallery sales are estimated to represent only a quarter of the total market.

1 Australian Bureau of Statistics (ABS), *Arts and culture in Australia: A statistical overview 2011*, cat. no. 4172.0, 19 December 2011, ‘Participation and attendance’ section.

2 ABS, *Arts and culture in Australia: A statistical overview 2009*, cat. no. 4172.0, 21 October 2009, ‘Organisations’ section.

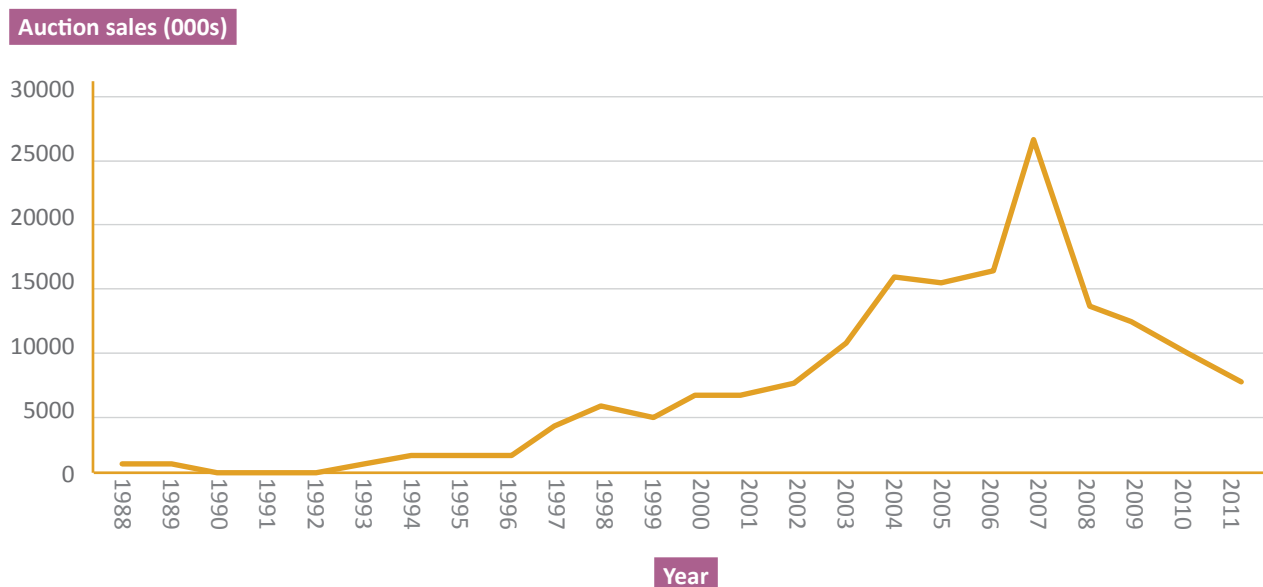
Graph 1—Increase in revenue generated by the visual arts sector



Note: Figures are available only for years shown.

This exponential growth in art sales revenue is paralleled by data available on revenue generated from the sale of Aboriginal and Torres Strait Islander art through auction houses. Records on auction sales are available on a yearly basis from 1988 onwards.³ As shown in the graph below, sales were moderate between 1988 and 1996; however, there was a significant growth between 1997 and 2007.

Graph 2—Total revenue from auctioned art by Aboriginal artists



³ *Australian art sales digest*, John Furphy Pty Ltd, Melbourne, 2012 at www.aasd.com.au/AnnualAuctionTotals.cfm.



Funding

The Australian Government released its *Indigenous economic development strategy 2011–18* on 19 October 2011. The strategy is an Australian Government policy framework that aims to support the increased personal and economic wellbeing of Indigenous Australians through greater participation in the economy. Some of the initiatives contained in the strategy seek to promote the Indigenous visual arts sector.⁴ The relevant initiatives include:

- Providing support for nearly 600 jobs in the arts and culture sector for Indigenous Australians through the Indigenous Employment Initiative, including 308 arts worker positions.
- around \$11 million per annum to support the operations of over 80 Indigenous-owned art centres and industry service organisations through the Indigenous Visual Arts Industry Support (IVAIS) program.⁵ The funding can also be used to develop the professional skills and experience of Indigenous artists, art centre staff, artists and board members.⁶
- Implementation of the voluntary Indigenous Art Code which provides a benchmark for ethical trading within the Indigenous visual arts sector.
- \$2 million to support professional development and training in the Indigenous visual arts sector. Funding has been delivered on a matched basis with states and territories and, to date, 30 activities have been supported with combined funding of \$2.5 million.

- Implementation of the *Resale Royalty Right for Visual Artists Act 2009*. Since the scheme started on 9 June 2010 it has generated \$730 000 in royalties for over 470 artists. To date, over 60 per cent of the royalties paid have been for Indigenous art.

Funding provided under the IVAIS program over the past four financial years is shown in table 2.

Table 2—IVAIS funding

Financial year	Funding (\$m)
2007–08 ^a	8.70
2008–09 ^b	8.23
2009–10 ^c	10.67
2010–11 ^d	10.70

- a This includes \$1.0 million Special Initiative funding and \$0.31 million Visual Arts and Crafts Strategy funding.
Source: Department of the Environment, Water, Heritage and the Arts, *Annual report 2007–08*, 2008, at www.environment.gov.au/about/publications/annual-report/07-08/outcome4-arts.html.
- b Source: Department of the Environment, Water, Heritage and the Arts, *Annual report 2008–09*, 2009, at www.environment.gov.au/about/publications/annual-report/08-09/outcome4-arts.html.
- c The increase reflects the 2009–10 Budget measure of \$9.9 million over four years for the sector which included increased funding to the IVAIS program, \$2.0 million for professional development activities and \$0.544 million for the Indigenous Art Code.
Source: *Closing the gap: Prime minister's report 2010*, February 2010, at <http://www.fahcsia.gov.au/our-responsibilities/indigenous-australians/publications-articles/closing-the-gap/closing-the-gap-prime-ministers-report-2010>.
- d Source: Office for the Arts, Department of Regional Australia, Local Government, Arts and Sport, at www.arts.gov.au/indigenous/ivais.

To see the graph showing IVAIS funding go to page 31.

4 Department of Families, Housing, Community Services and Indigenous Affairs, *Indigenous economic development strategy 2011–18*, 2011, pp. 70–2, at <http://www.indigenous.gov.au/ieds/>.

5 IVAIS was introduced in October 2011 and replaces the National Arts and Crafts Industry Support (NACIS) program. Office for the Arts at www.arts.gov.au/indigenous/.

6 IVAIS, www.arts.gov.au/indigenous/ivais.

Aboriginal Corporation for Frankston and Mornington Peninsula Indigenous Artists

Baluk Arts

ICN 7205

Art profile

Getting started

Securing a position in the market can be a hard slog for newer corporations.

Often they have few experienced artists and many emerging ones—which means they must not only build a name and reputation for themselves but also develop their artists.

In 2009 Baluk Arts incorporated under the CATSI Act as the Aboriginal Corporation for Frankston and Mornington Peninsula Indigenous Artists. In 2011 it moved into its new premises on Victoria's Mornington Peninsula.

With up to six experienced artists who form the core, including renowned stencil artist Dan Kelly, Baluk Arts produces excellent ochre on paper works. But the majority of artists (up to 30) are emerging. A youth program is nurturing a further 25 young artists.

This means certainly in its early years, revenue will build slowly because, as manager Tracey-Lea Smith says, 'Much of our work is developmental.'

Yet Baluk Arts is beginning to experience success with exhibitions and by next summer, having had just over a year in established premises, it should be ready to take off.



Established artists Dan and Bob Kelly making an ochre stencil work on paper. Photo: Baluk Arts

'There are great opportunities on the peninsula,' says Tracey-Lea, 'because two-and-a-half million people come here each year, the vast majority over summer.'

'Our biggest challenge is producing enough stock at a consistent quality. Currently we move a lot of smaller works while we develop more substantial artwork with our experienced artists.'

One of those experienced artists is Patsy Smith who is working on a commission for the Department of Health. 'What I do here is for the community. We are a new centre but we can see we are going well and we are having a positive impact in the local area.'

For more information
www.balukarts.org.au

Corporations registered under the CATSI Act operating in the visual arts sector

Sample of corporations

There are 101 corporations registered under the CATSI Act which have been making and selling art between 1 July 2007 and 31 December 2011—a period of four years. These 101 corporations comprise the ‘sample group’ for this report.

Sixty-four corporations in the sample report they operate exclusively in the visual arts sector. The remaining 37 also operate in a number of other sectors—for example, they may provide health, employment or housing services.

Corporations excluded from the sample are those that:

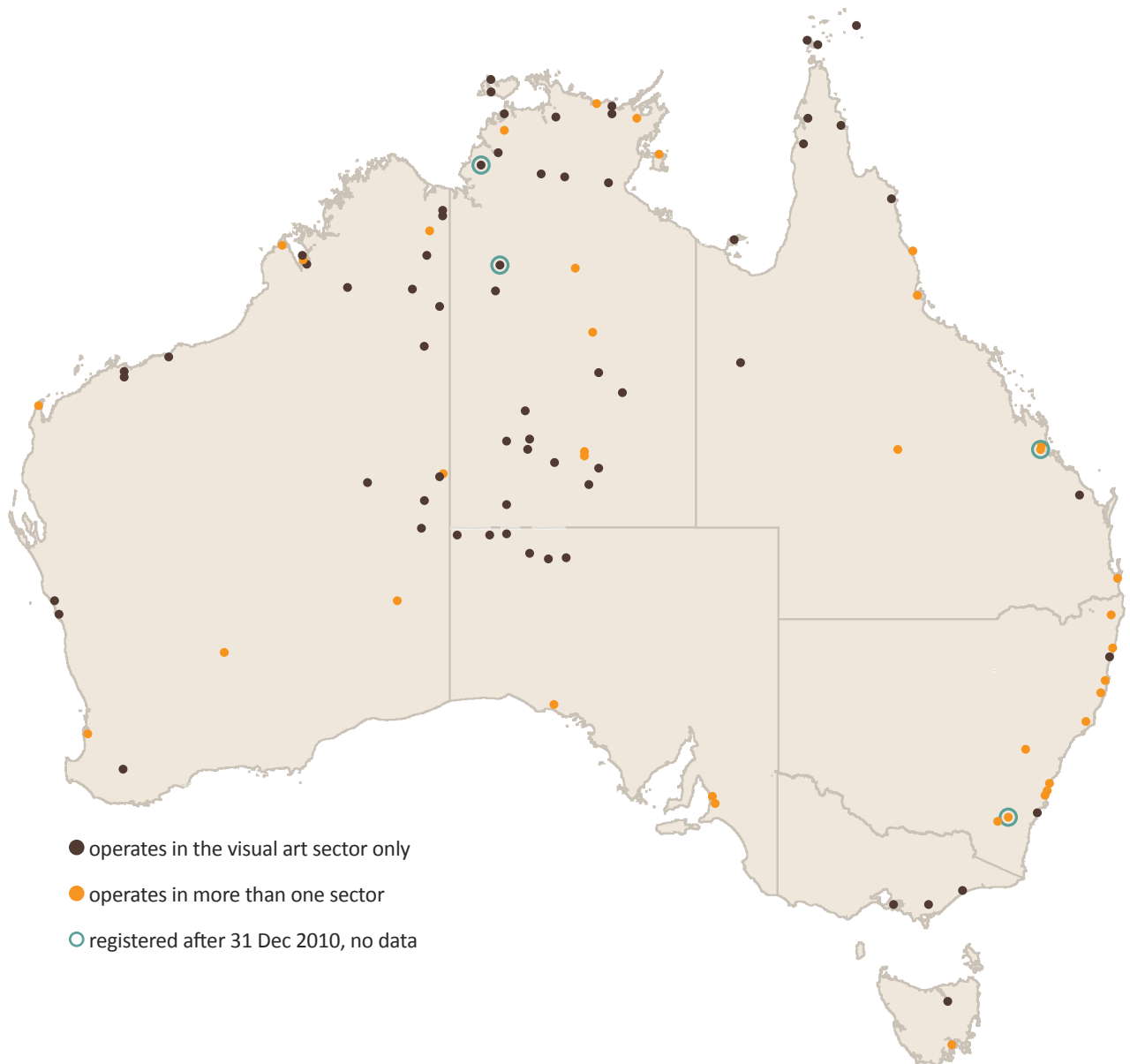
- solely operate as umbrella organisations to provide representative or advocacy services to other organisations involved in the visual arts sector. An example of this type of organisation is the Association of Northern, Kimberley and Arnhem Aboriginal Artists (ANKAAA) Aboriginal Corporation. Umbrella organisations that are also involved in the marketing of artworks however, have been included in the study
- coordinate visual art activities for non-commercial purposes. Art therapy activities fall into this category as they are more about promoting the health and well-being of participants, and providing a social outlet, than the quality or sale value of the art produced.

