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The Art Economies Value Chain reports: Art business trading practices and policy views

Alice Woodhead

An Australian Government Initiative

CRC AUSTRALIA

NINTI ONE : CRC REMOTE ECONOMIC PARTICIPATION

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About the authors

Based in Lismore, Dr Alice Woodhead is the senior researcher on the Art Economies project with the CRC-REP and Southern Cross University. Alice's research interests are in cultural economics and social sciences.

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Art Economies project team

Tim Acker, Iris Bendor, Jessica Booth, Susan Congreve, Kim Petersen, Dr Lisa Stefanoff, Michelle Whittle and Dr Alice Woodhead

Art Economies advisory group

- Australian Government Ministry for the Arts
- Professor Fred Myers, New York University
- Hetti Perkins, Curator
- Emily Rohr, Short Street Gallery
- Gabrielle Sullivan, Martumili Artists
- Professor David Throsby, Macquarie University
- Alick Tipoti, Artist
- Philip Watkins, Desart

Technical support

- Elouise Dukalskis, Flinders University
- Adam Griffiths, CompNet
- Don Johnson, Southern Cross University

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For additional information please contact

Ninti One Limited, Communications Manager
PO Box 154, Kent Town, SA 5071, Australia
Telephone +61 8 8959 6000 Fax +61 8 8959 6048
www.nintione.com.au

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Art economies value chain report:

Art business trading practices and policy views

Alice Woodhead

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Shortened forms

IN THIS ART BUSINESS TRADING PRACTICES AND POLICY VIEWS REPORT

CRC-REP	Cooperative Research Centre – Remote Economic Participation
PMCH Act	*Protection of Movable Cultural Heritage Act 1986*
RRS	Resale Royalty Scheme
SMSF	Self-managed Super Funds

IN OTHER AEVC REPORTS

AACHWA	Aboriginal Art Centre Hub of WA (Perth)
ABA	Aboriginal Benefits Account
ABS	Australian Bureau of Statistics
AEP	(Aboriginal and Torres Strait Islander) Art Economies Project
AEVC	Art Economies Value Chain
ANKAAA	Association of Northern, Kimberley and Arnhem Aboriginal Artists (Darwin)
ATSIAB	Aboriginal and Torres Strait Islander Arts Board: part of the Australia Council
BIA	Backing Indigenous Arts
DAA	Department of Aboriginal Affairs (Western Australia)
DCA	Department of Culture and Arts (Western Australia)
GFC	Global Financial Crisis
IACA	Indigenous Art Centre Alliance (Cairns)
ICS	Indigenous Cultural Support
IVAIS	Indigenous Visual Arts Industry Support
IEI	Indigenous Employment Initiative
Ozco	Australia Council for the Arts
RAF	Regional Arts Fund
TAN	Tiwi Art Network
TSRA	Torres Strait Regional Authority
WDM	Western Desert Mob

ART REGIONS

A	Arnhem
APY	Anangu Pitjantjatjara Yankunytjatjara
C	Central
CD	Central Desert
ED	Eastern Desert
FNQ	Far North Queensland
K	Kimberley
OB	Outback
T	Tiwi
TSI	Torres Strait Islands
WC	West Coast
WD	Western Desert

Glossary

TERMS USED IN THE AEVC REPORTS

Artist	An Aboriginal or Torres Strait Islander person who produces art products.
Art business types	Any party that sells works of art to customers, on behalf of artists, using one of the following models: ***Publicly funded Art Centre or Cultural Centre*** Aboriginal or Torres Strait Islander–owned and/or governed art businesses providing a range of artistic, cultural and entrepreneurial services to a group of artists. Business operations include wholesale, retail and gallery (has exhibition space separate to retail space and holds exhibitions). ***Private art business*** A business that trades in Aboriginal or Torres Strait Islander art products for commercial gain and may also support the development of artists. Private art business operations includes Retailer/Gallery (exhibiting and non-exhibiting, i.e. shop); Retailer/Wholesaler – online only; Retailer/Wholesaler (exhibiting and non-exhibiting, i.e. shop) and Wholesaler (on-sells to other art businesses). ***Mixed business*** This is the same as a private business but with a broader focus: art plus another business activity, such as a restaurant, accommodation or tourist outlet.
Art product categories	1. Paintings and drawings: on canvas, linen, bark, paper, watercolours 2. Textiles and fashion: fabrics, leather, garments, jewellery 3. Works on paper: limited edition prints 4. Sculpture: wood (yidaki/didjeridoo), metal, glass, fibre/weaving, dance machines / dance boards, ceramic, soft sculpture, shell 5. New media: photography, film (video), digital mixed-media, installation
Markets: Primary	This is the market for artworks that are passing through the value chain for the first time, that is, the first sale from artist/Art Centre to gallery, dealer or customer. Money from this sale goes back to the artist/Art Centre rather than passing from one dealer to another, or from an auction house to a gallery, or one collector to another.
Markets: Secondary	The market for works that are transacted further along the value chain – among collectors, auction houses, galleries or dealers. Apart from potential resale royalties, money from these sales is not returned to the artist. This market is not included in this research.
Merchandise products categories	1. Stationery: bookmarks, cards, mousepads, bookmarks, pens 2. Prints/reproductions: posters 3. Homewares: drink containers, crockery, furnishings, manchester, rugs, lampshades, soft furnishings, bar mats 4. Jewellery 5. Sculpture: boomerang, didgeridoo, toys, metal, glass, ceramic 6. Clothing: t-shirts, ties, scarves, garments 7. Trinkets: key rings, spoons

Remote Australia	The concept of remoteness is an important dimension of policy development in Australia. The provision of many government services is influenced by the typically long distances that people are required to travel outside the major metropolitan areas. The purpose of a Remoteness Structure is to provide a classification for the release of statistics that inform policy development by classifying Australia into large regions that share common characteristics of remoteness.

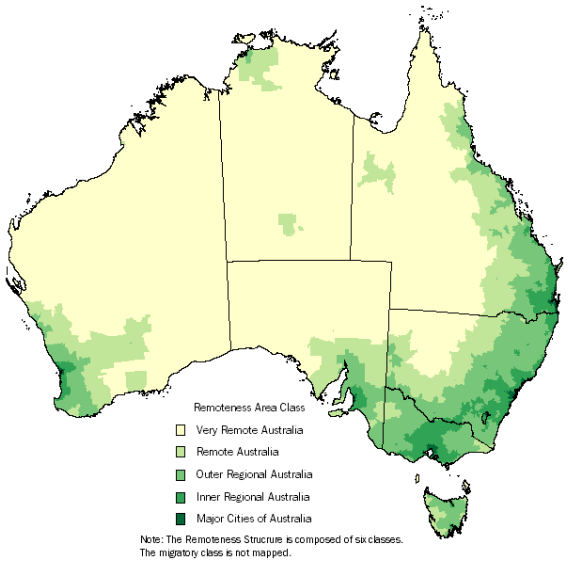


Image source: ABS 2006

Stakeholder	Stakeholders in the Aboriginal and Torres Strait Islander art value chain can be defined as any individual or group that has an interest in the creation, management or sale of Aboriginal and Torres Strait Islander art, or is affected by Aboriginal and Torres Strait Islander art.
Value chain	Value adding activities of an organisation or an entire supply chain. This is used as the reference point for defining the boundaries of an investigation of a product (art works) and/or service to give a value chain analysis.
Visual art products	An original (creative or cultural) product that is made, designed or produced by an Aboriginal or Torres Strait Islander person. Includes paintings, crafts, sculpture, fabric, baskets from any material, bought materials or waste such as fish nets and plastics.

Executive summary

The focus of the Art Economies projects value chain research was to understand Aboriginal and Torres Strait Islander art production from communities in remote and very remote Australia to the markets in Australia and globally.

The Art Economies Value Chain project is a central activity of the Aboriginal and Torres Strait Islander Art Economies Project, commissioned by CRC-REP and supported by Southern Cross University and Curtin University. This report focuses on the outcomes of the survey of private and publicly funded art businesses. Each report focuses on important economic, social and trade issues in the art value chain. Figure 1 lists the reports, with each report hyperlinked through its title.

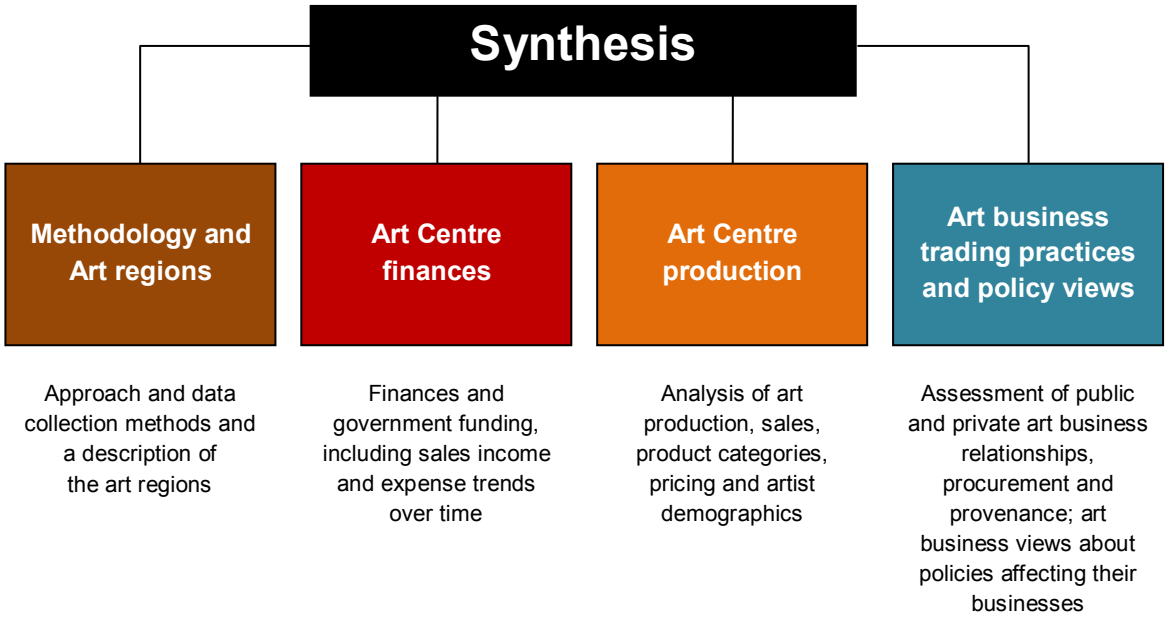


Figure 1: Reports map

Summary	
Art business showed some confidence in the future, art product sales were expected to increase by 15% over the next five years.	Survey respondents indicated some confidence in the future, expecting art product sales to increase by 15% over the next five years. Art product sales had been slow over the last five years; sales were down by a mean of 13.5% for both private and public art businesses. Private businesses were most impacted: in the period 2008–12 turnover was down for the majority of businesses: • more than -30% for over half the private businesses • more than -55% for 25% of private businesses
Australian private buyers currently represent the largest group of art product sales in Australia.	Seventy-four percent of current sales were to Australian residents, and NSW and Victoria were the largest markets. The Western and Central Desert were the most popular sources of art products for private art businesses. Most growth in sales (37%) was anticipated from sales to Australian private buyers, followed closely by international buyers (35%), primarily tourists. Europe and North America were the main international markets, with growth anticipated in North America and Asia.

Product development was time consuming and expensive	Sourcing materials for new products was not considered to be the major challenge in product development; rather, the main barriers to product development were that product design and development are time consuming and expensive, and that finding new markets is difficult and obtaining funding is a major barrier. Private art businesses did not think it was easy to work with remote artists and art centres on product development; however, they did believe that artists are interested and willing to create new products. Art Centre respondents emphasised the value of visits from private art businesses and the value of sharing information about artists, customer purchasing behaviour and emerging markets. Respondents indicated that artists, Art Centres and private art businesses need information on market trends to enable more timely and informed responses to market and product development opportunities.
Private and public art businesses are finding it harder to make a profit from the sale of art products.	Many private art businesses and Art Centres are under financial pressure, according to respondents to the survey. Private art businesses are more exposed to fluctuations in the commercial art market. Respondents indicated that there had been a decrease in the value of sales since 2008, particularly in the sales of products over $5000. Art Centres are also under financial pressure; however, the role of government funding has helped moderate the challenges of remaining financially viable. Art Centres provide a wide range of services, from commercial art studios to the provision of artist mentoring, community support and cultural maintenance.
Quality control is important to maintain brand credibility.	There is concern in the art industry about the quality of art products and about provenance-related issues. The vast majority of galleries and agents ascertain the provenance of art works and provide documentation to customers. But the lack of consistency of documentation and verification processes has resulted in a wide range of 'certification' documentation, with varying levels of traceability. This creates confusion for customers and even financial losses for businesses, while also undermining the provenance efforts of reputable agents. When combined with poor quality art products, dubious provenance and inconsistent art product documentation are undermining the brand.
Art businesses seek changes to industry policy settings.	There were four policies that survey respondents provided feedback to, because they had direct impacts on the art sector: 1. Changes to Self-managed Super Funds was perceived to have had a significant and detrimental impact on collectable art 2. The Resale Royalty Scheme was criticised for its limitations regarding distribution of funds, particularly in relation to deceased estates and unknown artists 3. The Indigenous Art Code was criticised both for not improving industry practices as well as contributing to over-regulation of the sector. Several galleries indicated that there was no benefit to joining, given that membership was not conditional on performance standards 4. The fourth policy was the *Protection of Movable Cultural Heritage Act 1986*. There was limited knowledge about the implications of this policy, primarily because the policy related to international sales, which did not concern most respondents. However, it was considered to be an unnecessary barrier to international sales by some respondents. Changes to the regulatory environment have had a significant impact on investor behaviour and confidence. Incentives to reinstate art in Self-managed Super Funds would stimulate demand; a review of financial incentives is recommended. Updating of other regulatory measures is also recommended to better synchronise with and support all art businesses. The Art Code could contribute to a stronger sector by working to improve the current provenance documentation and certification processes and standards to build investor and buyer confidence. Reliable proof of the provenance of art products is essential for the ongoing credibility of the art industry.

