

The Greens will Save Super Art



The Australian Greens believe that art works and other collectibles must continue to be legitimate investments for self-managed superannuation funds. A decision by the government to adopt the recommendation by the Cooper Review into Australia's Superannuation System that self managed funds no longer be permitted to invest in collectables and personal use assets would have a considerable negative significant impact on the Australian art market. It would be particularly detrimental for Indigenous artists.

Self Managed Superannuation Funds (SMSF) investments are worth almost \$100 million per year to the art industry, according to the Save Super Art Campaign. The recommendation by the Cooper Review to dispose of currently owned art and the cessation of future investments means that the art industry will face potential instability and the income opportunities for artists will be put at risk.

The Indigenous art market would be greatly impacted by the Cooper Review amendments. There is a significant global market for Indigenous art, making it attractive to SMSF and therefore creating an incentive for buyers, with around 60% of Indigenous art being bought through SMSF.

The Greens believe that the benefits of the current system far outweigh the negative consequences created by the recommended changes. The amendments would ultimately result in the harm of the art industry by eliminating the incentives to buy art works and therefore decreasing the amount of art bought.

BACKGROUND

Self-Managed Superannuation Funds (SMSF) offer control and flexibility over investment choices and asset selection that institutionally managed super funds do not. More and more people are choosing to self manage their super funds, with the number of SMSF more than tripling in the past decade.

However, the final report of the Cooper Review, released in June 2010 recommended that:

- The acquisition of collectables and personal use assets by SMSF trustees be prohibited;
- SMSF that own collectables or personal use assets be provided a five year transition period, in which to convert to a Small APRA Fund (SAF) or, alternatively, dispose of those assets. No acquisitions of collectables and personal use assets would be permissible during the transition period; and
- Australian Prudential Regulation Authority (APRA) regulated funds be exempted from these changes.'

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Cooper Review

The Cooper Review position is that superannuation savings should be invested only for retirement savings and not for current-day benefits. Investments in collectable and personal use assets create personal enjoyment and are therefore not relevant for retirement saving investments.

Another concern of the Cooper Review is that the complexities of the regulatory and compliance responsibilities for super funds offset the potential benefits that SMSF freedoms provide. The Review suggests that people wanting to continue investing in collectables convert their SMSF into SAF, in which the trustee must be licensed and authorised by the APRA.

Reasons for continuing to allow collectables in self-managed superannuation funds

- An investment can provide for both retirement savings and current-day benefits. Collectables and personal assets, such as art works, produce profitable outcomes while being enjoyed in everyday living.
- There are many advisors in the superannuation industry whose services inform trustees of obligations and regulations in the super sector. They can inform trustees of any changes that arise, and help in the understanding and management of such responsibilities.
- There are greater costs for members of SAF than SMSF. The trustee in a SAF is required to be licensed and APRA approved, and therefore receives remuneration. The existing services dedicated to the education and aid of investors making the need licensed trustee is redundant.