Geographic distribution

The map on the right shows the geographic spread of the 101 corporations in the sample. Location is determined by a corporation’s main place of business. It is important to note though that some corporations deal with artists who live in communities, or on outstations, scattered over a large area. For example, the Maningrida Arts and Culture Centre, which is operated by Bawinanga Aboriginal Corporation, is based in Maningrida but it supports artists living on 34 outstations stretching across more than 10 000 square kilometres.⁷

⁷ See: www.maningrida.com.

Map 1—Aboriginal and Torres Strait Islander corporations in the visual arts sector as at 31 December 2011



There are two noticeable patterns emerging from the geographic distribution:

- corporations in the visual arts sector cover all states and territories across Australia
- there is a noticeable concentration in central and northern Australia where many remote communities engage in visual arts.

Papunya Tjupi Art Centre Aboriginal Corporation

ICN 4665

Art profile

Slowly building on success

Although Papunya is regarded as the birthplace of the Western Desert art movement, it was not until 2007 that the local artists acquired their own community directed art centre. It's been a hard-won battle but the artists are now reaping the rewards.

Papunya Tjupi Art Centre Aboriginal Corporation represents over 100 artists who produce acrylic paintings on canvas as well as prints, punu (woodwork), baskets and jewellery. They are represented by interstate and international galleries and average 10 exhibitions a year.

Full credit for the corporation's success goes to the artists—they really want to paint and came up with the idea of the art centre. The calibre of their work is confirmed by near sell-out exhibitions in Sydney to raise funds for renovations.

Arts manager Kasumi Ejiri works with assistant manager Simon Taylor and Aboriginal arts workers Isobel Major and Patrick Poulson. Both Kasumi and Simon come from a fine arts background and have an understanding of the fine art market. Isobel and Patrick have lived in Papunya all their lives and have worked at the art centre from the very beginning, preparing canvases and paints for the artists.



Yumari by Isobel Major (152 cm x 91 cm, acrylic on canvas)

'I encourage the artists to make special, distinct paintings,' says Kasumi. 'The key is recognising which paintings belong in the tourist market and which can enter the fine art market. We operate on both ends of the spectrum so we can be an all-inclusive community art centre.'

For the artists the most important aspect is the traditional story behind the painting. 'I paint Mount Dennison, my grandfather's country,' says Isobel Major, 'I take my time to think about what I'm doing to get everything right.'

For some artists there's a temptation sometimes to do a lot of paintings for quick money. But the opposite approach usually works better—the more care the artists take the faster their works sell and the higher the prices that they can command.



Kalinykalinyapa Tjukurrpa by Beyula Putungka Napanangka
(152 cm x 91 cm, acrylic on canvas)



Left: *Kapi Tjukurrpa—Kalipinyapa* by Maureen Poulson
(122 cm x 91 cm, acrylic on canvas)

Below: *Tjurrpinyi* by Doris Bush Nungarrayi
(122 cm x 91 cm, acrylic on canvas)



Yet there's more than financial benefits to making art at Papunya Tjupi. The wider social impact is obvious. 'Clinic admissions have dropped because painting has given the community members something to do. It's the only place they come to by choice rather than obligation,' says Kasumi.

'It's a happy place for women,' says Isobel. 'We can work quietly here. It's a really nice atmosphere.'

For more information
www.papunyatjupi.com

All photos: Papunya Tjupi Art Centre Aboriginal Corporation

Revenue generated by corporations from the sale of art

In this report 'total revenue' means revenue from all activities (including sales, profits and grants) reported by corporations in their audited financial statements or general reports.

'Revenue from art sales' is the amount directly generated from the sale of artworks, before expenses are taken into consideration. Expenses may include commissions paid to artists, costs of purchasing art supplies, marketing costs and income tax.

Four corporations in the sample of 101 corporations are not included in the financial analysis for the simple reason that they incorporated after 2010. Corporations that registered after this time are not required to provide reports to the Registrar for 2010–11 until July–December 2012.

The amount of revenue raised from art sales is not available for all of the remaining 97 corporations included in the financial analysis because:

- the audited financial statements do not identify separately revenues raised from the sale of art
- corporations have not provided audited financial statements or
- where a corporation's total revenue is under \$100 000, it is only required to provide a general report—this type of report does not identify revenue from sale of art (only the total revenue).

Revenue

Table 3 shows the total revenue generated by all corporations through visual arts over four years.

Table 3—Revenue from art sales generated by corporations in the visual arts sector

Financial year	Total art sales revenue by corporations	Number of corporations
2007–08	\$18,317,204	47
2008–09	\$17,135,849	60
2009–10	\$18,556,002	62
2010–11	\$10,637,835	57
TOTAL	\$64,646,890	

Note: Figures are correct as at 31 December 2011.

Table 3 shows that the total reported revenue from art sales over the four year period is \$64 646 890 (based on reported information to the Registrar). This averages to \$16.2 million per annum. However, the actual revenue generated from the sale of art by corporations registered under the CATSI Act is almost certainly significantly higher. This is a fair assumption for three reasons:

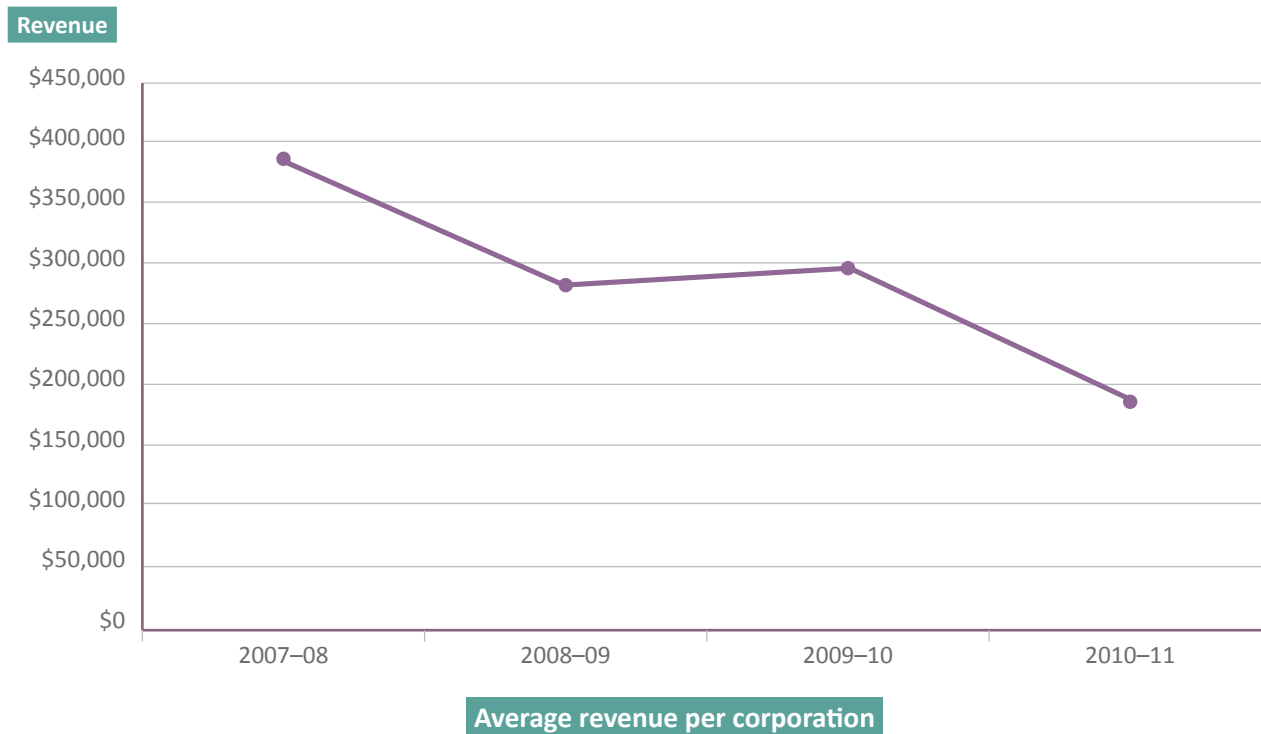
- many corporations are not required to submit a financial report
- some corporations do not provide financial information in sufficient detail
- some corporations fail to report.

Table 4—Average revenue from art sales generated by corporations in the visual arts sector

Financial year	Average art sales revenue per corporation	Number of corporations
2007–08	\$389,728	47
2008–09	\$285,597	60
2009–10	\$299,290	62
2010–11	\$186,629	57

Note: Figures are as at 31 December 2011. Averages have been calculated by using the number of corporations that have provided information about revenue for a particular year.

Graph 3—Average revenue from art sales per corporation



For the Aboriginal and Torres Strait Islander corporations in the sample the average revenue generated from the sale of art fell by 52.1 per cent between 2007–08 and 2010–11—i.e. from \$389 728 down to \$186 629. This significant drop is also reflected in the sale of Aboriginal and Torres Strait Islander art at auctions. Records kept by auction houses show a 69.1 per cent drop in total revenue raised at auctions from 2007 to 2011 (see table 5 and graph 2).⁸

Table 5—Total revenue from auctioned Aboriginal and Torres Strait Islander art

Year	2007	2008	2009	2010	2011
Auctioned (\$000s)	26,455	13,407	12,552	10,101	8,164

⁸ *Australian art sales digest*, John Furphy Pty Ltd, Melbourne, 2012, at www.aasd.com.au/AnnualAuctionTotals.cfm.

Impacts of the GFC and the Australian dollar

Nazvarov attributes the significant drop in auctioned artworks to the GFC.⁹ Unlike art centres, auction houses deal predominantly in secondary sales and the upper end of the market which usually means selling art produced by well-known artists.¹⁰ Turnover from art sales in auction houses can also be susceptible to economic downturns as auctioneers are generally reluctant to set lower base-prices. As a result they sell fewer artworks.¹¹

However, recent auction results indicate that the market is there for artworks that are historically important, are of good quality and have a solid provenance.¹²

ORIC's own survey of corporations that operate exclusively in the visual arts sector reveals that most corporations surveyed attributed the downturn in sales to the GFC (see ORIC survey on page 38).

The GFC began in mid-late 2007 in the United States but by 2008 was impacting on the world economy. Despite its comparatively strong economic position and steps taken by the Australian Government to lessen the GFC's negative effects on the local economy¹³, the GFC still had a significant impact on the Aboriginal and Torres Strait Islander visual arts sector.

The recent strength of the Australian dollar against major currencies, such as the US dollar and the Euro, has also had a dampening effect on the Aboriginal and Torres Strait Islander visual arts sector. Since October 2009 the Australian dollar has performed strongly.¹⁴ This fact alone has put a strain on the buying power of visitors from overseas as well as sales to overseas buyers through the internet. Some corporations commented that there has been a reduction in walk-in trade overall, but particularly from overseas visitors, in such places as Alice Springs.

The start of the GFC coincided with a marked increase in funding to the sector by the Australian Government and this may have had the effect of buffering some corporations against lower sales.

It may also be that the 2007 record sales levels are not the norm, but rather the peak of an overheated market and that, as the market matures, consumers are becoming more realistic regarding the investment potential in Indigenous art.