1. Introduction

Business-to-business trading practices across value chains vary enormously in terms of collaboration and trust, systems that support product quality and provenance and the contractual financial arrangements. In this part of the research project, public and private business stakeholders (n=126) who trade in art produced by remote Aboriginal and Torres Strait Islander artists contributed their views through a value chain survey (Appendix A) on business-to-business interactions, their customers, product procurement and the provenance of art products and the effects various policies have on their businesses. For a detailed explanation of the response rate, see the associated *Methodology and Art regions* report (Woodhead and Acker 2014a).

This report focuses on the businesses in the remote art industry value chain, as shown in Figure 2.

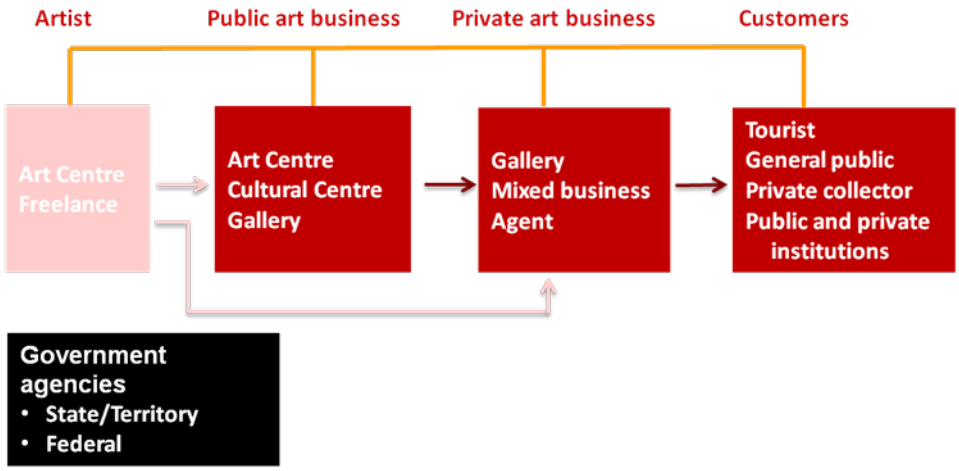


Figure 2: Stakeholder map

The value chain survey design incorporated a series of linked sections that allowed for both qualitative and quantitative responses. This report discusses the socio-demographics of public and private business enterprise characteristics, art and merchandise products, provenance and the provision of information, attitudes to customer needs and the relationships between public art business sellers and private art business buyers. Results relating to attitudes to government policies are included in section 5.3.

2. Demographics and business enterprises

This section discusses the characteristics of the respondents, their business enterprises and the business turnover. Some of these details are summarised in Table 1. The majority of respondents were not of Aboriginal and Torres Strait Islander descent; however, there were nine respondents of this ethnicity.

Table 1: Respondent demographic and business details

	Respondent details
Gender and ethnicity	The majority of respondents were female (62%). Most respondents were Caucasian (87%). There were nine (8%) Aboriginal or Torres Strait Islander respondents; seven of these respondents were female.
Age and education	Most respondents were between 36 and 65 years old (80%). Almost three-quarters (70%) had a higher education degree.
Income	Nearly 80% of respondents were earning less than $78,000 per year from art-related employment.
Time in industry	Of the respondents, 87% had been in the art industry for more than five years; 65% had been in the industry for more than 10 years. Over 70% had been in their current role for more than five years.
	Business enterprises
Business category	Nearly all respondents identified as owner, manager or both (97%). They classified their businesses as either privately funded (74 art businesses and eight mixed business) or publicly funded (28 Art Centres, three public galleries and three cultural centres).
Location	Twelve of the business enterprise respondents were not based in Australia, with four in the USA, two in the UK, two French, one Italian and one Canadian. Two businesses did not state their location. All the Art Centres and cultural centres were in remote or very remote Australia.

2.1 Business models

Art businesses trade using a combination of models. For example, they may have a retail gallery that exhibits or a retail gallery that does not exhibit. In the survey, respondents were asked to select from a list of possible business models all their business practices. 'Retail or Galleries Exhibiting' in combination with 'Retail Online' was the most popular business model.

Table 2: Trading practices by business category

	Retail / Gallery – Exhibiting	Retail / Gallery – Not Exhibiting	Retail Online	Wholesale	Wholesale Online	Total
Privately funded						
Art business	52	17	35	11	8	74
Mixed business (art business plus other business activities)	4	3	3	3	1	8
Publicly funded						
Art Centre	18	3	10	12	1	25
Gallery	3	1	1	1	0	3
Cultural Centre	3	0	2	1	0	3
Total Art business	**80**	**24**	**51**	**28**	**10**	**113**

2.2 Business turnover

The art business survey respondents indicated that, on average, business turnover had contracted by 11% over the five years from 2008 to 2012. Income for publicly funded Art Centres, galleries and Cultural Centres was positive (Figure 3), with most business reporting between 10% and 20% increase in turnover. However, private art businesses reported significant falls in turnover. Forty-seven private businesses recorded a decrease in turnover, and just 18 businesses recorded an increase in the 2008–2012 period (Figure 4). The decreases were substantial:

- 50% of private art business turnover was down more than 30%
- 25% of private art business turnover was down more than 55%.

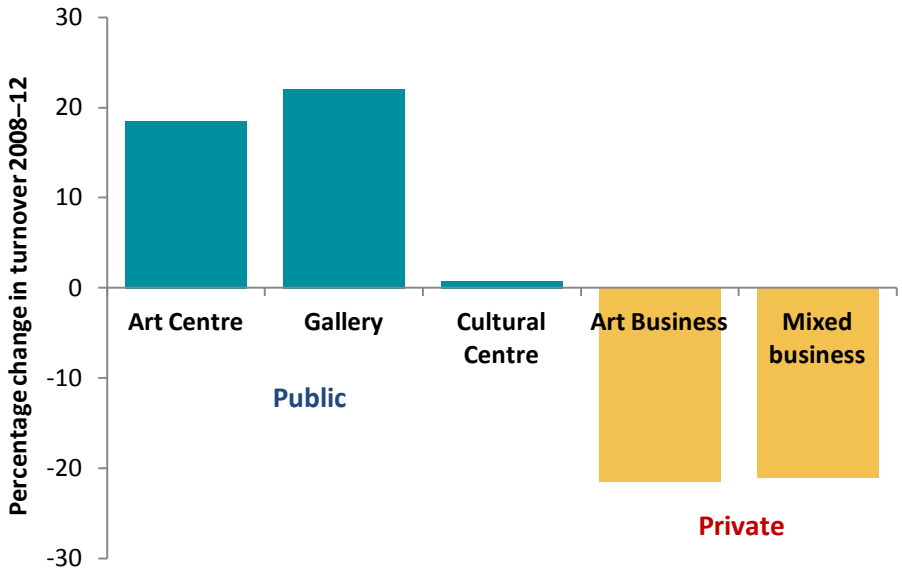


Figure 3: Change in public and private business turnover, 2008–12

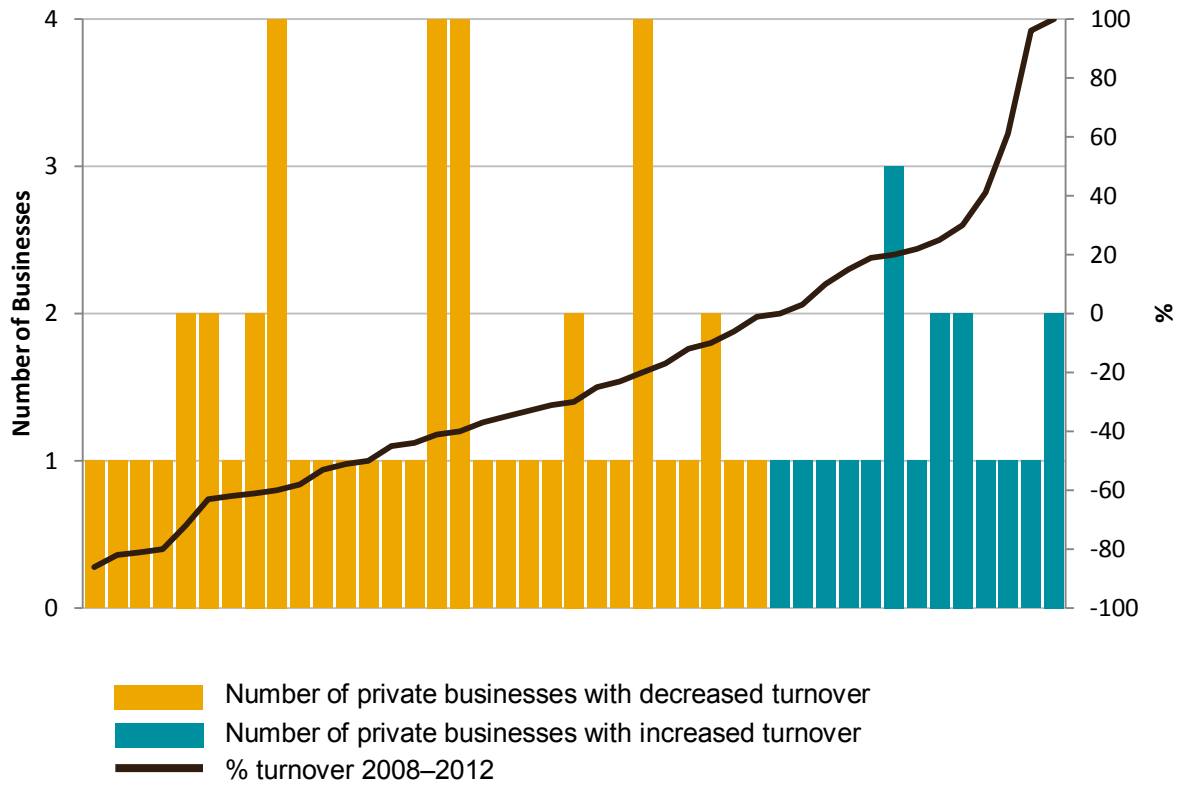


Figure 4: Change in private business turnover from 2008 to 2012.

Art businesses indicated that 86% of their business turnover was from the sale of art products and 9% from merchandise. Art product sales in isolation from other products were down by 13.5%. Several businesses explained that they had moved to merchandise products and lower value art products. They explained that the higher value art products were the slowest moving. Further details of art product sizing and sales by price categories are given in the associated *Art Centre production* report (Woodhead and Acker 2014c).

Business respondents were more positive about the future, with art product sales expected to increase by 14.3% over the next five years. If this eventuates, business turnover would return to levels prior to 2008.

3. Art product sourcing and sales

This section discusses where art products are currently sourced and what regions are predicted to grow and decline. Customer categories and locations are then discussed, followed by an analysis of comments about business expectations for future art market development and the barriers to development.

3.1 Sourcing art products

Respondents were asked what percentage of their art products in the 2011/12 financial year were sourced from Aboriginal and Torres Strait Islander artists vs. non–Aboriginal and Torres Strait Islander artists; the ratio was almost 80:20 respectively. Respondents were then asked to refer to a map of art regions (see Figure 5) to determine the percentage of these products that were sourced from artists located in remote and very remote Australia. Over three-quarters (78%) of art products purchased from Aboriginal and Torres Strait Islander artists by private art business were from remote locations. The Western Desert and

Central Desert regions were the most frequently cited primary areas for procuring art in 2011/12 (Figure 6). When asked about their expectations for sourcing products in the future (2017/18), respondents indicated that the Western Desert and Far North Queensland were the two regions where they were expecting to increase their product purchasing.

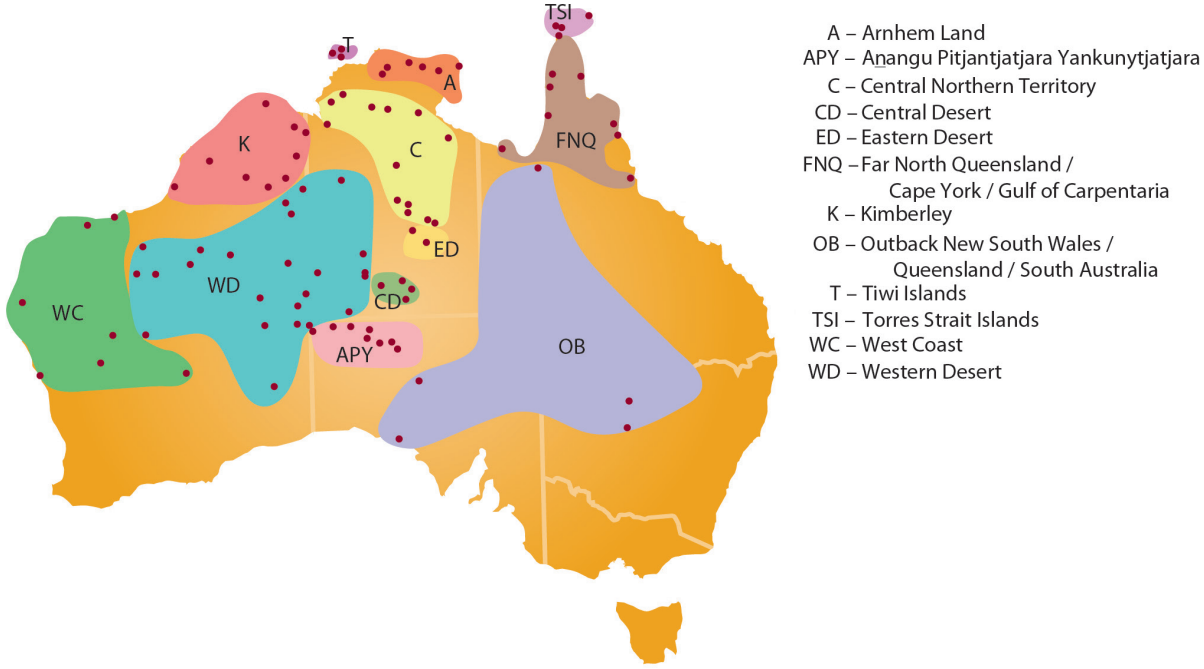
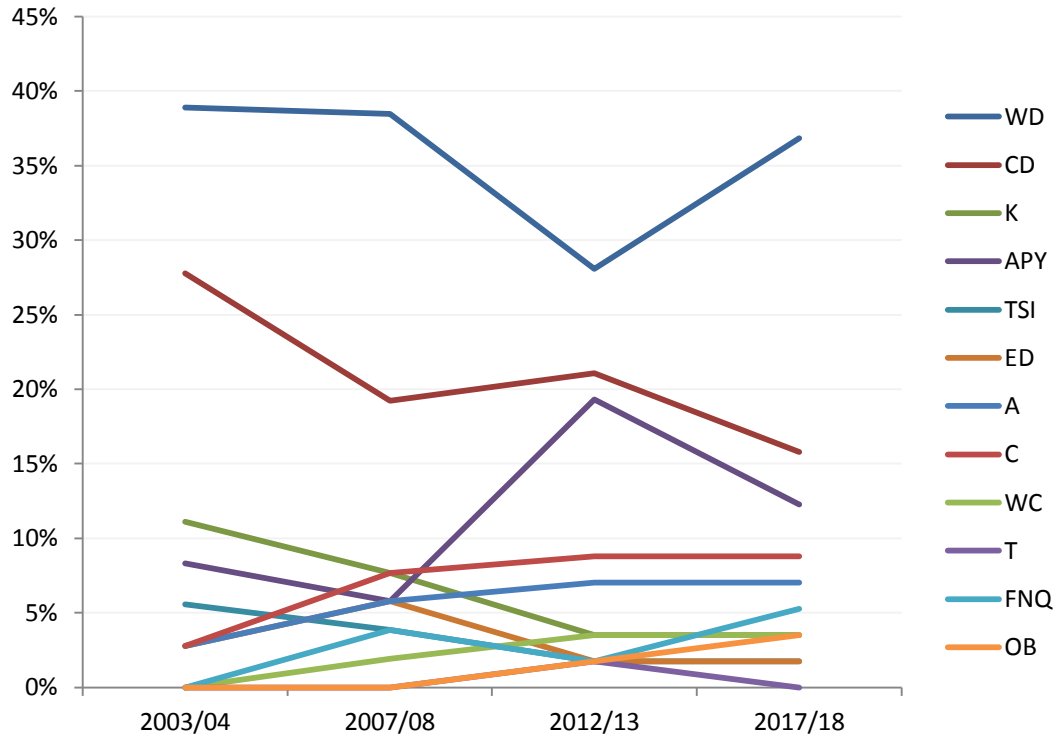


Figure 5: Art Regions map



A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Figure 6: Change in product procurement by art region

3.1.1 Private art business sourcing

Private art businesses were asked to identify what type of businesses they procured their art products from. While Art Centres were the primary source, a significant number of products were purchased directly from artists (Figure 7). It is worth noting that artists are often freelance, moving between Art Centres and agents. Therefore, while they may currently work independently with a private agent or gallery, it is likely that they will have also created and sold art products at publicly funded Art Centres. This may help to explain the high percentage of art products (36.6%) procured directly from artists.

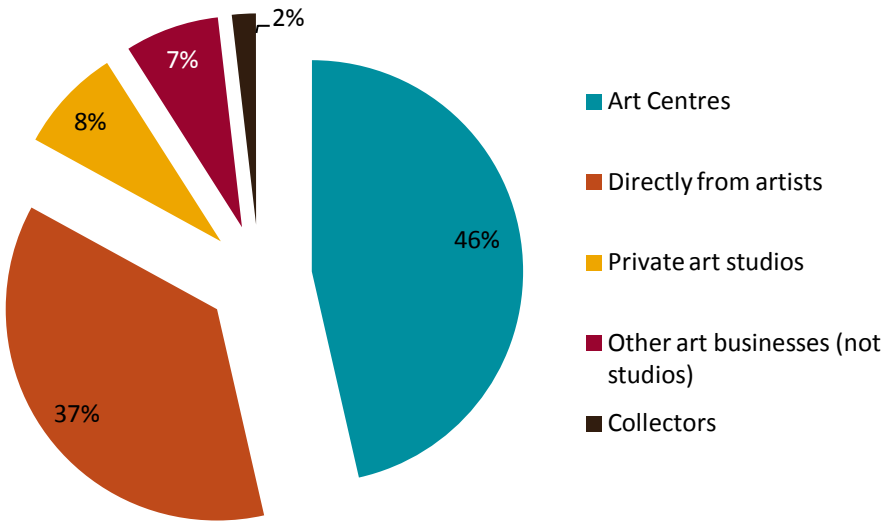


Figure 7: Where businesses source original art products

3.2 Product sales and the customers

Art businesses were asked to identify their customers by location, 76% were identified as Australian residents, with NSW accounting for the largest source of sales (Figure 8). Nearly 50% of Australian customers were private buyers (not collectors; Figure 9), with Australian private collectors accounting for 17%. International private buyers were the next largest group, with 13%, and international corporates the smallest group of customers.

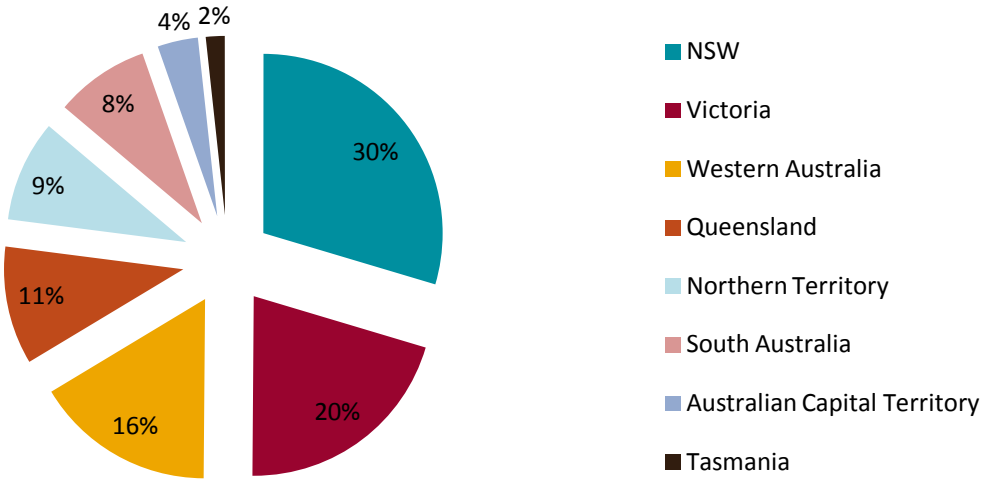


Figure 8: Art product sales by State and Territory percentage

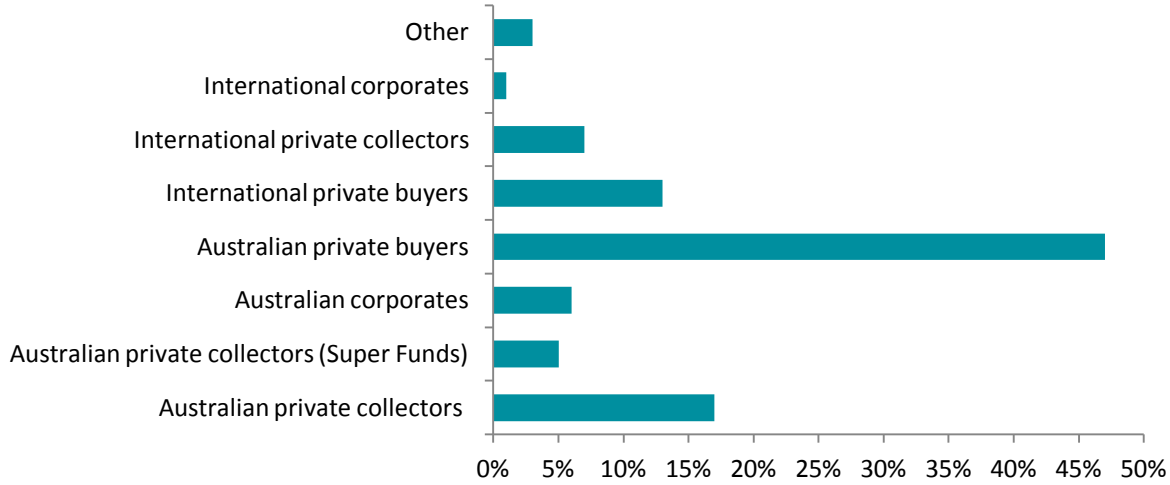


Figure 9: Art product sales by customer category

3.2.1 Future sales expectations

Respondents were asked to identify whether they expected customers sales (by the above categories) to increase, decrease or remain static (Figure 10). The main customer trends were:

- Australian private buyers are the largest purchaser of art product sales, and 37% of respondents anticipated increases from these customers, followed by increases from international buyers (35%). The majority of private buyers are tourists.
- A decrease in art product sales was most likely from the Australian private collectors (Self-managed Super Funds) (32%) followed by international buyers (17%).
- Sales were most likely to remain static in the international corporate and institutions (34%) and Australian private collectors (32%) markets.

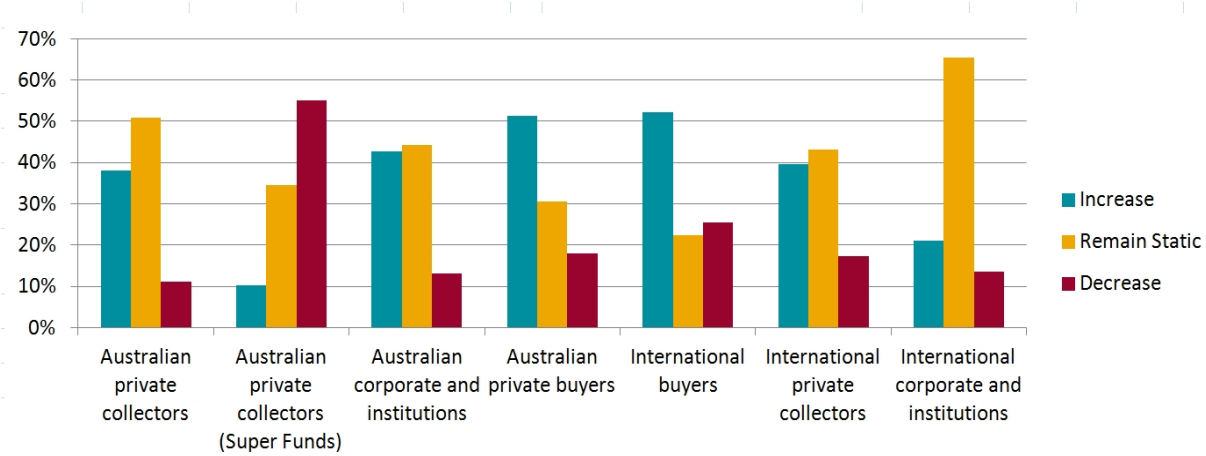


Figure 10: Predicted change in sales by customer

Expectations of improved economic conditions and more favourable exchange rates were cited as reasons for increased sales, particularly in the tourism market (international and Australian private buyers). Several respondents commented that they were focusing on international marketing through websites and

exhibitions. One respondent stated, 'Every tourist would like to take an Aboriginal artwork home', with another noting that the product mix needed to be targeted at particular markets: Asia, North America or Europe.

The USA/Canada and the Asian markets were expected to grow, and other markets were expected to remain either static or to decline (Figure 11). However, the majority of sales are currently to European countries (over 50%), and so it will take significant growth in the Asian markets (currently less than 10% of sales) to change the dominance of the European market.

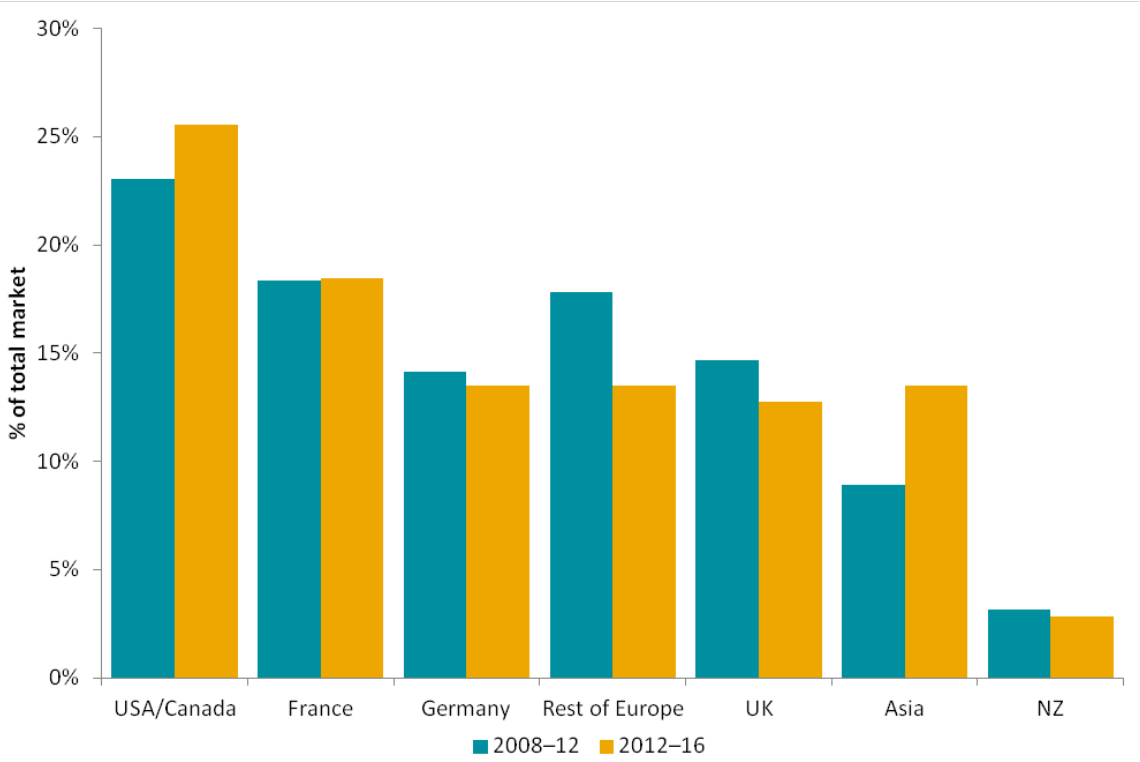


Figure 11: Australian business current and predicted international sales

The twelve international art business respondents had a slightly different perspective on where growth was anticipated: they expected potential growth in Europe, with a decrease in North America.