Cockatoo by Thomas Munkanome
(natural earth pigments on wood), 2007.
Photo: ORIC

9 G Nazvarov, *The Australian Aboriginal investment handbook: A comprehensive guide to investing in the Australian Indigenous art, art trends and art markets*, 2010, pp. 123–4.

10 Wilson-Anastasios stated that '...between 1993 and 2008, sales of art by the 12 highest-selling Aboriginal artists accounted for almost 50 per cent of the total amount of Aboriginal art sold at auction'. M Wilson-Anastasios, *Joining the dots: The sustainability of the Aboriginal art market*, Department of Art History, University of Melbourne, 2010, p. 5.

11 G Nazvarov, *The Australian Aboriginal art investment handbook: A comprehensive guide to investing in the Australian Indigenous art, art trends and art markets*, 2010, pp. 124–5.

12 M Boland, *The Australian*, 'Aboriginal art regains confidence of market', 9 June 2012, at <http://www.theaustralian.com.au/arts/visual-arts/aboriginal-art-regains-confidence-of-market/story-fn9d3avm-1226389459849>.

13 M Crosby, *Core Economics*, 'Brief history of GFC', 21 June 2009, at <http://economics.com.au/?p=3677>.

14 See: www.xe.com/currencycharts/?from=AUD&to=USD&view=5Y

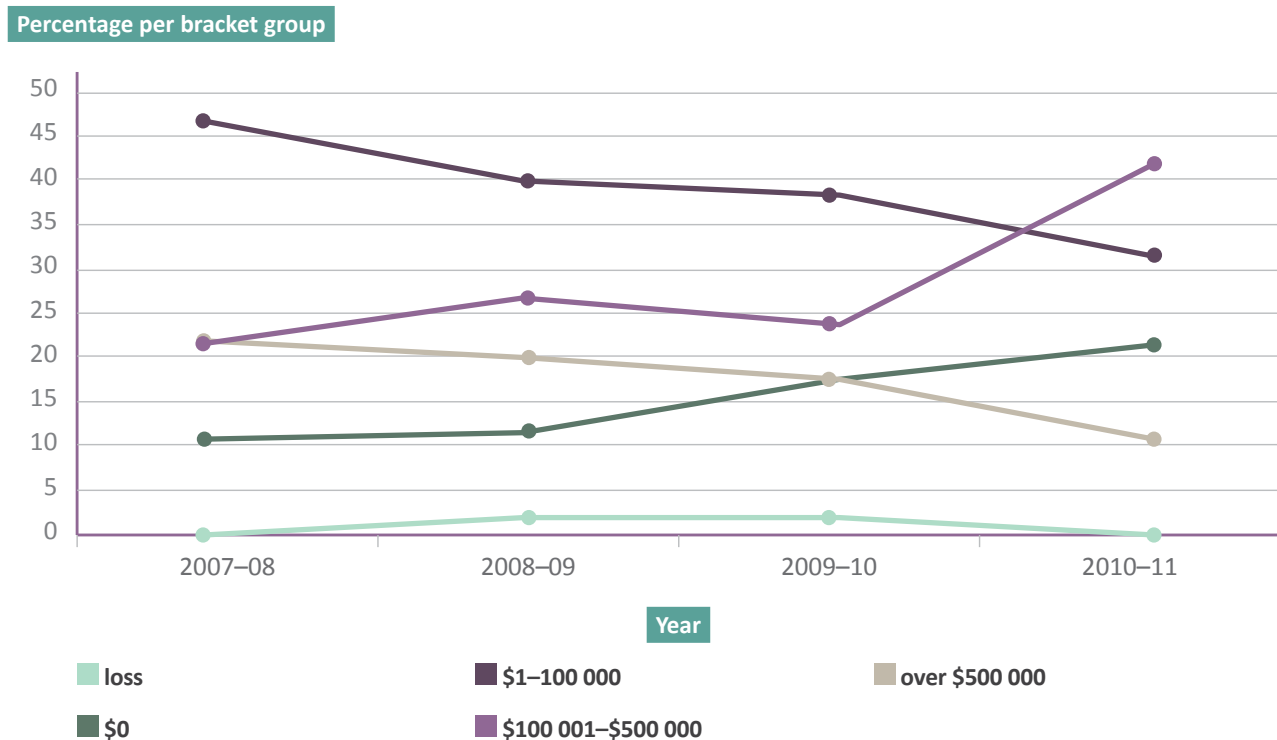
Categories of art sales revenue

The percentage of corporations generating over \$500 000 in art sales has steadily decreased over the past four financial years. Conversely, the percentage of corporations generating \$100 000 or less has increased. Again this may be the impact of the GFC causing fewer and lower sales—that is to say, not only are fewer pieces of art sold but they are sold at lower prices.

Table 6—Corporations in art sales revenue brackets

Revenue bracket	2007–08		2008–09		2009–10		2010–11	
	No.	%	No.	%	No.	%	No.	%
Less than \$0 (loss)	0	0.0	1	1.6	1	1.6	0	0.0
\$0	5	10.6	7	11.7	11	17.7	12	21.1
\$1–100,000	22	46.8	24	40.0	24	38.7	18	31.6
\$100,001–\$500,000	10	21.3	16	26.7	15	24.2	21	36.8
over \$500,000	10	21.3	12	20.0	11	17.7	6	10.5
TOTAL	47		60		62		57	

Graph 4—Corporations in art sales revenue brackets



Geographic distribution of average art sales revenue

The average art sales revenue generated per corporation in the visual arts is shown in table 7 for each state and territory.

Table 7—Average art sales revenue generated per corporation by state and territory

State/territory	2007–08		2008–09		2009–10		2010–11	
	\$	No.	\$	No.	\$	No.	\$	No.
NT	577,717	18	375,011	25	401,941	23	250,200	17
WA	391,315	15	287,082	17	305,016	18	219,510	15
SA	485,117	4	372,632	5	418,944	6	406,016	6
Qld	16,039	5	158,406	6	181,836	7	57,218	9
NSW	6,621	3	6,523	3	3,120	4	7,327	6
Vic	6,750	1	8,314	2	9,678	2	16,595	2
Tas	1,297	1	214	1	2,732	1	0	1
ACT	No data	0	30,189	1	0	1	63,569	1
TOTAL		47		60		62		57

Note: Figures are correct as at 31 December 2011. Averages have been calculated by using the number of corporations that have provided information about revenue for a particular year.

Graph 5—Average art sales revenue generated per corporation by state and territory



Corporations operating in the visual arts sector in South Australia, the Northern Territory and Western Australia show the highest average revenue. This is not surprising as these regions are characterised by strong and continuous art traditions. Yet all three jurisdictions experienced a drop in average revenue from 2007–08 to 2008–09 followed by a slight recovery the next financial year. This upturn is perhaps as a result of the market becoming more optimistic after the initial phases of the GFC but it has not been sustained. Last financial year shows a significant decline in the average revenue from art sales per corporation in all three jurisdictions.

Location of corporations with the biggest art sales revenues

From 2007–08 to 2009–10 eleven corporations have consistently generated over \$500 000 in visual art sales. Only two of these in the past financial year have dropped slightly below this figure.

The eleven corporations generating the biggest revenues are located in the following communities:

- Mutitjulu Community (NT)
- Amata (SA)
- Balgo (WA)
- Yuendumu (NT)
- Nyapari Community (SA)
- Maningrida (NT)
- Groote Eylandt (NT)
- Bathurst Island (NT)
- Warmun Community (WA)
- Mornington Island (Qld)
- Kununurra (WA).



The bagu group featuring artists (from left to right) Alison Murray, John Murray, Charlotte Beeron, Eileen Tep, Daniel Beeron (front and rear), Eileen Tep, Debra Murray, Sally Murray, Maureen Beeron (front) Sally Murray. Photo: Girringun Aboriginal Corporation

Map 2—Locations of corporations generating the biggest art sales revenues



These communities are all located in regions where for decades Aboriginal and Torres Strait Islander art has been primarily produced for the commercial market. Art created in these communities is both readily recognised and highly valued as it is based on traditional styles, such as dotting, natural ochres and x-ray.

Other regions, like the Pilbara and Far North Queensland, have only recently begun to produce visual art for the commercial market. It may take some years before their unique artistic traditions are recognised and fully appreciated by both Australian and overseas buyers.

Girringun Aboriginal Corporation

ICN 2769

Art profile

Different and diverse

As part of the larger Girringun Aboriginal Corporation, Girringun Aboriginal Art Centre has received consistent funding for the past three and a half years. Based in Cardwell in far north Queensland, and surrounded by wet tropics rainforest, the art centre is achieving unprecedented success.

Yet while it has many highly experienced artists—and excellent growth—it has not been operating long enough to generate a substantial revenue stream.

‘We are being careful because we don’t want to price ourselves out of the market,’ says arts manager Valerie Keenan.

Girringun is renowned for its *bagu*—which can be best described as contemporary manifestations of the traditional fire stick. Girringun’s *bagu* figures first caught the public eye at the Cairns Indigenous Art Fair in 2009. Before the fair was officially opened the entire collection had sold out. Unlike anything seen before, Nicholas Rothwell described them in *The Australian* as ‘a new class of Indigenous object for the market’.

Clearly, there’s a big demand for *bagu* but the corporation also specialises in the distinctive *jawun* baskets, traditional objects, such as rainforest swords and shields, paintings, textiles and other ceramics.



The Girringun Aboriginal Corporation represents artists from nine traditional owner groups, the Nywaigi, Gugu Badhun, Warrgamay, Warungnu, Bandjin, Girramay, Gulnay, Jirrbal and Djiru people. Photo: Girringun Aboriginal Corporation

But rapid growth can cause problems. Girringun needs additional staff to support and develop its artists in order to sell more work to generate more revenue—yet without increased revenue the corporation is not yet in a position to employ more staff. Currently the art centre is working on strategies to value add to artwork sales by developing new products suitable for the tourism market. This will be key to raising income levels.

Certainly, successful marketing plays a big part. Girringun work is strongly represented in many prestigious institutions and is starting to test international waters with shows in Canada and another in Paris later in the year. It is also negotiating with a gallery in New York for 2013.

Most artwork is sold through exhibitions and Girringun regularly exhibits in galleries in metropolitan centres across Australia and it is set to attend the Melbourne Art Fair in 2012.

For more information
www.girringun.com.au

Assets, liabilities and equity

Corporations' assets, liabilities and equity are useful indicators of financial health and viability. Table 8 and graph 6 show changes in the average total assets, total liabilities and total equity for corporations in the sector over the past four financial years.

The graph shows:

- average total liabilities remained fairly constant over the past four financial years
- average total assets and average total equity decreased by 31.2 per cent and 35.0 per cent respectively between 2007–08 and 2010–11.

It should be noted that between 2007–08 and 2009–10 the value of assets and equity grew by 20.1 per cent and 19.3 per cent respectively. This accords with the steady growth experienced by the top 500 Aboriginal and Torres Strait Islander corporations during the same period. From 2007–08 through to 2009–10 the average total assets of all corporations (not just in the visual arts sector) grew from \$2 167 478 to \$2 636 158 (21.6 per cent) and the average total equity rose from \$1 621 187 to \$1 968 247 (21.4 per cent).¹⁵

It is only during the past financial year that a significant fall in total assets and total equity has occurred. A possible explanation for this is the visual arts sector is highly susceptible to financial downturns.

The net result is a reduction in the value of total assets as shown in the corporations' financial statements, including:

- less cash at hand due to lower turnover in sales and lower asking prices

- lower amounts showing under 'trade and other receivables' also due to lower turnover and asking prices
- lower amounts appearing under 'stock on hand' as artworks, in particular paintings taken on consignment rather than paid for upfront (paintings on consignment are not counted as stock in audited financial statements).

Arts sales models

There are three art sales models commonly used by Indigenous art centres:

1. consignment—the artist receives payment when the work is sold. This is the first sale and therefore does not attract a resale royalty payment.
2. advance against a future sale—the artist is paid an advance against a future sale and remains the owner of the work until the art centre sells it. When the art centre sells the work it is the first sale and does not attract a resale royalty payment.
3. outright purchase—the artist is paid outright for the artwork and the art centre then owns it. If the art centre re-sells the artwork for \$1000 or more, the artist would be due five per cent of the sale price of the artwork.