3.2.2 Change in art product sales

In their responses to a supporting question that sought to understand respondents' market predictions by customer category, several respondents attributed the increase in private buyers to successful exhibitions and art fairs, stating that private buyers were becoming more informed about Aboriginal and Torres Strait art. Other reasons provided by respondents included:

- loyalty of current buyers
- new demographics, 'cashed up' miners, online sales, cruise boat market
- increasing interest in Aboriginal and Torres Strait art globally (particularly USA)
- quality art products at a better price due to downturn in economy
- brand recognition is increasing.

Some respondents believed that the Australian private market segment had not been exhausted and there was room for growth. Others hoped to see increases in the next two–three years, with their reasons including:

- increased consumer confidence
- easing of the Australian dollar, which will increase domestic tourism as fewer people travel overseas
- new merchandise with local appeal
- improving economic conditions and a shift from stock market investments back to art investment
- increasing business confidence with change of government.

Other respondents noted that the anticipated increases in art product sales were due to their business focus: they were developing specific market segments, such as corporate clients. These responses can be summarised as:

- market saturation by particular artists or regions: 'Our work is already well represented in a number of institutional collections; planning to have the work included in other institutions is part of our long-term goals.'
- international collectors 'who are increasingly shifting to a greater "world art" view'
- change of business focus: 'we need to move from investment to decorative art, which is not for investments'.

Conversely, other respondents commented that they were developing the investment and corporate market, particularly in the mining and resources sectors. One respondent summarised the situation for sales increases thus: 'Our sales are so low they can only improve.'

Reasons for the anticipated decrease in the art product market were noted across several customer categories, and were stated as economic uncertainty, insecurity in the market, over-production, lack of quality, high prices and too much negative press.

The category Australian private collectors (Super Funds) were expected to have the largest decrease in market sales (32%). The vast majority of respondents stated that legislative changes to the Self-managed Super Funds (SMSF) had caused a 'sell off'. This was pushing prices in the secondary market down. One respondent explained that 'There is no money in the private art buyers' market; it is a market driven by SMSF legislation'. Insurance issues were also noted, because these are affecting how artworks can be stored and viewed, and the Resale Royalty scheme was highlighted as another barrier by several respondents. More detail about each of these policy impacts is given in section 5.3.

The main reason provided for the decrease in corporate and institutional spending was lack of funds due to reduction in allocations for art collections. A gallery respondent observation on that market sector was that 'Most [institutions] do not have much of a budget for Aboriginal art and seem to be dealing more directly with Art Centres or rely on donations from collectors' and 'The government changes to super and resale royalties have made investors of all kinds wary of art.'

The global economic conditions and the high Australian dollar were considered to have had negative impacts on all international sales.

3.3 Art and merchandise products

To gain a better understanding of what art products were sold, respondents were asked what percentage of their product sales were from art products (86%) and from merchandise products (9%). Other non-art products accounted for the balance (see Appendix B for more detail about these categories).

Aboriginal and Torres Strait Islander art products are original (creative or cultural) products that are made, designed or produced by an Aboriginal or Torres Strait Islander person. In contrast, Aboriginal and Torres Strait Islander merchandise products refer to manufactured goods and/or merchandise products that are produced either in Australia or overseas. The designs for these products may be created by, adapted from or purchased from Aboriginal and Torres Strait artists, but the objects themselves are produced in bulk.

Within the art products categories, paintings had the most sales in 2011/12 (75%, see Figure 12). However, Art Centre production analysis (see the associated *Art Centre production* report [Woodhead and Acker 2014c]) found that paintings represented over 90% of Art Centre sales. This discrepancy may be explained by private buyers' purchasing source (see Figure 7), as Art Centres represent the main source of paintings but not merchandise products. There were very limited data provided by Art Centres on merchandise sales; the few Art Centres that produce merchandise do so under a licensing agreement and did not have data on individual sales, or provide data on the total value of their merchandise sales.

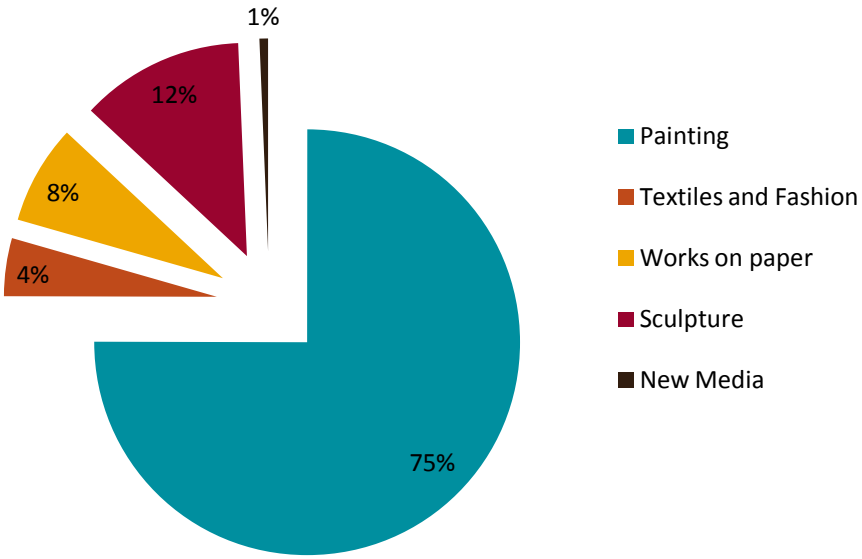


Figure 12: Art product categories by sales percentage 2011/12

Private businesses indicated that 34% of merchandise sales were stationery and 23% were prints (Figure 13). Over the last five years, private business merchandise sales increased by 16.5%.

Respondents were asked 'Do you know if your merchandise products are licensed?' 86% of respondents answered Yes, with 82% indicating that their merchandise products were licensed. The majority of merchandise sales were under $250 per item, but respondents explained that customers often bought several items (see Appendix B for more detail about these categories).

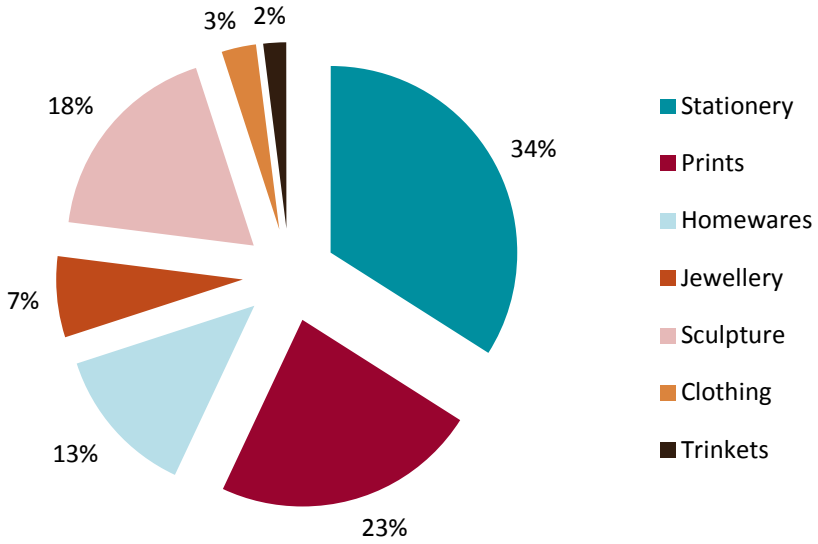


Figure 13: Merchandise products categories by percentage of sales 2011/12

3.4 Product and market development

Respondents were asked whether they were considering developing new products or services, and their perspectives on product development were assessed using a range of questions. Half answered positively, and a third responded that they were not developing products or services. The remainder ticked the 'maybe' option, with some respondents indicating that they were actively looking at merchandise options, but were currently undecided as to whether or not to proceed. Several respondents said they were developing online sales. Some suggested that their ideas about product development were confidential and declined to share them.

Respondents indicated that the main barriers to product design and development were time, funding and finding new markets. Private business respondents did not think it was easy to work with remote artists and Art Centres on product development; however, they did believe that artists were willing to create new products. Many indicated that they had ideas for new products and services, even if finding the right markets for the products or services was difficult (see Appendix B for product development ideas). Those that were developing merchandise also indicated a strong focus on online sales. Several respondents said they were learning about licensing to help with merchandising products.

3.4.1 Market development

Ideas on how government agencies could support art businesses primarily focused on the development of international markets. Several respondents highlighted the particular challenges of remoteness and building new networks and markets, with one respondent noting that 'the costs are extremely high if you are the only one building the market'. Other barriers to market development noted by respondents included inconsistent documentation and verification processes, particularly for lower valued art products, resulting in a wide range of 'certification' documentation, with varying levels of authenticity. One respondent explained that 'fake' documentation undermines the brand and makes marketing of authentic products difficult.

Comments on foreign markets mainly focused on the need to enable cooperation and information about how to develop international clients. An overseas gallery respondent felt there was 'not enough discussion on what could be done from Australia to assist people who are on the ground overseas. This includes help for art fairs or grants that are not applicable if you are overseas and not Australian.' The respondent also explained that there was very little information in overseas media about ethical issues and the 'certificate of authenticity', suggesting that there should be more communication in overseas media to let people know about the art code.

4. Provenance, customers and provision of information

4.1 Provenance documentation

Provenance refers to the chronology of ownership; provenance documentation provides contextual and circumstantial evidence about the origin of the artwork. Authentic provenance documentation is important for art work valuations and the resale value. Codes of Practice (Australian Government n.d.) set out industry standards of conduct, which provide guidelines for fair dealing between business and customers. The vast majority of galleries and agents ascertained the provenance of art works and provided documentation to customers. Provence documentation was provided for art works under $1000 'always' by 60% of respondents and 'most of the time' by just over 30% of respondents. Art works selling for over $1000 had a 100% response for provision of documentation.

Private business respondents were shown seven statements and asked to rank each from 'not at all important' to 'very important' with regards to what matters when they are purchasing art. Ethical sourcing (i.e. the reputation of the seller) was extremely important to 68% of the respondents. Quality of craftsmanship and aesthetic appeal were the next highest ranked statements.

Comments by respondents on the provision of provenance information and related ethical sourcing issues were extensive, with many noting that provenance information is critical, and it is essential to provide it. Respondents believed that the meaning of provenance information to customers varied: while it was very important for collectors from a resale and traceability perspective, the majority of buyers just want stories for their own personal information. Comments included:

> It is a key selling point for most buyers.
>
> People love it always.
>
> Proper provenance is a major part of my marketing.
>
> Provenance helps with resale value of art in the future.
>
> Linking background information, including provenance, to art is one means by which we may be able to increase sales, by offering a more encompassing experience.
>
> Provision of provenance information gives the work a more stable context. It identifies it with its place and people of origin.
>
> We always provide provenance for original art works. Not always for merchandise or 'value added' items.

Some galleries indicated that they have a price cut-off point for the supply of provenance documentation (see the bullet points below for the different kinds of provenance documentation provided by different art

businesses); the price cut-off point varied from under $150 to under $1000. Respondents indicated that the larger volume of lower value art product sales was the problem for the provision of documentation. Some respondents indicated that lower value works were supplied with documentation, artist's CV or just the artist's name and language group. However, some respondents believed that it was imperative to provide documentation on art products no matter what the value, for example: 'Under $1000 is still a lot of money for a lot of people and they deserve to have provenance documentation as much as people buying art over $1000.'

When respondents explained how they provided information to customers, considerable variation in the types of documentation was evident. The provision of certificate documentation by businesses to commercial buyers and private customers included:

- Supplied by Art Centre:
    - original Art Centre certificate plus translation, translated biography of the artist plus essays on the artist
- Supplied by private art business:
    - a personal guarantee that the art is from an Aboriginal or Torres Strait Islander person
    - a certificate of authenticity produced at the gallery: an unsigned certificate, sometimes with relevant details and artist biography and photos of the work in progress
    - a printed, laminated story sheet with a photograph of the artist, the artist's information and a brief description of the story.

Respondents were concerned about the variability of documentation and the lack of verification and security of the provenance system to ensure authentic documentation. Several commented that provenance documentation was only as reliable as the person providing it, suggesting that some of the documentation provided was worthless.

> The Indigenous art sector is plagued by corrupt and unethical and dealers completely unaware of the market in which they operate. This behaviour undermines the sector at every turn. Thus, excellent provenance is the only means of giving your client security for the future. Of course, there is a plethora of 'provenance' that will not be worth the paper it is printed on, further putting the industry into disrepute in the future.
>
> The provenance is only as reliable as the person providing it. It's easy for anyone to produce a certificate.

4.1.1 Understanding customer purchasing behaviour

To gain a deeper understanding of the purchasing behaviour of customers, three questions sought to determine perceptions of customer's purchasing drivers. Respondents indicated that for customers who were purchasing art works under $1000, aesthetics and price were the most important criteria. Aesthetics was also the most important criteria for those purchasing art in higher price brackets (over $5000).

Price becomes less important for those purchasing art works over $20,000. Indeed, art business respondents believed that quality of the craftsmanship and interest in the artist were far more important. One conclusion that can be drawn from the purchasing behaviour results is that those customers who are buying art in higher price brackets are more likely to have researched the artist and have a better understanding of what constitutes an ethical and quality Aboriginal and Torres Strait Islander art product.

4.1.2 Provision of information to customers

Respondents were also asked to consider what art customers needed. They were asked: 'Do you think there is enough reliable information available to buyers about the way art is sourced and traded?' While 34% believed there was enough reliable information, 45% believed there was either 'not reliable information' or there was 'not enough information' (see Figure 14).

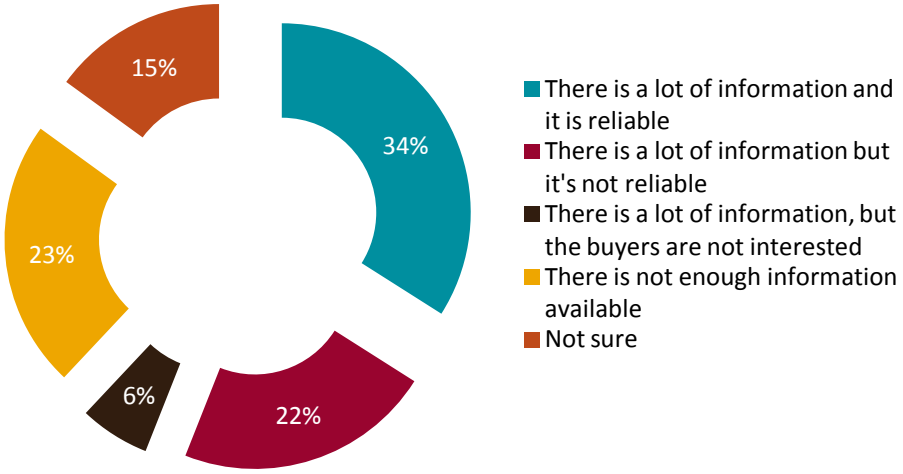


Figure 14: Information about ways art is sourced and traded

Extensive and diverse comments were recorded in response to the 'reliable information' question. Some respondents focused on customers, others on the impacts of government and industry policies and yet others on the structure of the industry. One respondent noted that all of the descriptions in the information question applied equally, dependent on where the information comes from and the way the work is produced. The respondent continued, 'This is a highly complex situation and can be used as a sales incentive [because knowledge about provenance is important for resale value], or the buyer may be genuinely interested [in the artist history, art product story and the connection to culture].'

The key themes from respondent comments included:

1. The messages are confusing and customers need more information about provenance and ethical purchasing. Generally respondents indicated that customers have a very low awareness of provenance. Indeed, many commented that customers often do not realise that art products have a provenance. Respondents also noted that many buyers still think it is great to 'get a bargain' and are not concerned with documentation or whether the artist is getting a fair return for their work.

   Of the positive responses about the reliability of information, several suggested that the unreliable information came from 'shonky operators', but said that the majority of major established galleries provided reliable information. Some respondents who thought there was enough information also thought it was difficult to sort through for accuracy and ethics, and that you had to be really interested to find it.

2. Buyers are confused in relation to provenance: for example, 'Why is an artwork with art centre provenance three to four times more expensive than a work sourced directly from an artist, or dealer that may be carpet bagging?' Several respondents indicated that there are plenty of customers who are

looking for ‘great deals’ and who are purchasing works outside of the Art Centre sphere, which in their view, was not necessarily the best investment. Buyers do not understand ethical sourcing procedures, and many buyers do not realise it is important.

3. Government and industry organisations need to take a stronger role in the provision of information and regulatory compliance. For example, one participant suggested ‘spot inspections’ to regulate the ethical standards of galleries/studios, etc. They suggested that there is no recourse for artists who have been unfairly represented.
4. It is not black and white. One private dealer expressed frustration with attitudes to private dealers and industry regulation, noting that not all private dealers are ‘carpet baggers’ or ‘scumbags’. Other respondents noted that customers have a limited understanding of diversity among Aboriginal and Torres Strait Islander artists.

> If the artist is a fairer skin Aboriginal person, or someone from NSW or other southern states, providing information can do more harm than good for a sale. Some buyers want ‘black outback persons’, even if they are not good artists. I like to inform that there are many styles and most Aboriginal persons have their cultures.

Several respondents said that they had taken a leadership role in the education of their clients. For example, one respondent explained that it is important to share stories about Aboriginal culture while people are looking at art works. Overall, the quantitative responses indicated that customers of all categories need more credible information about the industry, and the importance of obtaining artwork provenance, in particular, needs to be highlighted. Misleading provenance documentation impacts the entire value chain, from artist credibility to customer confidence.

5. Art business relationships

To further understand attitudes across the art value chain, private art business respondents (galleries and agents) were asked about their experiences with suppliers of art. Conversely, suppliers of art (Art Centres) were asked about their experiences with private art business. Both groups (52 private sector and 19 Art Centre respondents choose to answer this question) were shown nine statements with minor variations to account for their different locations in the art value chain.

They were asked to rank the statements using criteria from ‘very bad’ to ‘very good’ and to provide supporting comments. The next section provides a more detailed analysis of their responses.

5.1 Attitudes of private business buyers to suppliers

Most private business respondents found Art Centre managers to be efficient. The vast majority of buyers were satisfied with the service they received from suppliers (see Figure 15). However, several respondents noted that there was a large variability in Art Centre managers, and it was difficult to generalise: ‘It does vary wildly, hence the “mainly fair”; some people deserve “excellent” while others would rate ‘very badly”’. There was concern about their ability to undertake several roles (artist development, product marketing, distribution and so forth). They noted that some managers were better at some roles than others. Several indicated that they believed that Art Centre managers needed to concentrate on developing their artists and expanding their supply, range and quality of works. They commented that the distribution and retailing of artworks were two very different businesses, and it is almost impossible for remote community Art Centres to do both well.

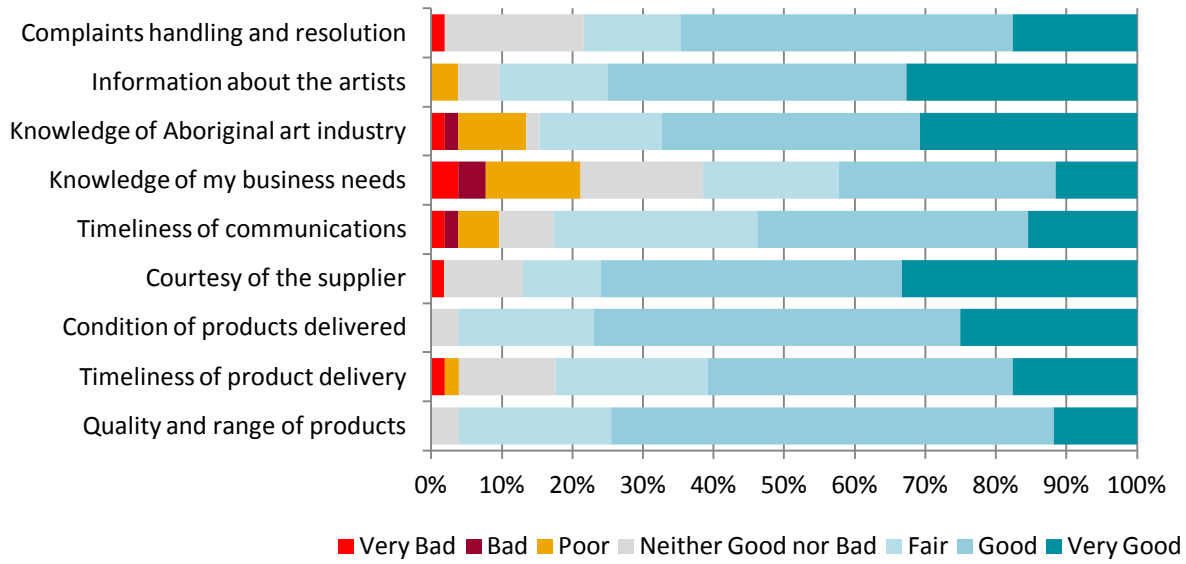


Figure 15: Private business attitudes to suppliers

There were a range of comments on how Art Centre managers could improve their performance:

> Make time to speak to buyers, and be timely with responses. Buyers are impatient in the Internet age!
>
> Keep buyers up to date with all aspects of artists' development.
>
> Consistent pricing; web sites to be current (not five years old or older and stock images emailed with wholesale pricing attached).

Comments were made about Art Centre managers' lack of understanding of markets. One respondent noted:

> Art centre managers often have limited knowledge of retail and the market and are under pressure to sell art from all artists. We therefore receive stock which is inferior in quality and design and often over-priced, which results in poor sales and the time/cost of returning unsold items.

These suggestions were made to improve performance:

> Develop a more professional approach and understanding of the retail and wholesale markets.
>
> Develop a better awareness of the international market, and develop more long-term relationships with international dealers.
>
> Understand that galleries have different roles and different customers.

There was frustration with the high turnover of staff in Art Centres. One respondent explained that they believed it was important that they visit the Art Centres every so often, so that they can explain what they are looking for and learn about the artists: 'I think will be really important for future working relationships

with the Art Centres.' Another respondent indicated that there was a lack of appreciation of long-term clients.

Others noted that Art Centre managers were under increasing pressure, because more collectors and private buyers now contact them directly.

5.2 Attitudes of public Art Centre suppliers to buyers

The majority of Art Centre respondents were positive about buyers (see Figure 16). Art Centre managers highlighted the value in visits from private art businesses: they believed that it was important for the development of the relationship and for building shared knowledge. The provided these comments:

> Learn more about the centre, its surrounding community and the artists and not assuming that what applies in, say, the NT is applicable in WA.
>
> Visit the community at least once to get a feel for the community and the artists, and the environment from which the works come.
>
> Agents and galleries should continue to focus on the economic perspectives of Aboriginal artists in that they still live well below the poverty line. They should strive to understand the culture, people and language. They need to maintain integrity, honesty and transparency.

Art Centres ranked private business lowest for knowledge of Art Centre business needs. They ranked buyers highly for knowledge of art products, knowledge of art industry, courtesy and timeliness of communications.

Figure 16: Public art business attitudes to buyers

5.3 Public and private art business attitudes to policies

So the project could develop a deeper understanding of the impacts of government and industry policies on art businesses, respondents were asked about their satisfaction with four policy initiatives:

- **Resale Royalty Scheme:** This scheme, legislated in 2010, returns a percentage (5% on works sold for more than $1000) of the second (and subsequent) sale of an artwork to the artist or their estate.
- ***Protection of Movable Cultural Heritage Act 1986*:** This Act regulates the export of artworks deemed to be of cultural significance to Australia. Under the Act, works of art by Aboriginal and Torres Strait Islander Australians are subject to different restrictions than those produced by non-Aboriginal or Torres Strait Islander Australians.
- **Self-managed Super Funds:** In 2011, following a review of self-managed superannuation funds, changes were introduced in relation to storing and managing art through a Self-managed Super Fund. Artworks purchased through these funds are required to be professionally valued (annually), insured and in permanent storage, with the objective of preventing personal benefit.
- **Indigenous Australian Art Commercial Code of Conduct (Indigenous Art Code):** This aims to ensure fair trade with Aboriginal and Torres Strait Islander artists. It establishes a set of standards for commercial dealing with Aboriginal and Torres Strait Islander visual artists, provides a benchmark for ethical behaviour and builds greater certainty for consumers that the artworks they buy come through ethical processes (Australia Council 2009).

Seventy responses were recorded for each 'satisfaction index' question. The quantitative responses are shown in Figure 17; respondents were also asked to explain their responses, and these qualitative answers about each policy measure are given in the relevant section below.

The highest dissatisfaction ('dissatisfied' to 'extremely dissatisfied' – Figure 17) was recorded for Self-managed Super Funds, with 29% of respondents recording an 'extremely dissatisfied' score. The highest satisfaction scores ('satisfied' to 'extremely satisfied') were recorded for the Indigenous Art Code.

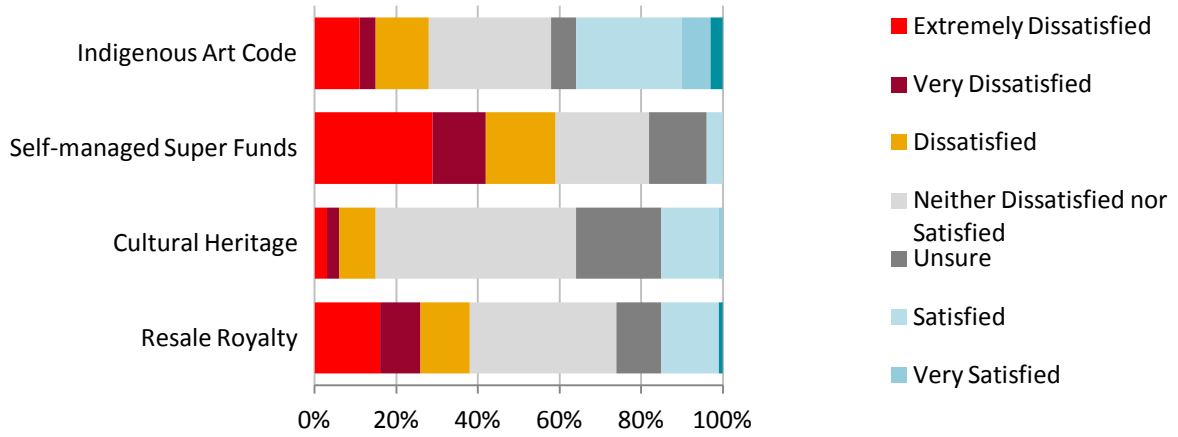


Figure 17: Policy satisfaction index

The Resale Royalty Scheme was implemented at a similar time to changes to the Self-managed Super Fund legislation and coincided with the downturn in global markets. While survey data (see Figure 4), shows a decrease in art market sales and business turnover since the 2008 global financial crisis, it was evident from the responses that it is difficult to determine specific market impacts from a single policy. The majority of respondents believed that Self-managed Super Funds had been the most detrimental policy in terms of impact on the value of art products and volume of sales, particularly for higher end sales. The

diverse range of attitudes to the four policies and their perceived impacts, along with other policy issues, are discussed in the following section.