It should be noted that, with a few exceptions, it is now considered best practice to use the consignment model rather than purchasing outright to reduce the risk of investing in and stockpiling art that may not be marketable and may be costly to store.

¹⁵ Office of the Registrar of Indigenous Corporations, *The top 500 Aboriginal and Torres Strait Islander corporations 2009–10*, August 2011, Table 4, p. 6.

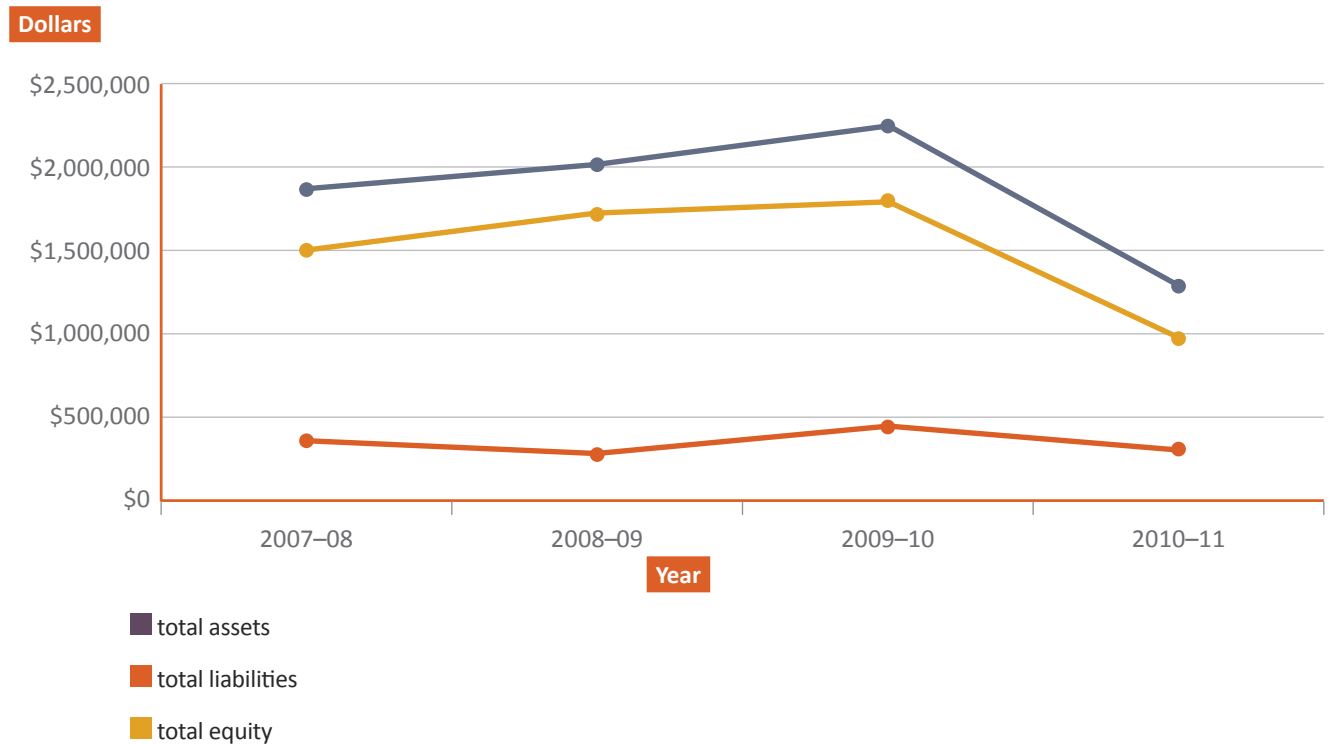
Table 8—Average total assets, total liabilities and total equity per corporation in the visual arts sector

Financial year	Average total assets \$	Average total liabilities \$	Average total equity \$	Number of corporations ^a
2007–08	1,872,045	367,696	1,504,349	64
2008–09	2,017,049	289,975	1,727,074	73
2009–10	2,248,829	454,846	1,793,983	78
2010–11	1,288,033	310,952	977,081	77

Note: Averages have been calculated by using the number of corporations that have provided information about assets and liabilities for a particular year.

a The number of corporations included in this sample is higher than the number of corporations included under the art sales revenue section because, unlike for art sales revenue, all corporations are required to provide information on their assets and liabilities as part of their annual reporting.

Graph 6—Average total assets, total liabilities and total equity per corporation in the visual arts sector



Badhulgaw Kuthinaw Mudh Torres Strait Islander Corporation

Badu Art Centre

ICN 7302



Aunty Milly Matasia, the fabrics production manager.



Artist Tipot Nona with hard carved pearl dugong.



Fabric screen printing workshop in action.

Art profile

Planning is the key

Badhulgaw Kuthinaw Mudh Torres Strait Islander Corporation—known as Badu Art Centre—is set in a tropical paradise among the cohesive and joyful community on Badu Island. It's a near perfect place to explore the intricacies and splendour of Torres Strait Islander art.

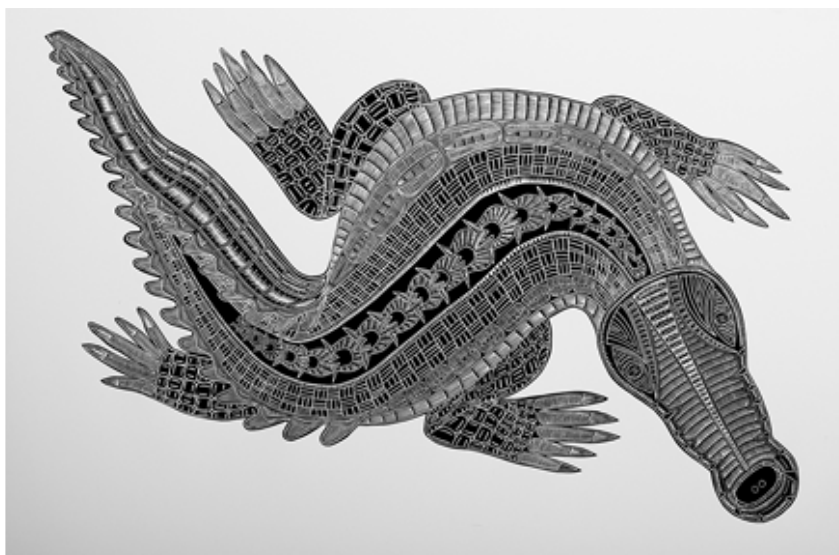
Yet like any other business, planning and discipline cannot be ignored.

It helps to bring structure and discipline to our work

The artists are well aware of this. That's why with the help of Richard Butler, Badu Art Centre's manager, they have formed a management team among themselves. This is so they can plan their own work, market it when it is completed, and form robust relationships with galleries in Australia and overseas.

Badu operates on a six-month planning cycle. 'It helps to bring structure and discipline to our work,' says studio manager Joseph Au.

These are early days for Badu which incorporated in late 2009 and only began its full-time operation in mid-2010. Sales in 2010–11 were under \$20 000 but much stronger results are expected this year.



My father's totem by Jospheh Au (1210 mm x 800 mm), 2012.

'We're currently talking with 20 galleries about taking our work, of which a few are in New York, London and Los Angeles,' says Richard. 'And we are also targeting major coastal resort galleries and up market gift shops as well—our trade marked 'Badu' branded fabrics sell extremely well.'

We're taking our marketing very seriously

The artists—who comprise seamstresses, printmakers and sculptors—are currently producing work for the Cairns Indigenous Art Fair which is held over three days in August and attracts more than 10 000 visitors.

'We're taking our marketing very seriously,' says Aunty Milly Matasia, the fabrics production manager. 'We have a facebook page which tells the story of Badu Island, our everyday life, about our artists, and how our work is created.'

The future looks hopeful. As Richard Butler says, 'People love Aboriginal and Torres Strait Islander art while it continues to surprise and inspire—and in many cases the market has matured.'

Equally the corporation has plans. 'I think Badu work will continue to express its very rich deep culture and remain true to its roots. This will be achieved by working with elders to reveal its poetic logic.'

Connecting with the external world also provides enormous opportunities for the artists to extend their ideas, techniques and thinking. For example, a wood carver from the United States, who has a similar style to the Badu sculptors, has been invited to visit so the artists can share their imagery and techniques. And recently the Badu Art Centre has acquired a bronze and aluminium casting foundry. Already the artists are producing moulds.

There is much to celebrate.

For more information
www.baduartcentre.com.au

All photos: Badu Art Centre

Corporate governance

Directors

As at 31 December 2011, corporations reported there are 693 directors of the 101 corporations operating in the visual arts sector.

This gives an average of 6.9 directors per corporation. Of the 693 directors, 360 are women and 232 are men. The gender of 101 people is unknown because some names are equally male or female or in language.

This almost 60/40 gender breakdown is as expected as it closely resembles the involvement of Aboriginal and Torres Strait Islander artists in the creation of visual arts. As mentioned on page 6 the ABS states that in the Aboriginal and Torres Strait Islander population aged 15 or over, 14 per cent of males and 20 per cent of females are engaged in visual art activities. When adjusted in percentile terms (percentage of gender divided by total gender participation), this gives a split of 41.2 per cent males versus 58.8 per cent females.

Table 9—Gender breakdown of directors

	Male	Female	Not specified ^a
Number	232	360	101
Percentage	39.2	60.8	(not included)

a The gender of 101 directors is unknown because from general reports it is not always possible to tell as some names are equally male or female or are in language.

The representation of women on boards of corporations that are involved in the visual arts sector is not very different to that of the top 500 Aboriginal and Torres Strait Islander corporations which stands at 54.1 per cent¹⁶. However, it is significantly higher than the female representation on boards of statutory bodies¹⁷, which stands at 34.5 per cent, and considerably higher than boards of the top 200 Australian Stock Exchange (ASX) listed companies¹⁸ at 8.4 per cent—see graph 7 and table 10.

16 (1643 females vs. 1392 males.) Office of the Registrar of Indigenous Corporations, *The top 500 Aboriginal and Torres Strait Islander corporations 2009–10*, August 2011, Figure 9, p. 8.

17 Department of Families, Housing, Community Services and Indigenous Affairs, *Women on Australian government boards report 2009–10*, 9 May 2011, at <http://www.fahcsia.gov.au/about-fahcsia/news/2011/women-on-australian-government-boards-report-2009-2010>.