5.3.1 Resale Royalty Scheme (RRS)

Most of the survey respondents who were dissatisfied with the RRS believed the scheme was a costly impost as it was time consuming and bureaucratic; these respondents stated that the RRS process needed to be streamlined, and management and reporting should be substantially simplified.

Survey responses were characterised by six business impacts and issues:

1. Artworks sold at a loss still require RRS paperwork and incur RRS fees, thereby compounding the art business loss. Respondents suggested that RRS should only be applied to artworks sold at a profit.
2. Resale Royalty should not be applied to the first two sales (from artist to art centre/art business and then to the consumer). The current arrangement, applying from the second sale onwards, discourages timely payments to artists, because this incurs an RRS payment in addition to the purchase price. Consequently, galleries are replacing cash payments with consignments, partly to help with their cash flow, but also to avoid paying the royalty fees until the painting is on-sold. The result is that artists receive no financial payment on delivery of their artwork, and only receive a payment if the painting sells to a consumer. One respondent summarised the situation: 'If I pay an artist directly and upfront for a painting, I have to pay a royalty as well. Win/Win for the artist. If I take a piece on consignment and therefore make the artist wait indefinitely for payment, I don't have to pay a royalty. Lose/Lose for the artist. It does not make sense.'
3. The $1000 RRS trigger point is too low, negatively affecting sales at the lower end of the market. Most sales under $1000 are from younger and/or emerging artists – those artists who have most to gain from commercial representation and support. The lower end is more speculative because artists do not have an established reputation. These artists are less able to produce work on consignment because they do not have a cash flow from existing artworks; galleries take a bigger risk commissioning their work; and the buyers are very sensitive to pricing. Respondents suggested that RRS should be applied only to higher value artworks: $5000 or $10,000 trigger points were proposed, thereby focusing on established rather than emerging artists.
4. Many artists struggle to understand the scheme. Respondents suggested that many artists just want to 'cut a deal' where they get paid for each individual work. Paying artists for artworks creates less confusion, reduces the time spent explaining to artists why they are not being immediately paid and creates an environment where artists can produce more artworks.
5. Some respondents believed that financial benefits are limited to a few artists, largely those who are successful and established. Some of these artists are deceased, with some respondents saying they had observed that RRS payments were causing problems among the extended family of deceased artists. Respondents suggested that consideration needed to be given to the distribution of royalty income, particularly in relation to claims made by relatives of deceased artists.
6. Works by unknown artists are subject to RRS, which is retained by the Copyright Agency until the artist or estate is identified and located. Galleries that sell old artefacts (and, on occasion, artworks) where the artists are unknown expressed frustration that a royalty was contributed, but would never be distributed. These artists are unlikely ever to be identified and the Resale Royalty is therefore redundant.

Respondents who were satisfied with the RRS tended to be Art Centres. Several respondents declined to provide an opinion or were unsure, stating that they had ceased buying artworks due to the current state of the art market and therefore they had not engaged with the RRS.

5.3.2 *Protection of Movable Cultural Heritage Act 1986* (PMCH Act)

Most respondents' comments related their limited knowledge of this legislation, and/or its potential impacts on their business. Of those who did have expertise, most felt it was a barrier to international sales, even if they did support the policy concept. They were concerned about the cumulative impacts. The PMCH Act was regarded as yet another cost barrier to international buyers of Australian art, on top of valuations, packaging, shipping and export administration costs, which had the potential to limit artists' international careers:

> It has destabilised the purchase incentive of international institutions, collectors and investors. It has inhibited international exhibition.
>
> Current system cripples international collectors ... The industry is over-protected.

One respondent felt that the PMCH Act was ineffective, because rolled canvases could easily be shipped out in tourists' luggage, stating that they believed the PMCH Act was only effective for high value, high profile artworks.

5.3.3 Self-managed Super Funds

Of responses to the three policy questions, comments about SMSF changes were the most passionate, with many people noting the impacts changes to Self-managed Super Funds legislation had on the market value of artworks.

> This is the nuclear bomb on the art market: how to obliterate a market by forcing it to be flooded.
>
> It has devastated the Australian art market. The changes assume collectors are idiots. As super funds are forced to divest the art held in their funds it will drive the market down even further.

Several respondents indicated that Self-managed Super Funds had provided an opportunity for people to invest in Aboriginal and Torres Strait Islander art and that the changes had come when the industry was suffering and needed incentives and stimulation. One respondent's view was:

> The changes were totally unnecessary, and by devastating the top end of the market had the effect of depressing prices further at a time when they were falling anyway.

Respondents were concerned about the longer term impacts on art collectors, partly because works cannot be displayed:

> They are required to keep them off the primary premises and [to have] a separate insurance policy.

There was considerable criticism that the legislation was complicated and confusing. One respondent commented that a client was selling her collection because she had been advised by her accountants that they 'cannot work out the ramifications of the latest rule'.

Overall, the Self-managed Super Funds changes were seen as causing a significant contraction of art sales (comments ranged between 25% and 80%) in the collectors' market:

> Art investment in Self-managed Super Funds has stopped and those with art already in their funds have been retrospectively hit with unreasonable charges and conditions. The changes have not only stopped investment in Self-managed Super Funds, but they have undermined the perceived value of art and certainly wiped out significant value in Self-managed Super Funds.

There were no supportive comments on changes to Self-managed Super Funds, but one respondent suggested that guidelines for buying Aboriginal and Torres Strait Islander art for super funds should be developed. That is, there should be the same level of disclosure as with other financial products. The respondent explained that many buyers had been forced to sell because they had not made informed purchases.

5.3.4 Indigenous Art Code

There were a range of concerns stated about the Indigenous Art Code, including that it is racist and financially disadvantages art dealers and galleries:

> It is divisive as it segregates on a race basis Aboriginal artists, which is ultimately problematic on so many levels; it also asks white coordinators to authenticate Aboriginal artists, which is fundamentally racist.
>
> It has the potential of disadvantaging the finances and reputation of well-intentioned art dealers if spurious claims are made against them.
>
> Interests of small and medium respectable galleries are not being considered and these should be the front of house for Aboriginal Art.

Several respondents did not believe their actions should be regulated by becoming a member of the Indigenous Art Code; rather, they felt they were already practicing ethical trading. One respondent explained why they believed the code process was flawed:

> I filled in the form, but realised all I had to do was fill in a form and pay a fee and then I get a logo to display – all irrelevant to what I actually do in my day-to-day business.

Others believed there was no benefit and cited increased paperwork as yet another burden on their business. One respondent believed that the art industry was too small to support a code (in comparison to the food and energy sectors). Several stated that if there was to be a code, it should cover the whole art industry, not just Aboriginal and Torres Strait Islander art.

Supporters of the Indigenous Art Code generally perceived it to be of benefit to the industry, for example, 'It will serve to raise market perceptions of the quality of the industry'. However, some respondents believed it needed to be compulsory, stating frustration at the lack of court cases due to violations of the Code. Several (supporters and detractors) stated that the Indigenous Art Code's value was undermined by a lack of regulatory enforcement:

> Too many unscrupulous buyers are already signed up to it.
>
> I don't believe the Code has changed the habits of unscrupulous 'dealers' – crooks of all types will always work around the law.
>
> Bad operators simply use it as a sales incentive and nothing happens to them.
>
> I am not a member of any code, I do not feel it is regulated enough.

Many respondents (both supporters and detractors) stated that more customer/purchaser education is needed, more industry training was required and more publicity for the Indigenous Art Code was important.

5.3.5 The role of government

At the conclusion of the policy questions, respondents were asked whether they had any comments about policies in Australia that were influencing their art business, positively or negatively. Most comments were about developing markets and competition for customers between public and private art businesses.

These government initiatives were seen as providing positive outcomes:

- Queensland Government support for Aboriginal and Torres Strait Islander arts
- The Creative Australia policy
- The Indigenous Employment Initiative.

The benefits of triennial funding for Art Centres to facilitate longer term planning were noted by several respondents. Survey respondents also provided these suggestions to support the development of the art industry:

Art from non-remote areas could be acknowledged and promoted. For example, stolen generation artists with origins in remote regions, but who are working in cities, get no support; outback art is often seen overseas as the only type of Aboriginal and Torres Strait Islander art.

Developing international markets. Ideas on how government agencies could support art business primarily focused on the development of international markets. Respondents noted that overseas markets required new artists and artworks, but that developing artists was difficult. Several respondents highlighted the particular challenges of remoteness and building new networks and markets:

> Distance between remote art centres and customers, particularly overseas galleries, is a major barrier to developing exhibitions and new customers in foreign countries.
>
> The costs are extremely high if you are the only one building the market.

Comments on foreign markets mainly focused on the need to enable cooperation and information about how to develop international clients.

> Australian Embassies in foreign countries are not informed about provenance and ethical sources – they take over patronage for everything that ‘smells’ Australian.
>
> Much is done by trade delegations to promote Australian products and encourage overseas investment in Australia. When has such an effort ever promoted Indigenous art?
>
> Australia does not put enough money into promoting Indigenous art overseas.

An overseas gallery respondent felt there was ‘not enough discussion on what could be done from Australia to assist people who are on the ground overseas. This includes help for art fairs or grants that are not applicable if you are overseas and not Australian.’ The respondent emphasised that there was very little information in overseas media about ethical issues and the ‘certificate of authenticity’, suggesting that there should be more communication in overseas media to let people know about the Indigenous Art Code.

6. Conclusion

This paper has explored current trading practices and policies in the Aboriginal and Torres Strait Islander visual art sector. Public and private art businesses have provided data on their business models and turnover, product choices, purchasing sources, sales, customers and their ideas about product and market development. They have highlighted the complexity of art provenance documentation, traceability and quality control in the art value chain and shared their views on the impacts of industry and government policies.

The rising costs of running a business and the lower returns on art sales were noted by several public and private art businesses. However, respondents also displayed determination, many anticipating a brighter future, with art product sales expected to increase over the next five years. They discussed a range of customers, products and destinations that were being considered to expand current art markets.

Almost three-quarters (74%) of sales were currently to Australian residents, with New South Wales and Victoria the largest markets. Europe and North America were the main international markets. Australian private buyers are the largest purchasing group of art products in Australia. Art business survey respondents believed that anticipated growth in the corporate and collectors markets was dependent on government policies and institutional investment strategies. The main growth in sales was anticipated in the private buyers' market, both Australian and international buyers, particularly in the tourist segment.

There is a trend towards merchandise products and art products for the tourist market and away from the higher value art collectors and corporate and institutional customers, although it was apparent that there is a broad range of art businesses with an equally broad range of customers. There were four barriers to market development:

1. The design and development of new products are time consuming and expensive; finding new markets was considered difficult and funding was a major barrier, as were the challenges of working with remote artists and Art Centres on product development.
2. The quality of art products is highly variable. Many art products are produced under a banner of cultural and community maintenance. These art products can lack aesthetic quality or craftsmanship and may be produced by amateur rather than professional artists, but are sold into the same commercial art market. This has contributed to undermining the Aboriginal and Torres Strait Islander 'brand' and devaluing the commercial market for professional artists. This can negatively impact on the credibility of authentic, quality art products and the art businesses that sell these products.
3. Remoteness of art production is a barrier to ascertaining market information. Alignment of art production to customer purchasing choices is weak, with over-production of art products that do not meet customer needs, for example, large paintings. Customer preference is for smaller paintings and products valued at under $1000.
4. There is inconsistency in documentation and verification processes, particularly for lower valued art products, resulting in a wide range of 'certification' documentation, with varying levels of authenticity.

The survey results highlighted the importance of art product provenance documentation. Businesses are concerned about 'shonky' dealers' trading practices. Public or private art business cannot build a reputation for quality art products in isolation of their partners in the art industry. Systems that support credible, consistent provenance documentation and improve customer perceptions of the Aboriginal and Torres Strait Islander art sector's brand were a key concern for public and private art business respondents.

There were three policy initiatives implemented after 2008: the Resale Royalty Scheme, changes to self-managed super funds, and development of an Indigenous Australian Art Commercial Code of Conduct. The highest dissatisfaction was expressed about the changes to the self-managed super funds, which now require artworks purchased for superannuation purposes to be annually valued, insured and in permanent storage. Dissatisfaction about the Resale Royalty Scheme came mainly from private businesses about the paperwork and logistics of implementing payments back to artists after resale; Art Centres tended to be more satisfied with this scheme. The Indigenous Art Code elicited a range of responses, ranging from it being racist and creating financial disadvantage for some dealers, to it being a positive move in the industry that should be strengthened and enforced. Respondents tended not to know very much about the fourth policy area, the *Protection of Movable Cultural Heritage Act 1986*. However, some respondents who were involved with international sales believed it had added another layer of bureaucracy and was a barrier to international sales.

It is interesting to note the extensive and detailed written responses to the survey questions. This indicates that public and private art business owners and managers are in business for more than economic returns; many demonstrated extensive knowledge of, and passion for, Aboriginal and Torres Strait Islander art. Their commitment may have disguised the true economic impacts of the downward trend in art turnover. Several owners and managers of private art business had diversified or put art trade on hold.

It is important to recognise the success of the art sector: while the economic scale of the sector is small in relation to mining, agriculture and various service sectors in remote Australia, Aboriginal and Torres Strait Islander visual art is exhibited in numerous private and institutional collections and international galleries. It adorns the homes of international and local tourists, creating a talking point and a lasting connection to remote Australia. This enviable record can only continue if we support public and private business by reducing the barriers to private and institutional collectors, enabling innovation and product development and improving the provenance quality assurance systems across the art value chain.

Appendix A: Survey questions

ART ECONOMY PROJECT
VALUE CHAIN SURVEY

Please contact us if you have problems with or questions about this survey.

Alice Woodhead
alice.woodhead@scu.edu.au
Mobile: 0403 679791

Tim Acker
tim.acker@curtin.edu.au
Mobile: 0410 038 226

Respondent and business

As an art industry professional, your participation in this study is very important to us.

Please note that participation is voluntary, and all responses are completely confidential and anonymous (no identifying information is reported). If you are able to assist us, please complete the on-line survey within 2 weeks.

The Art Economies Value Chain Project is a collaboration between the Co-operative Research Centre for Remote Economic Participation, Southern Cross University and Curtin University.

Consent details:
Name of investigator(s):
Dr. Alice Woodhead, Southern Cross University, Lismore NSW
Tim Acker, Curtin University, Perth, WA
Ethical approval for this study was granted by Southern Cross University, *National Ethics Application Form (NEAF)* Ethics Committee (Approval ECN-12-202). A copy of the ethics approval can be obtained from Dr. Alice Woodhead (alice.woodhead@scu.edu.au - Mobile 0403 679791) or Tim Acker (tim.acker@curtin.edu.au - Mobile 0410 038226).

1. The individual and/or business consents to participate in this project, the details of which have been explained. The individual and/or business has been provided with a written plain language statement to keep. (See email for attached Consent Form)
2. The individual and/or business understands that participation will involve providing data and agrees that the researcher may use the results as described in the information sheet. (See email for attached Information Sheet)
3. The individual and/or business acknowledges that:
(a) the possible effects of participating in the study have been satisfactorily explained
(b) the project is for the purpose of research
(c) the confidentiality of the data provided will be safeguarded according to university and CRC-REP best-practice guidelines
(d) all results are anonymous: no names (of individuals or Galleries) or any other identification will be used in any results, analysis, or publications
(e) original data provided by the art centre will be destroyed at the conclusion of the research project
(f) only collated and de-identified data will be securely stored at the CRC for Remote Economic Participation in Alice Springs at the conclusion of the research at the end of 2016.
4. The CRC-REP will:
a) only use the data for the purpose of research
b) safeguard the confidentiality of any data according to university and CRC-REP best-practice guidelines, including password protected security
c) only publish or distribute results that have been fully de-identified
d) destroy all original data provided by the art centre at the conclusion of the research project;
e) only store collated and de-identified data at the CRC-REP in Alice Springs at the conclusion of the research at the end of 2016.

The survey will take between 10 and 30 minutes.

Do you consent to the use of your survey responses for the purposes of research within the Aboriginal and Torres Strait Islander Art Economies Project?

- Yes
- No

Do you sell Aboriginal and/or Torres Strait Islander art or merchandise?

- Yes
- No

These questions are about you.

What is your gender?

Female Male

What is your race?

Aboriginal and Torres Strait Islander | White / Caucasian | Asian | Pacific Islander | Other

How old are you?

- 18-35
- 36-50
- 51-65
- 66 or over

What is the highest level of education you have completed?

- Less than High School
- High School
- Trade Certificate
- Undergraduate Degree
- Postgraduate Diploma
- Masters Degree
- Doctoral Degree

What is your annual income range (Australian $) from art industry related employment?

- Below $15,599
- $15,600 - $31,199
- $31,200 - $51,999
- $52,000 - $77,999
- $78,000 - 103,000
- Above $104,000

These questions are about your business

Is your business based in Australia (taxed in Australia)?

- Yes
- No

In which country is your business based (i.e. where do you pay taxes?)

What is your business category?

- Art business (Privately funded)
- Mixed Business (Privately funded art business plus other business activities)
- Art Centre (Public funded)
- Gallery (Public funded)
- Cultural Centre (Public funded)

What trading practices apply to your business

- Retail / Gallery - Exhibiting
- Retail / Gallery - Not Exhibiting
- Retail / On-line
- Wholesale
- Wholesale / On-line

What is your role in the business?

- Owner
- Owner/Manager
- Manager
- Other

What is your exact job title?

How many years have you been in your current role?

- Less than 2 years
- 2 - 5 years
- 5 - 10 years
- 10 years or more

How many years have you been in the art industry?

- Less than 2 years
- 2 - 5 years
- 5 - 10 years
- 10 years or more

If your total business turnover has changed in the last five years has it grown or contracted? (Please place the blue bar under percentage)

Procurement location and business

Art and Merchandise product definitions

Art Products refers to an original (creative or cultural) product that is made, designed or produced by an Aboriginal or Torres Strait Islander person. Art products include:

1. Paintings and Drawings: on canvas, linen, bark, paper, watercolours
2. Textiles & Fashion: fabrics, leather, garments, jewelery
3. Works on Paper: limited edition prints
4. Sculpture: wood (yidaki / didjeridoo), metal, glass, fibre/weaving, dance machines / dance boards, ceramic, soft sculpture, shell
5. New Media: photography, film (video), digital mixed-media, installation

Merchandise Products refers to manufactured goods and/or merchandise products that are produced either in Australia or overseas. Designs are created by, adapted from or purchased from Aboriginal and Torres Strait artists, but the objects themselves are produced in bulk. Merchandise Products are listed under seven headings:

1. Stationery: bookmarks, cards, mousepads, bookmarks, pens
2. Prints/Reproductions: posters
3. Homewares: drink containers, crockery, furnishings, manchester, rugs, lampshades, soft furnishings, bar mats
4. Jewelery
5. Sculpture: boomerang, didgeridoo, toys, metal, glass, ceramic
6. Clothing: t-shirts, ties, scarves, garments
7. Trinkets: keyrings, spoons

What percentage of your business is:

	Percentage
Art products	0
Merchandise products	0
Other	0
Total	

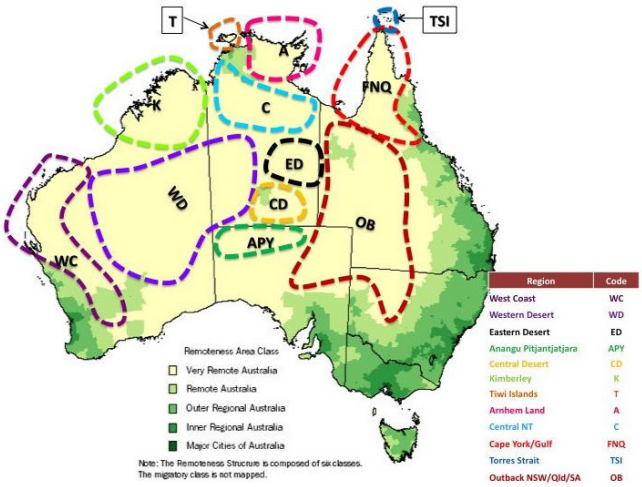
These questions are about product procurement

What percentage of your art and merchandise products are from:

	Percentage
Aboriginal and Torres Strait Islander artists	0
Non Aboriginal and Torres Strait Islander artists	0
Total	

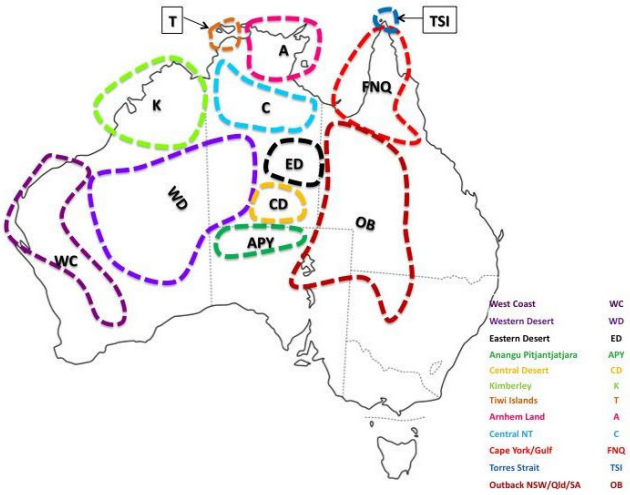
Australian and Torres Strait Islander Remote Art Regions

This map of Australia shows the Remoteness Area Class, with an overlay of the Aborginal and Torres Strait Islander Art Regions in Remote and Very Remote Australia.



Thinking about your Aboriginal and Torres Strait Islander art and merchandise products, in (2011/12 financial year) what percentage of the products originate from:

	Percentage
Remote and Very Remote Australia	0
Outer Regional Australia; Inner Regional Australia; Major Cities of Australia	0
Elsewhere (not Australia)	0
Total	



Which of these art regions in Australia have you procured (either directly or via an agent) your Aboriginal and Torres Strait Islander art and merchandise products from? Please refer to Art Regions map for codes in drop down boxes.

	Primary source	Secondary source	Third source	Fourth source
Procured in 2003/04				
Procured in 2007/08				
Procured in 2012/13				

Which of these art regions in Australia do you anticipate you will source products from in 2017/18? Please refer to Art Regions map for codes in drop down boxes.

	Primary source	Secondary source	Third source	Fourth source
2017/18				

What % of original artworks (purchased or consigned) In 2011/2012 financial year, did you source from these art businesses:

	% original artworks purchased or consigned
Private art studios	0
Other art businesses (not studios)	0
Art Centres	0
Directly from artists	0
Collectors	0
Total	

Please provide the names of five art businesses (private studio, art centre, artists, collectors or other agents) that you have most frequently sourced art products from over the last five years?

Name of Art Business	
Name of Art Business	
Name of Art Business	
Name of Art Business	
Name of Art Business	

Customers

These questions are about your customers

What percentage of your product sales (2011/12 financial year) are to customers who are:

	Percentage
Australian residents	0
Overseas	0
Total	

Sales by Australian region: Thinking about your Australian sales, what percentage ($ value) of your art and merchandise product sales (2011/12 financial year) are to clients who reside in:

	Percentage
NSW	0
Queensland	0
Northern Territory	0
Australian Capital Territory	0
South Australia	0
Western Australia	0
Tasmania	0
Victoria	0
Total	

Sales by customer category: Thinking about all your customers, what percentage of your art and merchandise product sales (2011/12 financial year) are to:

	Percentage
Australian private collectors (NOT Super Funds)	0
Australian private collectors (Super Funds)	0
Australian corporate	0
Australian private buyers	0
International private buyers	0
International private collector	0
International corporate	0
Other	0
Total	

Do you expect your customers to change over the next five years?

	Tick box			Reasons
	Increase	Decrease	Remain Static	What factors are informing your thinking?
Australian private collectors (NOT Super Funds)				
Australian private collectors (Super Funds)				
Australian corporate and institutions				
Australian private buyer				
International buyer				
International private collector				
International corporate and institutions				

Other	○	○	○	

Please name your top five countries for art sales (by $ value).

	1 Country Name	2 Country Name	3 Country Name	4 Country Name	5 Country Name
Last five years					
Next five years					

These questions are about your international customers

Please name your top five countries for art sales (by $ value).

	1 Country Name	2 Country Name	3 Country Name	4 Country Name	5 Country Name
Last five years					
Next five years					

Sales by customer category: Thinking about all your customers, what percentage of your art and merchandise product sales (2011/12 financial year) are to:

	Percentage
Private buyers	0
Private collectors	0
Corporate and institutions	0
Other	0
Total	

Do you expect your customer base to change over the next five years?

	Tick box			Reasons
	Increase	Decrease	Remain Static	What factors are informing your thinking?
Private buyer	○	○	○	
Private collector	○	○	○	
Corporate and institutions	○	○	○	
Other	○	○	○	

Provenance

These questions are about provenance

Provenance documentation refers to a unique certificate for an art product. It usually includes the artist's name, artwork title / date / medium, a catalogue number and often descriptive information about the art product.

When you sell an art product do you provide provenance documentation to the buyers?

- ○ Always
- ○ Most of the Time
- ○ Sometimes
- ○ Rarely
- ○ Never

These questions are about provenance
Provenance documentation refers to a unique certificate for an art product. It usually includes the artist's name, artwork title / date / medium, a catalogue number and often descriptive information about the art product.

When you sell an art product valued under AUD $1,000 do you provide provenance documentation to the buyers?

- Always
- Most of the Time
- Sometimes
- Rarely
- Never
- Don't sell art in this price range

When you sell an art product valued between AUD $5,000 and $10,000 do you provide provenance documentation to the buyers?

- Always
- Most of the Time
- Sometimes
- Rarely
- Never
- Don't sell art in this price range

When you sell an art product valued over AUD $20,000 do you provide provenance documentation to the buyers?

- Always
- Most of the Time
- Sometimes
- Rarely
- Never
- Don't sell art in this price range

Any comments on the provision of provenance information?

Do you think there is enough reliable information available to buyers about the way art is sourced and traded?

- there is a lot of information and it is reliable
- there is a lot of information but it's not reliable
- there is a lot of information, but the buyers are not interested
- there is not enough information available
- not sure

Any comments on the provision of information to buyers?

These questions are about customer values

The next three questions are about your impressions of what customers value most when buying art products.

Please rate each value by importance for customers of art products valued under $1000.

	Not at all Important	Very Unimportant	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Very Important	Extremely Important
Good price							
Aesthetics / visual appeal							
Quality of craftsmanship							
Demonstration of aboriginal culture							
Interest in the artist							
Investment							

Please rate each value by importance for customers of art products valued between $5,000 and $10,000.