18 Australian Bureau of Statistics, *Gender indicators, Australia, Jan 2012*, cat. no. 4125.0, 7 February 2012.

Graph 7—Gender representation of directors

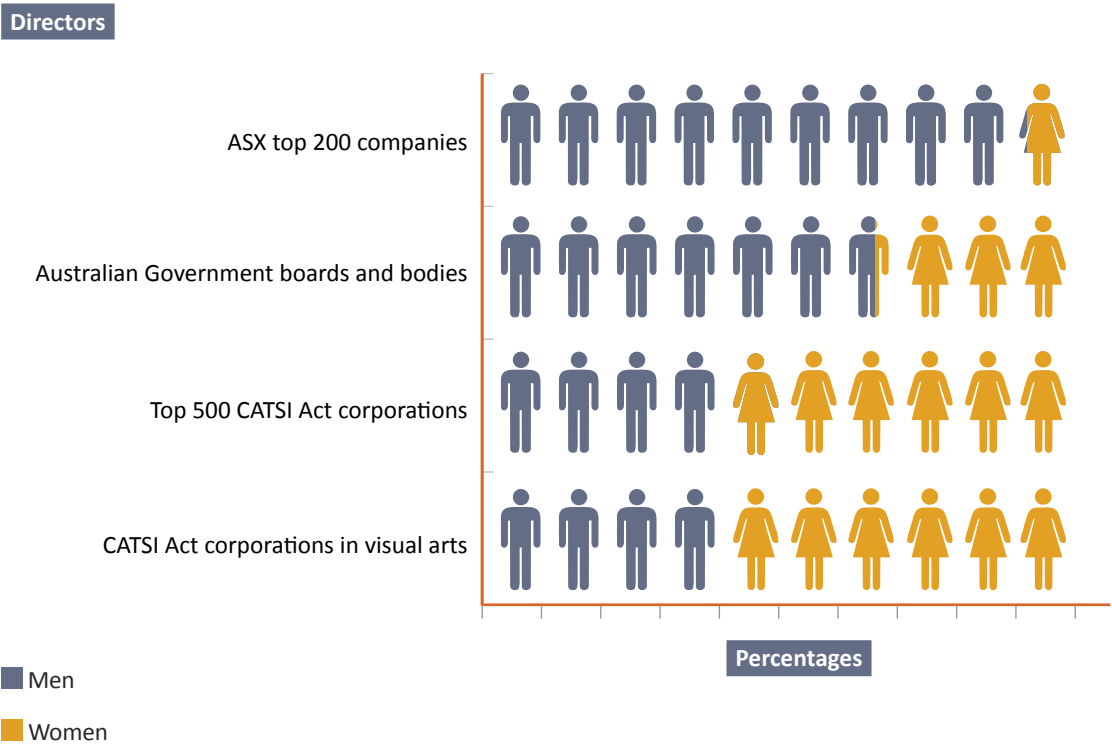


Table 10—Gender representation of directors

Gender of directors	Male %	Female %
ASX top 200 companies	91.6	8.4
Australian Government boards and bodies	65.5	34.5
Top 500 CATSI Act corporations	45.9	54.1
CATSI Act corporations in visual arts	39.2	60.8

Customisation of rule books

Every corporation registered under the CATSI Act must have a rule book.

One of the defining features of the CATSI Act is that it allows corporations to adapt their rule books according to their individual needs (provided that they also satisfy the minimum requirements for a constitution under the CATSI Act).

This section examines to what extent corporations involved in the visual arts sector have adapted their rules to reflect the nature of their activities.

Of the 101 corporations in the sample 64 are solely involved in the arts sector—that is to say, they are set up as art centres and/or cultural centres specialising in the production, promotion and sale of art. While the remaining 37 corporations deal with artworks in some way or another, the central difference is that they are also involved in one or several other sectors. For example, they may provide services such as health, employment, education, housing and land management.

Sixty of the 64 corporations (95.3 per cent) solely involved in the visual arts sector have tailored their ‘objectives’ to reflect the unique nature of their business. Although objectives vary widely, they all cover one or more of the following:

- establishing an art or cultural centre
- providing a suitable, safe and healthy working space for artists
- preserving traditional art by transferring knowledge from elders to young people
- encouraging innovation and the development of new forms of cultural expression
- ensuring artists are remunerated fairly
- promoting economic self-sufficiency for artists
- acting as agent to protect the intellectual property and other rights of artists

- conducting exhibitions to promote artists, their artworks and culture
- marketing artworks
- providing training in finance and administration, sales and marketing
- networking with funding agencies, peak bodies and other organisations involved in the sector to develop productive partnerships.

Several of the corporations include additional rules. Of the 64 corporations solely involved in the visual arts sector:

- fourteen have an eligibility requirement for directors to be artists, or to have practised art in the current year or have an arts background
- thirteen have as an eligibility requirement for members to be either artists, or to have practised art in the current year or have an interest in the arts
- three of the corporations have ‘artist’ as an eligibility requirement for directors and members but also require artists to produce a minimum of five artworks for the corporation
- one corporation has the requirement that a director ‘must not be a member of another arts centre or arts Aboriginal corporation’.

One corporation has three further rules:

- caring for our artists and looking after their wellbeing
- directors may appoint a non-member director including an ‘art or other expert who may or may not reside in the community’
- directors can appoint sub-committees such as ‘an art exhibition sub-committee’.



Kiwirrkurra by Mirriam Olodoodi (acrylic on canvas), 2006. Photo: ORIC

Administrative matters

Employees

The average number of employees for the 64 corporations that are solely involved in the visual arts sector has steadily increased over the past four financial years (see graph 8).²⁶ This increase in staffing levels goes against the downward trend in revenue generated by the sale of visual art. One possible explanation may be the increase in funding available to corporations through various government programs which has allowed them to engage more staff.

As mentioned earlier, funding provided through IVAIS, the main government program, increased by 45.2 per cent between 2007–08 and 2010–11 (see graph 9).



Martha Protty and Nyinku Kulitja.
Photo: Rhett Hammerton/Tjanpi Desert Weavers

Table 11—Changes in employment levels for corporations in visual arts only

Financial year	2007–08	2008–09	2009–10	2010–11
Number of employees (FTE) ^a	73	147	203	216
Number of corporations ^b	40	51	55	48
Average number of employees per corporation	1.83	2.88	3.69	4.50

Note: Figures are extracted from reports submitted to the Registrar.

- a The number of employees is calculated as the full-time equivalent (FTE) per corporation. The actual number of people employed by corporations is higher as many employees may be working part time.
- b The numbers of corporations represented in this sample are different to the numbers provided in the art sales revenue and assets and liabilities sections because the sample only includes corporations that deal solely in the visual arts sector and that have provided information on the number of employees.

²⁶ The reason for excluding corporations from the sample that are also operating in other sectors is simply that they may employ hundreds of workers but only a handful may be involved in the visual arts part of the corporation's activities. To include all employees would introduce a significant bias in the results.

Graph 8—Average number of employees per corporation

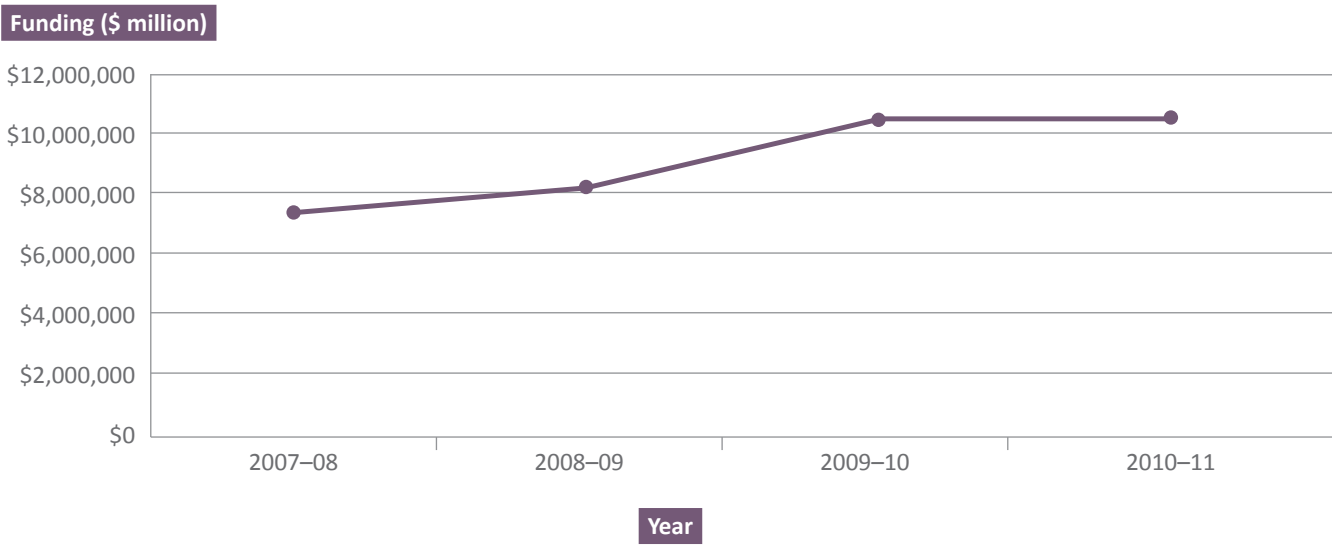


In 2011–12, the Australian Government’s Indigenous Employment Initiative is employing 308 Indigenous workers in art and culture related positions, most in remote and very remote areas.

Table 12—Arts worker positions supported through the Indigenous Employment Initiative

Location/region	Number of positions
South Australia	34
New South Wales	1
Northern Territory	107
Western Australia	65
Cape York, Queensland	4
Torres Strait, Queensland	53
other areas of Queensland	44
Total	308

Graph 9—IVAIS funding for corporations



Tax exemptions and concessions

Aboriginal and Torres Strait Islander corporations can access tax concessions if they are endorsed as one or both of the following:

- deductible gift recipient (DGR)
- income tax exempt charity (ITEC)—corporations that have gained ITEC status have done so as one of three types of charities:
 - public benevolent institution (PBI)
 - charitable institution (CI)
 - charitable fund (CF).²⁰

Table 13—Tax concessions and exemptions each type of charity is eligible to receive

Charity types	Concessions and exemptions
PBI	Income tax exemption GST charity concessions Fringe benefit tax exemption
CI	Income tax exemption GST charity concessions Fringe benefit tax rebate
CF	Income tax exemption GST charity concessions

Source: www.ato.gov.au/content/34322.htm

From the sample of 101 corporations, the information on tax status shows that 54 (53.5 per cent) have gained either DGR or ITEC endorsement or both, while the other 47 (46.5 per cent) do not receive tax exemptions or concessions.²¹

The detail of the tax status of corporations is as follows:

- 34 corporations have gained DGR endorsement
- 52 are endorsed as ITEC including:
 - 29 as PBI
 - 22 as CI
 - 1 as CF
- 47 do not receive tax exemptions or concessions.

Note: 54 corporations have either DEG or ITEC endorsement or both.

There is a clear trend that the more revenue corporations generate the more likely they are to apply for DGR and ITEC status.

From the sample of 101 corporations, 81 submitted financial information about their total revenue for 2010–11 by 31 December 2011. As shown in the table 14, 75 per cent of those corporations generating a total revenue of \$100 000 or less do not receive tax rebates or exemptions as opposed to only 22.6 per cent for corporations earning in excess of \$500 000. Conversely, only 10 per cent of corporations earning up to \$100 000 have DGR status and 20 per cent have ITEC status. However, the corporations generating revenue of over \$500 000, for the most part, have DGR and ITEC status. This suggests that the more a corporation earns the more incentive it has to register for DGR and to apply for charitable status, or the more resources it has available to it to seek professional advice to apply for such status.

²⁰ Types of tax concessions and exemptions referred to in this report are defined in the appendix.

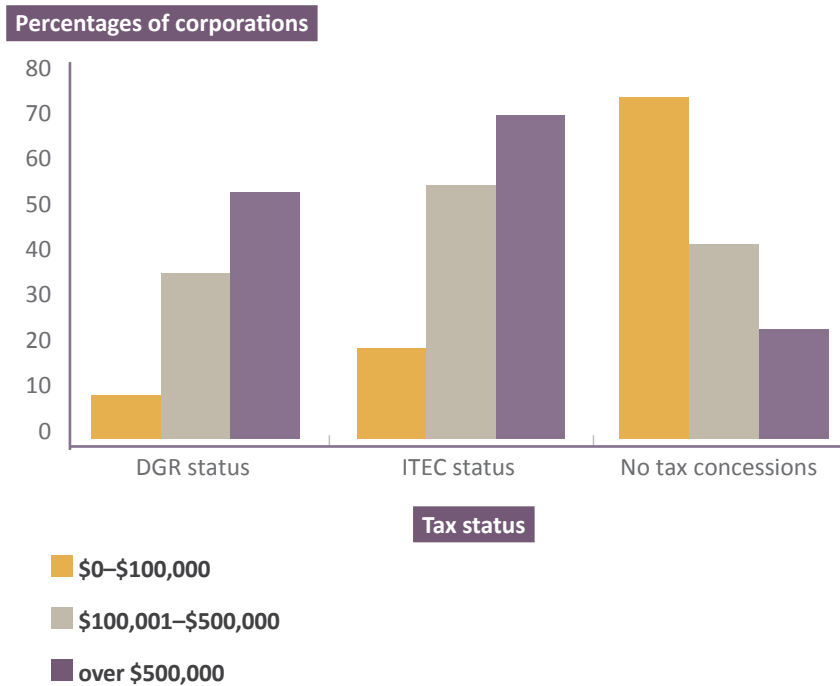
²¹ Information gathered from the Australian Government website at www.abr.business.gov.au.

Table 14—Tax status in relation to total revenue for 2010–11

Total revenue ^a	DGR status		ITEC status		No tax concession	
	No. ^b	%	No.	%	No.	%
\$0–\$100,000	2 of 20	10.0	5 of 20	20.0	15 of 20	75.0
\$100,001–\$500,000	11 of 30	36.7	17 of 30	56.7	13 of 30	43.3
Over \$500,000	17 of 31	54.8	22 of 31	71.0	7 of 31	22.6

- a 'Total revenue' refers to the total income generated by a corporation and includes, apart from revenue generated through art sales, government grants, royalties, donations, bank interests and any other income stream. In this table shown as reported by 31 December 2011.
- b Most corporations that have DGR status also have ITEC status. This is why the number of corporations when added in the three rows exceeds the values of 20, 30 and 31 respectively.

Graph 10—Tax status in relation to total revenue for 2010–11





Rahel Ungwanaka putting on the finishing touches.

Hermannsburg Potters Aboriginal Corporation

ICN 1446

Art profile

Marketing the unique

Producing artwork that is unique and instantly recognisable has been the major pitch behind the marketing of Hermannsburg ceramics.

They are made by the potters at Hermannsburg Potters Aboriginal Corporation which has been operating for 20 years and has between seven and 15 Aranda women artists as part of its group.

The artists' pots are made using the pinch pot technique—long thin coils of clay are built into a pot and pinched together. They are then dried, burnished, painted and fired.

The studio itself is very small—just 20 metres by six metres—with a small public gallery. Yet managing in this modest art space has neither hindered the artists' work or prevented their pots gaining a formidable reputation.

'We like working together,' says Judith Inkamala, the long serving president of the studio. 'It's good to talk and see what everyone is doing and thinking about.'

Hermannsburg ceramics are highly collectible and well regarded by Australia's major institutions, including the National Gallery of Australia, Museum of Victoria, and the Powerhouse Museum and the Art Gallery of New South Wales.



Judith Inkamala carefully painting a typical landscape scene.
All photos: Hermannsburg Potters Aboriginal Corporation

They are also part of many renowned private collections in both Australia and overseas.

In the wake of the global financial crisis, however, tourism in central Australia has struggled and consequently several outlets for Hermannsburg pots have closed.

According to the corporation's manager and art coordinator, John Rigby, Hermannsburg Potters now rely on only two major exhibitions each year (in Sydney and Melbourne) as platforms for sale and display. The touring exhibition currently travelling throughout Queensland, funded by the Redcliffe City Council, is a bonus. It is visiting 15 regional centres.

The studio is conscious of maintaining its own high standards and working with proven, quality exhibition partners.

Located 130 kilometres west of Alice Springs, Hermannsburg has generated a rich legacy of artistic talent, including of course Albert Namatjira—the first prominent Aboriginal painter in a western style.

Many of the Hermannsburg potters are descendants or relatives of Namatjira and are influenced by his pictorial style. They share his

deep connection to land and decorate their pots with scenes from the Western MacDonnell Ranges.

The corporation also plays an important educational role in the community. For example, it supports a successful artist-in-residency program which mentors students at school and encourages the pursuit of art.

'We hope by nurturing up and coming artists the potting tradition will be kept alive and dynamic for the next generation,' says 69-year-old Irene Entata, one of the founding members of the Hermannsburg Potters Aboriginal Corporation, who still works at the studio every day.

For more information

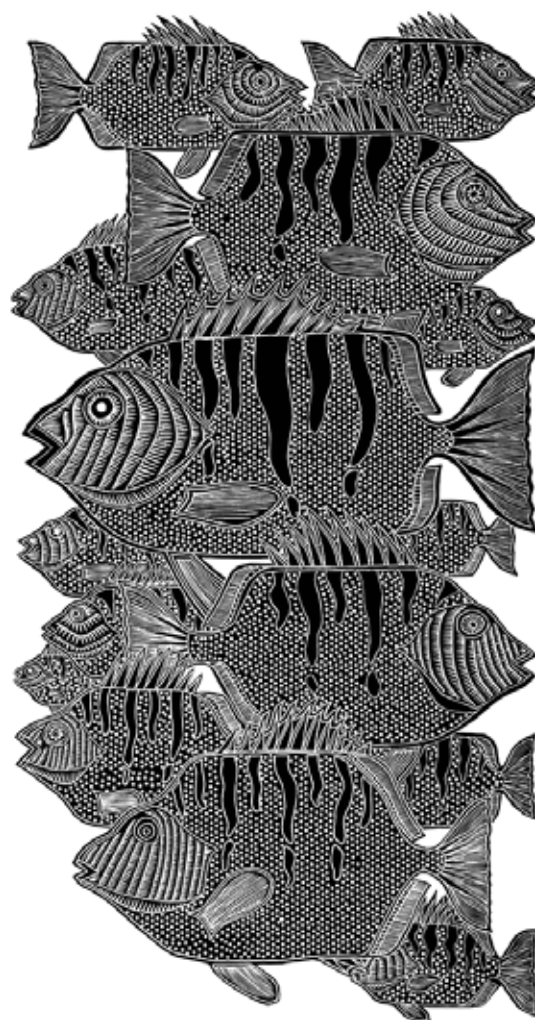
www.hermannsburgpotters.com.au

Industry affiliations

There are several peak and regional service organisations set up to assist Aboriginal and Torres Strait Islander art centres that are run by corporations, associations and other entities. The primary role of these organisations is to support the development of the Aboriginal and Torres Strait Islander art industry. For example, the Association of Northern, Kimberley and Arnhem Aboriginal Artists (ANKAAA) provides assistance by²²:

- consulting with members
- advocating to protect artists' rights, such as copyright
- providing information on government policies, grants and other services
- providing training so staff are better equipped with skills to run an art centre
- helping members network with other art centres and organisations
- promoting art centres and artists.

Many of the art centres operated by corporations registered under the CATSI Act are members of one or more peak or regional service organisation—see table 15.



Azamul (school of azum fish) by Edmund Laza
(1535 mm x 805 mm), 2012.
Photo: Badu Art Centre

22 ANKAAA website at www.ankaaa.org.au/aboutus.html.

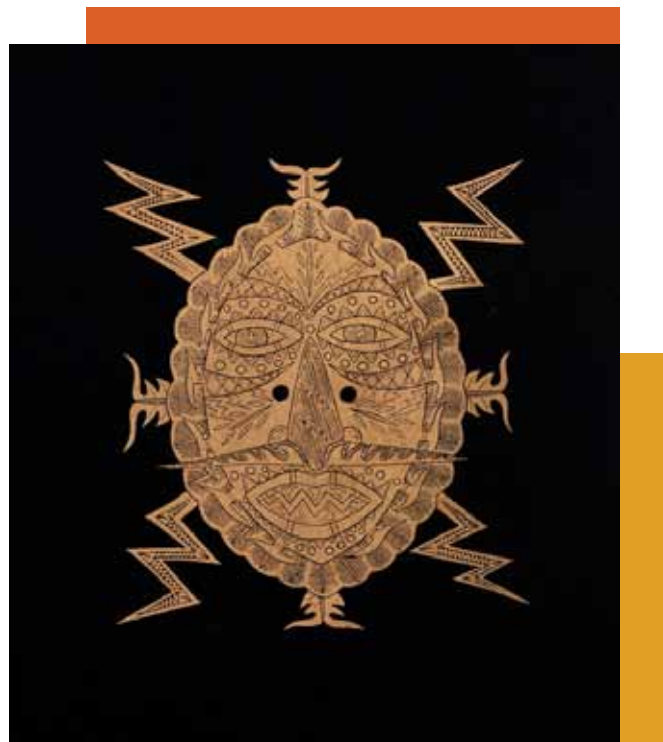
Table 15—Corporations registered under the CATSI Act that belong to a peak or regional service organisation

Peak/regional service organisation	Total membership	Number of art centres run by corporations	Percentage of total membership
ANKAAA	49	25	51.0
Desart	45	26	57.8
UMI Arts	17	6	35.3
Indigenous Art Centre Alliance, Far North Queensland	14	8	57.1
Ananguku Arts	7	6	85.7
Aboriginal Art Centre Hub WA	7	1	14.3
Western Desert Mob	6	6	100.0
Kimberley Aboriginal Artists	4	4	100.0
Tiwi Art Network	3	2	66.7

The geographic area covered by these organisations includes central and northern Western Australia, Anangu Pitjantjatjara Yankunytjatjara (APY) lands in northern South Australia, all of the Northern Territory, and northern Queensland including the Torres Strait Islands.

Areas currently not covered by a peak or regional service organisation are the southern half of Queensland, all of New South Wales, Australian Capital Territory, Victoria and Tasmania. These areas have lower concentrations of corporations and these corporations are more likely to be in metropolitan, urban or regional locations rather than remote or very remote locations.

The three states and one territory not covered by either a peak or regional service organisation generate the lowest average revenue per corporation.



A piece by Jomen Nona (570 mm x 635 mm), 2011.
Photo: Badu Art Centre

ORIC survey

In an effort to gain a better understanding of the visual arts sector, ORIC conducted its own survey of corporations operating exclusively in the visual arts sector.

A questionnaire was sent out which was followed up by email and telephone.

The questionnaire touched on the following matters: recruitment of artists, assistance provided to artists, sale methods, payments to artists and the challenges faced by corporations that operate in the sector. A total of 39 corporations participated in the survey.

Previous studies about the visual arts sector have indicated that organisations vary considerably in nature based on their size, who owns and operates them, how the visual art is sold, how proceeds of art sales are redistributed to artists and what professional alliances and networks they operate through.²¹

Recruiting artists

The vast majority of corporations surveyed (87.2 per cent) have an 'open door policy' whereby artists or potential artists come in as and when they like to create visual art. In 28.2 per cent of instances these artists have been invited and encouraged by a family member or someone who coordinates an art workshop. In only 15.4 per cent of cases corporations actively look for artists through word of mouth or a recruitment process.

Meeting certain criteria

The majority of corporations operating solely in the arts sector (64.1 per cent) reported that artists are not required to meet certain criteria to be allowed to use their facilities. In just a few cases certain criteria are laid down—see table 16.

Table 16—Criteria for artists to use corporation facilities

Criterion	Number of responses	Percentage of responses
Be a corporation member	8	20.5
Belong to a certain language or cultural group	6	15.4
Be a community member	5	12.8
Be of a certain age, gender or status	2	5.1

21 The Senate Standing Committee on Environment, Communications, Information Technology and the Arts, *Indigenous art: Securing the future*, June 2007, Chapter 4

JC Altman, BH Hunter, S Ward and F Wright, *Some competition and consumer issues in the Indigenous visual arts industry*, paper no. 235/2002, Centre for Aboriginal Economic Policy Research, The Australian National University, August 2002.

Formal agreements

Only four corporations mentioned that artists are required to enter into a formal agreement by either signing a contract or agreeing to follow policies. There is also a common tacit understanding that, if a corporation supplies art materials, the artists are not permitted to sell their artworks privately.

Services

The main services that corporations in the visual arts sector provide to artists include:

- workspace such as a studio, shed or workshop (92.3 per cent)
- taking artworks to exhibitions (92.3 per cent)
- supplying art and craft materials and tools (89.7 per cent)
- secure storage of artworks (89.7 per cent)
- marketing (89.7 per cent)
- mentoring of junior artists (79.5 per cent).