	Not at all Important	Very Unimportant	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Very Important	Extremely Important
Good price							
Aesthetics / visual appeal							
Quality of craftsmanship							
Demonstration of indigenous culture							
Interest in the artist							
Investment							

Please rate each value by importance for customers of art products valued over $20,000.

	Not at all Important	Very Unimportant	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Very Important	Extremely Important
Good price							
Aesthetics / visual appeal							
Quality of craftsmanship							
Demonstration of indigenous culture							
Interest in the artist							
Investment							

Art Products sales

These questions are about sales of art products

This section of questions seeks to understand trends in art sales.

Art Product refers to an original (creative or cultural) product that is made, designed or produced by an Aboriginal or Torres Strait Islander person. Art products include:

1. Paintings and Drawings: on canvas, linen, bark, paper, watercolours

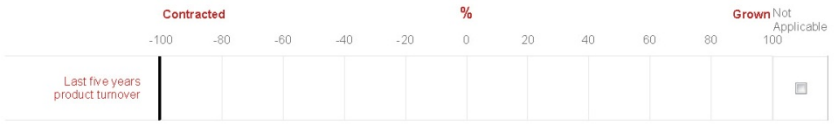
2. Textiles & Fashion: fabrics, leather, garments, jewelery

3. Works on Paper: limited edition prints

4. Sculpture: wood (yidaki / didjeridoo), metal, glass, fibre/weaving, dance machines / dance boards, ceramic, soft sculpture, shell

5. New Media: photography, film (video), digital mixed-media, installation

Past trends: If your art product turnover has changed in the last five years, please move bar to show much your product turnover has grown or contracted? (Please place the blue bar under percentage)



Future predictions: If you anticipate your art product turnover will change over the next five years, please move the bar to show how much you expect your product turnover to grow or contract? (Please place the blue bar under percentage)

The next section of questions are about Sales by product and price category:
Sales by art product category: Thinking about the art products listed below, please insert the percentage for each category (based on value) of total art product sales in the 2011/12 financial year.

	% Art Products
Painting	0
Textiles and Fashion	0
Works on paper	0
Sculpture	0
New Media	0
Total	

Sales by price category: Approximately how many art products did you sell in 2001/02 financial year in each price category? (Respond to all price categories that apply)

	Over AUD $20,000	AUD $10,000 to $20,000	AUD $5,000 to $10,000	AUD $1,000 to $5,000	AUD $500 to $1,000	AUD $499 or less
Art products						

Approximately how many art products did you sell in 2007/08 financial year in each price category? (Respond to all price categories that apply)

	Over AUD $20,000	AUD $10,000 to $20,000	AUD $5,000 to $10,000	AUD $1,000 to $5,000	AUD $500 to $1,000	AUD $499 or less
Art products						

Approximately how many art products did you sell in 2011/12 financial year in each price category? (Respond to all price categories that apply)

	Over AUD $20,000	AUD $10,000 to $20,000	AUD $5,000 to $10,000	AUD $1,000 to $5,000	AUD $500 to $1,000	AUD $499 or less
Art products						

When you source art products, how important are these statements in your choice?

	Not at all Important	Very Unimportant	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Very Important	Extremely Important
A good price							
Quality of craftsmanship and materials - it is well made							
An artist with a good reputation;							
A piece that came from an ethical source (i.e. the reputation of the seller)							
Something that looks good; is aesthetically pleasing							
A piece with an interesting story attached to it							
A connection (personal/professional) to the community the piece is from							

In evaluating your experience with suppliers of Aboriginal and Torres Strait Islander artworks over the last 5 years, in general how was the...

	Very Bad	Bad	Poor	Neither Good nor Bad	Fair	Good	Very Good
Courtesy of the supplier							
Timeliness of communications (for example telephone enquiries, paperwork)							
Knowledge of my business needs							
Knowledge of Aboriginal art industry							
Information about the artists							
Quality and range of products							
Timeliness of product delivery							
Condition of products delivered							
Complaints handling and resolution							

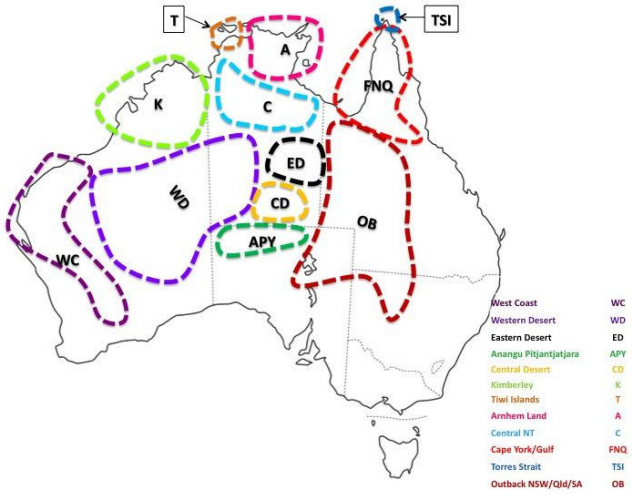
Do you have any comments about how suppliers of Aboriginal and Torres Strait Islander artworks could improve their customer service?

In evaluating your experience with buyers (agents and galleries not general public) of Aboriginal and Torres Strait Islander artworks over the last 5 years, in general how was the...

	Very Bad	Bad	Poor	Neither Good nor Bad	Fair	Good	Very Good
Courtesy of the agent or gallery representative							
Timeliness of communications (for example telephone enquiries, paperwork)							
Knowledge of my business needs							
Knowledge of Aboriginal art industry							
Knowledge of the artists							
Knowledge of the art products							
Complaints handling and resolution							

Do you have any comments about how agents and galleries could improve their purchasing, marketing and exhibition practices?

Artist details



Over the last 5 years, please name your top FIVE artists by VALUE (1st being the highest value artist)

	- Artist Location (see Art Regions map)	- Artist Gender		- Artist Affiliation (who the artist primarily trades with)	
		Female	Male	Public Art Centre	Private agent
1st					
2nd					
3rd					
4th					
5th					

Merchandise sales

Aboriginal and Torres Strait Islander Merchandise Sales

Merchandise product: manufactured goods and/or merchandise products that are produced either in Australia or overseas. Designs are created by, adapted from or purchased from Aboriginal and Torres Strait artists, but the objects themselves are produced in bulk.

Merchandise products are listed under seven headings:

1. Stationery: bookmarks, cards, mousepads, bookmarks, pens

2. Prints/Reproductions: posters

3. Homewares: drink containers, crockery, furnishings, manchester, rugs, lampshades, soft furnishings, bar mats

4. Jewelery

5. Sculpture: boomerang, didgeridoo, toys, metal, glass, ceramic

6. Clothing: t-shirts, ties, scarves, garments

7. Trinkets: keyrings, spoons

If your merchandise turnover has changed in the last five years, please move bar to show how much your product turnover has grown or contracted? (Please place the blue bar under percentage)

Do you know if your merchandise products are licensed? (The artists are acknowledged and paid a fee for their work or image.)

- Yes
- No
- Don't care
- Not sure

What percentage of your merchandise products are licensed? (Please place the blue bar under percentage)

Sales by merchandise product category: Thinking about the merchandise products listed below, please insert the percentage for each category (based on value) of total merchandise product sales in the 2011/12 financial year.

	% Merchandise products
Stationery	0
Prints	0
Homewares	0
Jewelry	0
Sculpture	0
Clothing	0
Trinkets	0
Total	

Approximately how many merchandise products did you sell in 2001/02 in each price category? (Respond to all price categories that apply)

	Over AUD $500	AUD $250 to $500	AUD $101 to $250	AUD $51 to $100	AUD $21 to $50	AUD $20 or less
Merchandise products						

Approximately how many merchandise products did you sell in 2007/08 in each price category? (Respond to all price categories that apply)

	Over AUD $500	AUD $250 to $500	AUD $101 to $250	AUD $51 to $100	AUD $21 to $50	AUD $20 or less
Merchandise products						

Approximately how many merchandise products did you sell in 2011/12 in each price category? (Respond to all price categories that apply)

	Over AUD $500	AUD $250 to $500	AUD $101 to $250	AUD $51 to $100	AUD $21 to $50	AUD $20 or less
Merchandise products						

Product development

Developing new products or services

Are you considering developing new products (art works or merchandise) or services (for example art classes or online sales)?

- Yes
- Maybe
- No

What types of products or services are you considering developing or sourcing?

We are interested to hear about your views on product development. Please indicate your agreement with the following statements about developing new products or services.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Developing new products or services is very complicated					
I don't know what new products or services customers want					
Its hard to find new ideas for products or services					
The artists don't want to create new products					
Its difficult to source the materials for new products					
Finding funding for new product development is a major barrier					
Developing new products or services is very expensive					
Developing new products or services takes a lot of time					
Its easy to find the right markets for the products or services					
Working with remote artists and art centres on product development is difficult					
Licensing of product designs and merchandise is very complicated					

Art policy and business impacts

Business impacts

The questions in this section are about external impacts on your art business.

The Resale Royalty scheme. This scheme, legislated in 2010, returns a percentage (5% on works sold for more than $1,000) of the second (and subsequent) sale of an artwork to the artist or their estate.

Protection of Movable Cultural Heritage Act 1986. This act regulates the export of artworks deemed to be of cultural significance to Australia. Under the Act, works of art by Indigenous Australians are subject to different restrictions than those produced by non-Indigenous Australians.

Self Managed Super Funds (SMSF). This refers to changes to superannuation law in relation to purchasing art through a SMSF. Artworks purchased through SMSFs are now required to be professionally valued annually and in permanent storage.

Indigenous Art Code aims to ensure fair trade with Indigenous artists. The Code establishes a set of standards for commercial dealing with Indigenous visual artists; provides a benchmark for ethical behaviour; and builds greater certainty for consumers that the artworks they buy come through ethical processes

How satisfied are you with the Resale Royalty scheme?

- Extremely Dissatisfied
- Very Dissatisfied
- Dissatisfied
- Neither Dissatisfied nor Satisfied
- Satisfied
- Very Satisfied
- Extremely Satisfied
- Unsure

Please explain:

How satisfied are you with the Protection of Movable Cultural Heritage Act 1986 scheme?

- Extremely Dissatisfied
- Very Dissatisfied
- Dissatisfied
- Neither Dissatisfied nor Satisfied
- Satisfied
- Very Satisfied
- Extremely Satisfied
- Unsure

Please explain:

How satisfied are you with the changes to Self Managed Super Funds?

- Extremely Dissatisfied
- Very Dissatisfied
- Dissatisfied
- Neither Dissatisfied nor Satisfied
- Satisfied
- Very Satisfied
- Extremely Satisfied
- Unsure

Please explain:

How satisfied are you with the Indigenous Art Code?

- Extremely Dissatisfied
- Very Dissatisfied
- Dissatisfied
- Neither Dissatisfied nor Satisfied
- Satisfied
- Very Satisfied
- Extremely Satisfied
- Unsure

Please explain:

Are you a member of the Indigenous Art Code

- Yes
- Not sure
- No

Do you have any comments on policies or trade practices in Australia that are influencing your art business - positively or negatively?

Concluding details

What is your Australian postcode?

To further our understanding of the survey findings we will be conducting interviews and developing case studies. Would you be interested in discussing your business and the industry with one of our research team?

- Yes
- No

This survey is anonymous, all results will be reported without individual identifiers. However we would like to stay in touch and provide you with the results. Are you interested in receiving further information?

- Yes
- No

Please provide us with your details below.

Name	
Company name	
Address	
Address 2	
City	
State	
Email	
Phone	

We are keen to provide the opportunity to participate in this survey to all businesses who retail or wholesale Aboriginal and Torres Strait Islander art and merchandise products. If you know of art business that might be able to participate could you please provide their details below.

	Contact person	Company name	Address	Address 2	City	State	Email	Phone
Business 1								
Business 2								
	Contact person	Company name	Address	Address 2	City	State	Email	Phone
Business 3								
Business 4								

This is the end of the survey. If you would like to go back and review your answers please do so now.

If you have finished the survey please go to the next page >>

Appendix B: Product categories

Art product categories:

1. Paintings and drawings: on canvas, linen, bark, paper, watercolours
2. Textiles and fashion: fabrics, leather, garments, jewellery
3. Works on paper: limited edition prints
4. Sculpture: wood (yidaki/didjeridoo), metal, glass, fibre/weaving, dance machines / dance boards, ceramic, soft sculpture, shell
5. New media: photography, film (video), digital mixed-media, installation

Merchandise products categories:

1. Stationery: bookmarks, cards, mousepads, bookmarks, pens
2. Prints/reproductions: posters
3. Homewares: drink containers, crockery, furnishings, manchester, rugs, lampshades, soft furnishings, bar mats
4. Jewellery
5. Sculpture: boomerang, didgeridoo, toys, metal, glass, ceramic
6. Clothing: t-shirts, ties, scarves, garments
7. Trinkets: key rings, spoons

The following list summarises responses from those who indicated they were or may be developing products and services

Merchandise products:

- Painting kit
- Book illustration
- Cards, postcards, artist culture [books] and other publications
- Fabric and textiles design reproductions on various products: baggage, homewares, sarongs, scarves, tea towels, cushion covers
- Homewares and giftware
- Napery, ceramics
- Videos, digitally produced products, photography, animation

Services:

- Art workshops: artists in residencies, art school and training artists, e.g. Batik, printmaking, woodwork. One respondent's comment was:

  > *We deliver arts workshops to schools, organisations and events for fee. This employs the artists and generated more income than our art sales. We also offer art workshops to the public from the art centre. These services deliver great benefits to individual artists and provide education and awareness about the diversity of Indigenous Arts.*

- Art tourism on country, screen prints tours

- Art consultation and valuations services
- Information seminars, market information and analysis, online newsletter for buyers of Aboriginal art
- Websites and social media, including multilingual website and overseas exhibition opportunities

Original art works:

- New Works on paper, small collectable sculptures
- Ceramics, etchings, prints, jewellery
- Music and dance

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