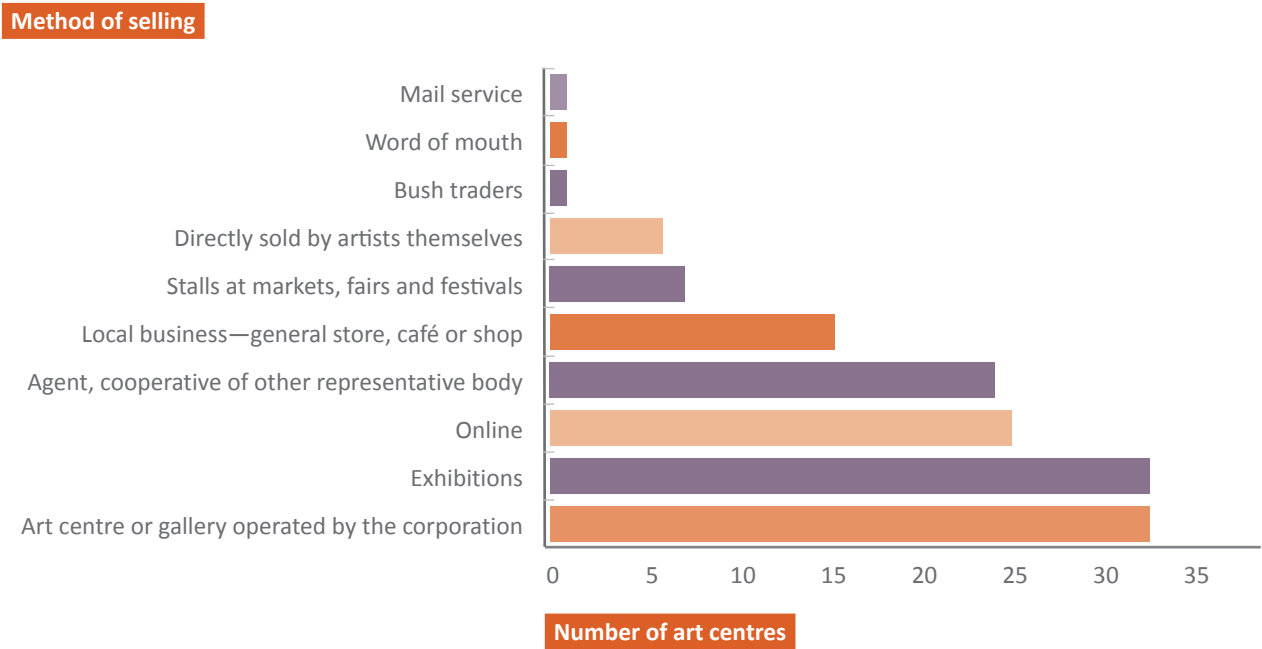
Corporations can provide many other services. In remote communities for example, the corporation's art centre is often the only communal facility where men and women can interact socially. Accordingly, it becomes the main social and cultural hub of the community. Staff may also take on coordination roles for social activities as well as provide a range of assistance to artists beyond that which is directly related to art activities—for example, picking up and dropping off senior artists, supplying lunches and drinks, and acting as agents on matters of copyright, resale royalties and providing financial advice.

Methods of selling visual art

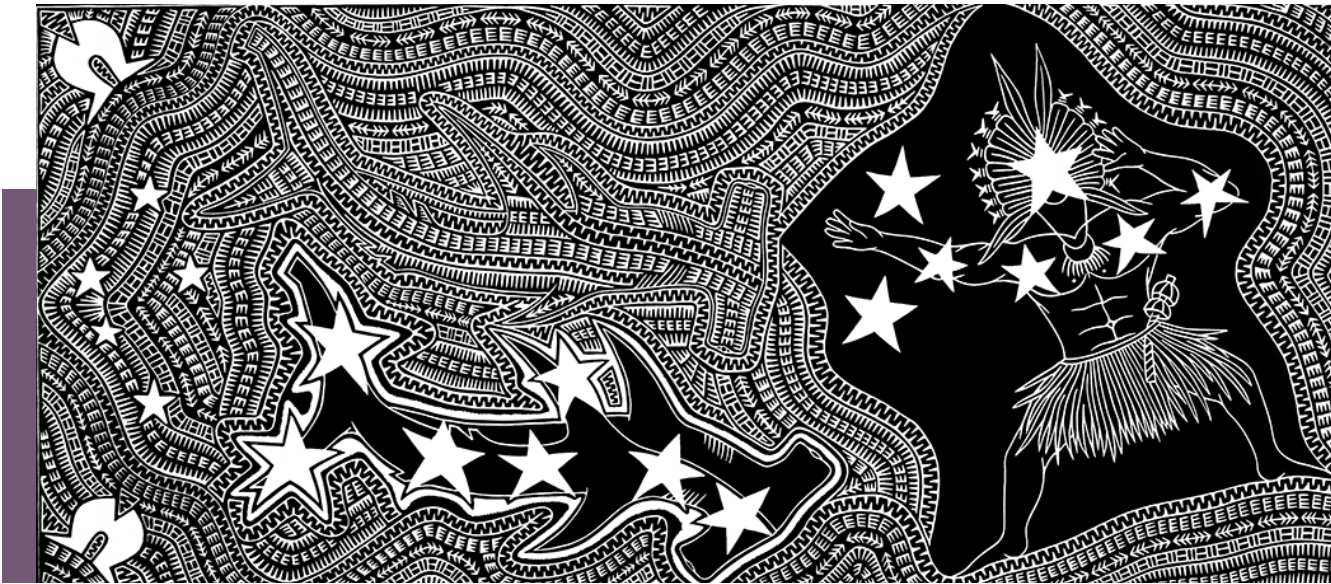
The vast majority of corporations in the visual arts sector (84.6 per cent) rely on exhibitions in major population centres to sell their visual art. They also display their artworks in their own galleries (run by the corporations) and on internet sites. Several of the corporations mentioned that, while they have an internet site, they do not yet provide direct online shopping. This is a service some corporations said they were looking forward to offering in the near future.

Graph 11 shows the various and most common ways artworks are sold.

Graph 11—Methods of selling visual art



Zugubaw baydam (star constellation) by Tala Gaidan (1111 mm x 760 mm), 2012. Photo: Badu Art Centre



Purchasing arrangements

Most corporations operating solely in the visual arts sector (82.1 per cent) said they acquire their artworks, in particular their paintings, on a consignment.

As noted earlier in this report, the consignment model is considered to be best practice. While there are corporations that pay upfront, this is more likely to be for other artforms such as jewellery, carvings or weavings, rather than for paintings.

This may be because paintings tend to command the highest prices and because the other artforms are more likely to be marketed in both gallery and retail contexts.

As a result of recent legislation, *Resale Royalty Right for Visual Artists Act 2009*, there is an advantage to putting items worth \$1000 or over on consignment. This Act establishes an artist's resale royalty scheme. In effect it requires the payment of a five per cent royalty to an artist on the resale of artworks sold for \$1000 or more, provided certain conditions are met.²³

From the perspective of art dealers, the scheme has meant that, if purchasing art outright to re-sell, the dealer's profit margin would potentially be reduced by 5 per cent—the royalty fee payable to the artist on the resale of the artwork.

According to Mr Ian Plunkett, President of the Australian Indigenous Art Trade Association, '... many art galleries and art centres were now preferring to take art on consignment instead of paying upfront' as a result of the introduction of the resale royalty scheme.²⁴

However, Copyright Agency Limited, the collecting agency responsible for administering the resale royalty scheme, reports that, while some dealers have changed their business model in response to the scheme, others have elected to continue to purchase art outright. This is largely because of the cost and logistics of returning unsold consigned artworks to artists or art centres in remote communities.

Payment methods to artists

Of the corporations that supplied information on payment methods most indicate that artists receive a percentage of the sale proceeds (see table 17).

Table 17—Payment methods to artists

Payment method to artist	Number of responses	Percentage of corporations ^a
Percentage of the sale proceeds	33	94.3
Set price for each piece of art or craft	3	8.6
All proceeds of the sale	1	3.0

a The total exceeds 100 per cent as two of the 35 corporations which provided information indicated that they use two methods of payment to artists.

Formulas applied to calculate proceeds of sales for artists

For paintings:

- All except one of the corporations which supply art materials to the artists (20 out of 21 corporations or 95.2 per cent) indicated that artists receive between 50 and 60 per cent of the sales proceeds for paintings. The remaining art centre provides 100 per cent of the proceeds to the artists.

23 Copyright Agency Limited, *Artists' resale royalty scheme: information for artists*, 14 December 2011, <www.resaleroyalty.org.au>.

24 A Wilson, 'Aboriginal artists short-changed by resale plan', *The Australian*, 26 December 2011.

- One noted that if artists provide their own materials they receive 70 per cent of the sales proceeds for their artworks.

For all other types of visual art the percentage artists receive from the sale of their artworks varies depending on the production costs and intensity of the labour involved. Table 18 shows the breakdown.

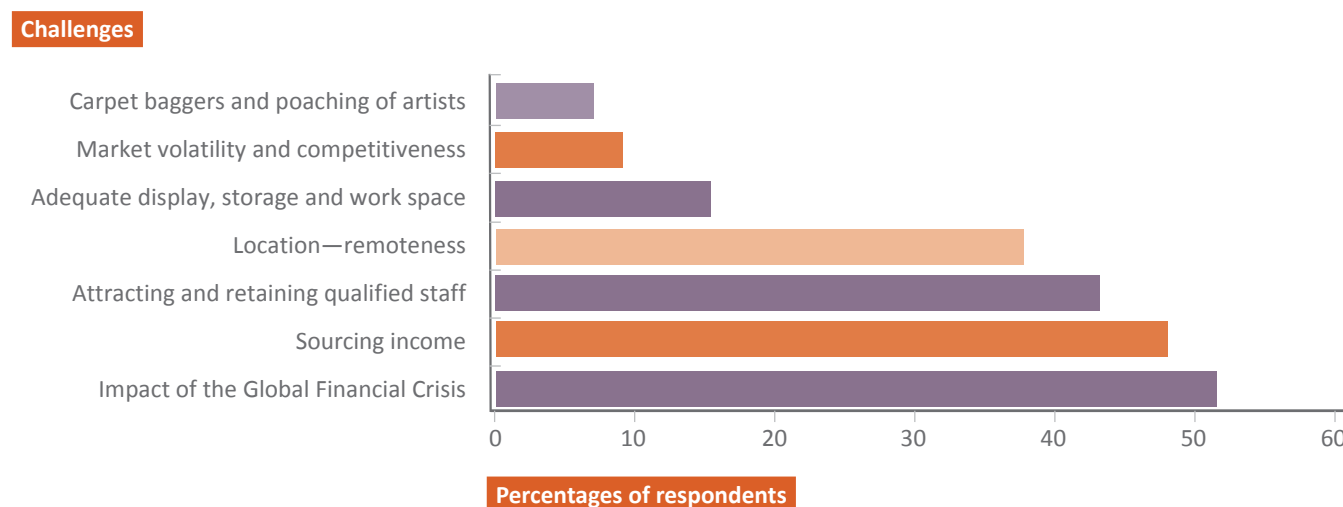
Table 18—Percentage of art sale proceeds to artists

Type of visual art	Percentage of sale proceeds to artist
Printed fabrics	20
Prints e.g. limited editions	30 to 45
Weaving	80

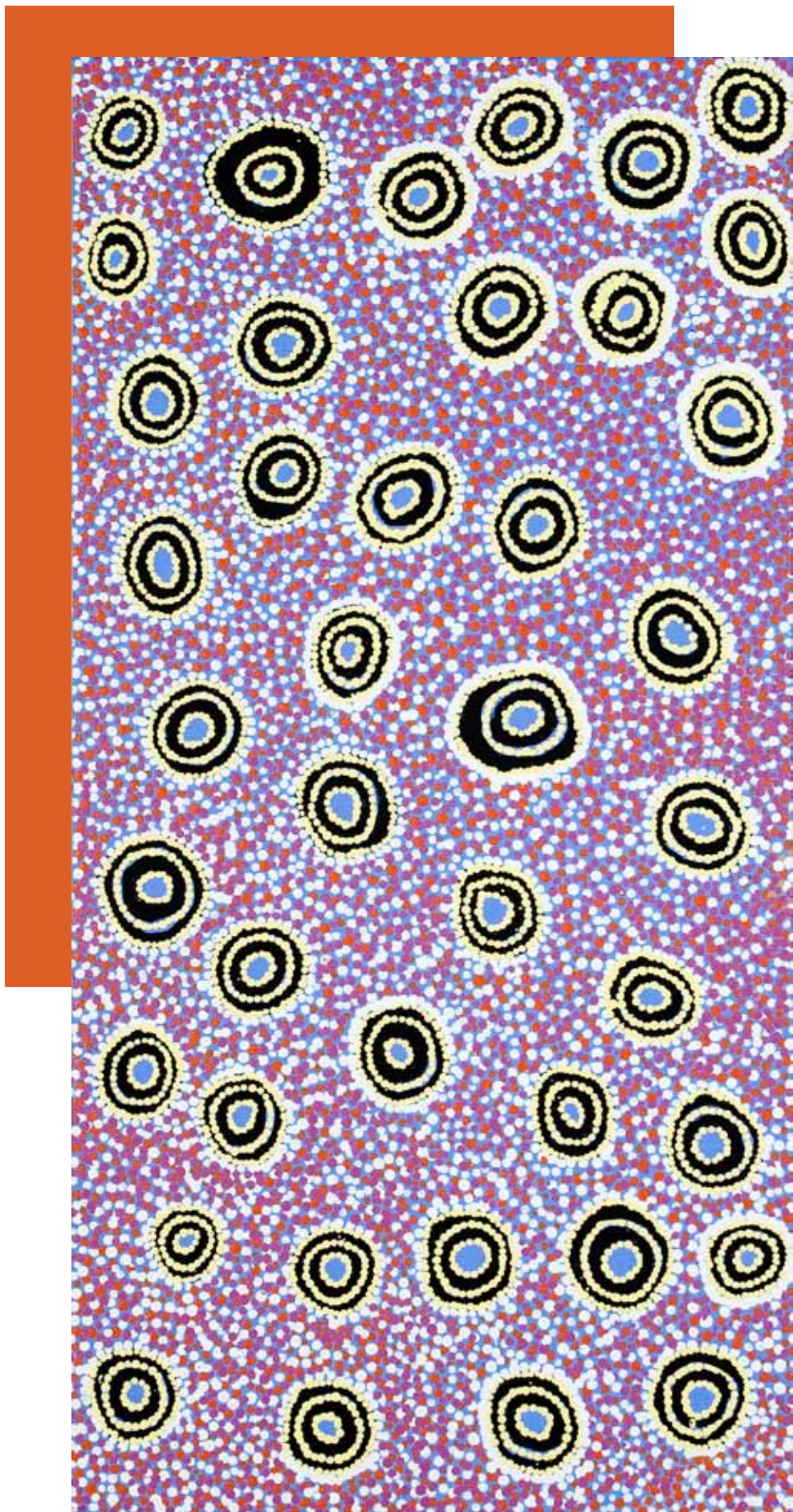
Challenges faced by corporations in the visual arts sector

Responses from the ORIC survey indicated that corporations operating exclusively in visual arts face many challenges on a daily basis. The most common challenges reported by managers and staff are shown in graph 12.

Graph 12—Challenges reported by corporation managers and staff



Note: A total of 39 corporations provided feedback on challenges faced by their art centres.



Mina Mina Jukurrpa (Mina Mina dreaming) by Margaret Napangardi Brown (acrylic on canvas), 2007. Photo: ORIC



Phyllis Ningarmara painting *Woorrewoorrem* wet season

Pitching to the right market

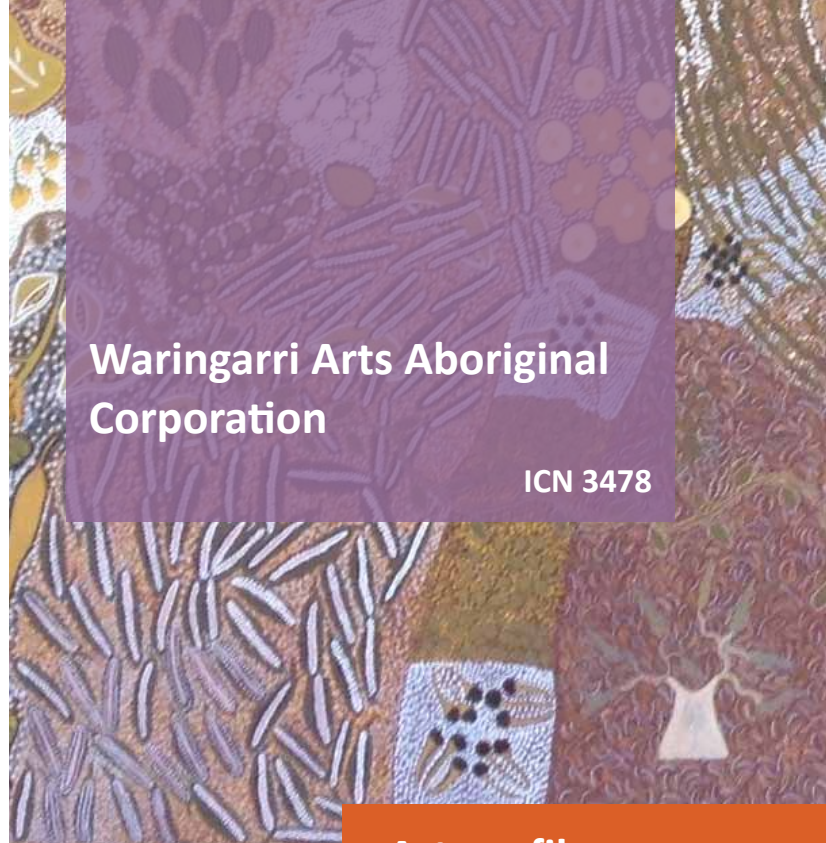
A long and extreme wet season in 2011 following directly on from the global financial crisis has wrought havoc on the art market and the tourism market in northern Australia. One of the corporations most seriously affected happened to be Waringarri Aboriginal Arts. The wet interrupted its large building project and the art centre was closed for five months.

But since its official re-opening in September 2011, with a new office, gallery and greatly expanded artists' studio spaces, Waringarri Aboriginal Arts is reinvigorated and its long-term sustainability seems assured.

Manager Cathy Cummins is happy with the corporation's progress and believes it has its business model pretty right. 'Because of where we are situated in Kununurra, we need to produce items for the tourism market. It works well, not only because of targeting the tourism market locally but also because having a high turnover of lower priced artworks supports the new artists,' she says.

Although Waringarri also produces high-end artworks (\$10 000 and above) from celebrated artists such as Alan and Peggy Griffiths, Judy Mengil and Peter Newry, all of whom have been collected by the National Gallery of Australia, its highest turnover is in a lower price bracket.

Cathy Cummins says the highest value sales turnover is in the \$500 to \$2500 price bracket but its highest sales in terms of volume is in the under \$100 price point—with items such as card packs, small paintings and engraved boab nuts among the most popular.



Waringarri Arts Aboriginal Corporation

ICN 3478

Art profile

As most of the artists are women there is a program in place to try to increase the number of men as well as young artists. This is important for ensuring strength in culture as well as maintaining strength in business.

'Waringarri has begun a series of back to country camps to encourage and reinvigorate engagement with arts and cultural practices,' explains Cathy. 'We have held some men's camps and also camps teaching younger community members.'

Another challenge is housing.

'It's difficult to attract staff because accommodation is so expensive in Kununurra.'

It is issues like these that can make or break a corporation. The manager spends a lot of time shoring up financial viability, including applying for funds to subsidise staff housing.

Finding new markets and new products is also crucial in difficult economic times. To that end Waringarri Aboriginal Arts is considering cultural tourism—'taking people out to country to give them the full cultural experience'.

For more information

www.waringarriarts.com.au



Above: Teaching the next generation. Agnes Armstrong (*right*) with Preben Ningarmara
Left: Chris Griffiths assisting a young artist from the Werlemin Girls Program in woodcarving techniques



Artists (*from left to right*) Kittey Malarvie, Philomena Armstrong, Phyllis Ningarmara, Louise Malarvie, Agnes Armstrong, Gloria Mengil, Peggy Griffiths with the bush medicine painting—a collaborative work. All photos: Waringarri Arts Aboriginal Corporation

Conclusion

While there is a large body of literature on the Aboriginal and Torres Strait Islander visual arts sector there is still a significant gap in our understanding. For instance, despite the commercialisation of the sector it is not yet possible to provide accurate data on revenues generated each year. The only accurate statement that can be made is that the sector experienced a significant growth in revenue until 2007, after which time a downturn occurred.

This report reveals how the GFC has significantly impacted on revenues generated by the Aboriginal and Torres Strait visual arts sector in the past four years. It also reveals information on corporate governance and administrative arrangements around corporations, and the way they run art centres.

There are other research projects underway that aim to probe deeper into the sector. For example, the Cooperative Research Centre for Remote Economic Participation is conducting a six-year research project called the Aboriginal and Torres Strait Islander Art Economies.²⁵ It is a comprehensive multi-disciplinary project aiming to examine the economic, cultural, social and artistic factors that underpin the visual arts sector in remote Australia. This research aims to support the development of the remote Aboriginal and Torres Strait Islander arts and crafts sector towards increased sustainability of remote arts and crafts enterprises, greater average income per artist and improved artist and art-community livelihoods.

The visual art industry holds a significant potential for Aboriginal and Torres Strait Islander people to close the economic gap that exists between them and non-Indigenous Australians. One of the targets of the Australian Government's Closing the Gap initiative is 'to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade'. Building blocks of this initiative include 'economic participation' and 'governance and leadership'. ORIC provides special assistance to corporations in the area of corporate governance and leadership so that corporations can continue to build viable businesses in the visual arts sector.

The visual arts sector can make a real difference by providing Aboriginal and Torres Strait Islander artists with a regular income in geographic locations where employment prospects are non-existent or very scarce. The vast majority of the corporations registered under the CATSI Act which run art centres are incorporated as not-for-profit entities. Accordingly, the art centres are more likely to return a fair commission to artists compared to what they would receive from carpet baggers and other unscrupulous agents.

25 <http://crc-rep.com/research/enterprise-development/aboriginal-and-torres-strait-islander-art-economies>

Appendix

Table 18—Definition categories of tax exemptions and concessions referred to in this report

Tax status	Characteristics
Deductible gift recipient (DGR)	A deductible gift recipient (DGR) is an organisation that is entitled to receive income tax deductible gifts and deductible contributions. ^a
Public benevolent institution (PBI)	<p>A public benevolent institution (PBI) is a non-profit institution organised for the direct relief of poverty, sickness, suffering, distress, misfortune, disability or helplessness. The characteristics of a PBI:</p> <ul style="list-style-type: none"> ▪ it is set up for needs that require benevolent relief ▪ it relieves those needs by directly providingw services to people suffering from them ▪ it is carried on for the public benefit ▪ it is non-profit ▪ it is an institution, and ▪ its dominant purpose is providing benevolent relief.^b
Charitable institution (CI)	A charitable institution is an establishment, organisation or association that is instituted and operated to advance or promote a charitable purpose. An organisation's purposes can be found in its governing document/s and from its activities, history and control. A charitable institution will carry on charitable activities whilst a charitable fund mainly manages, and/or holds trust property. ^c
Charitable fund (CF)	A charitable fund is a fund established under an instrument of trust or a will for a charitable purpose. The purposes set out in the will or instrument of trust must be charitable. Charitable funds mainly manage trust property, and/or hold trust property to make distributions to other entities or people. In contrast, if the trustee mainly carries on activities that are charitable, the fund will be treated as a charitable institution and not as a charitable fund. ^d

a Australian Taxation Office (ATO) <www.ato.gov.au/nonprofit/content.aspx?doc=/content/00213302.htm&page=4&H4>.

b ATO <www.ato.gov.au/nonprofit/distributor.aspx?menuid=0&doc=/content/26553.htm&page=2#P7_396>.

c ATO <www.ato.gov.au/content/34322.htm>.

d *ibid.*