

Section 3

Demand for the Visual Arts

In this section, consideration is given to the nature and scale of demand for the visual arts in South Africa. This demand takes two forms: private consumer demand on the part of individuals, businesses and corporations, and demand from the public sector. The nature and size of the commercial market and the workings of the primary and secondary market are explored in the first part of this section, followed by an examination of public involvement in the market through the acquisitions policies of public art museums and collections, public art commissioning and the Art Bank. The section concludes with a set of recommendations concerned with both stimulating private consumption, as well as enhancing existing public demand.

The section provides an overview of:

- The Nature of the Market
- Audiences for the Visual Arts
- Buyers and Consumers of the Visual Arts
- The Supply system
- The Role of Art Publishing and the Media
- The Export Market and International Promotion
- The Role of the Public and Corporate Sector Demand
- Regulatory Issues

3.1 Understanding the Market

The purchasing and selling patterns of dealers, auction houses, public art museums and corporate collections, recognition on the competitions circuit, and the commentary of art critics and writers on the other all exert varying degrees of influence in the assignment of value to the work of particular artists in the contemporary segment of the market. In the 'commercial' segment of the market, value is accrued through more conventional supply and demand dynamics in which artists, dealers and gallerists play a primarily role.

Particularly at the contemporary end of the market, the value of an individual work of contemporary art may have very little obvious relationship with the time and physical materials invested in its production – for the work of established artists these are relatively minor considerations in the assignment of financial value. The assigned value of artworks relies to a significant degree on the accumulation of various kinds of symbolic capital through a set of complex and interlocking relationships between art-producers, institutions, gallerists, dealers, publishers, auction houses, buyers and audiences. Morris Hargreaves and McIntyre¹ refer to this as a process as 'subscription', defined as:

"the mechanism by which art and artists are advocated, critically appraised and endorsed by peers within the sector and through which the ultimate destination for the art is in a national public collection... In a sector that has no formal regulatory mechanism the process of subscription provides legitimisation for artists and their work by signifying the endorsement of their work by informed peers from within the sector."

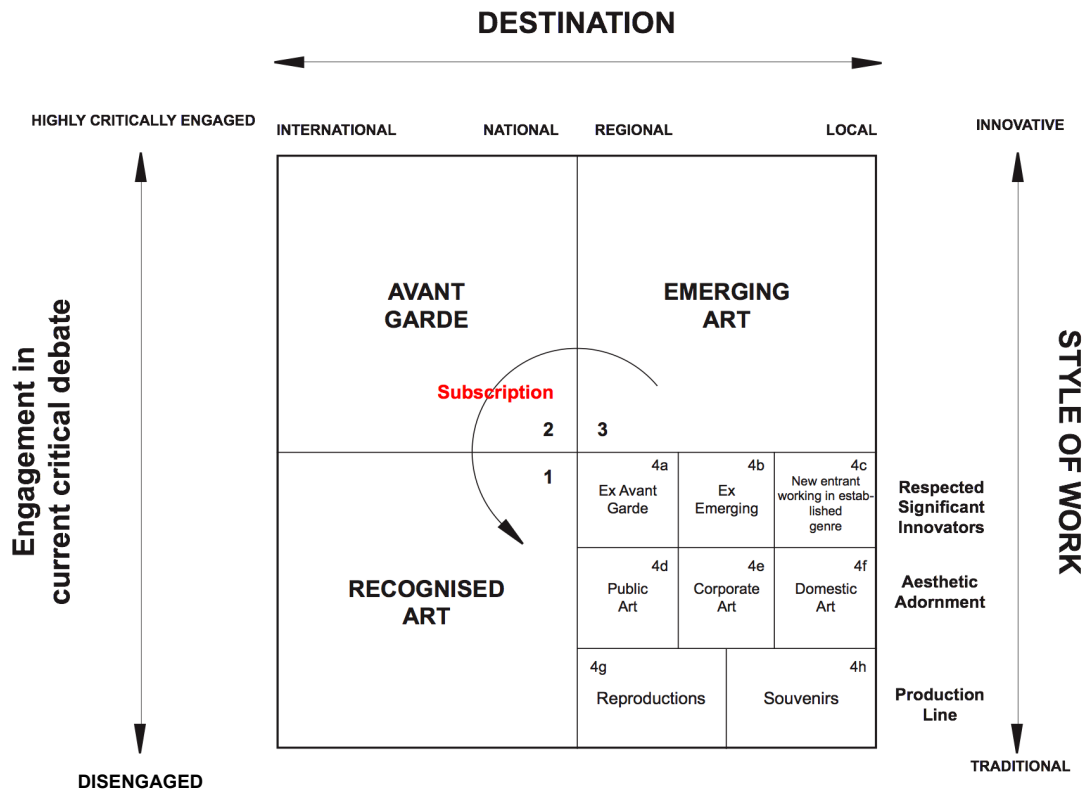
In their analysis of the Contemporary Arts Market in the UK, Morris, Hargreaves and McIntyre (MHM) have developed an 'ecological' model for understanding the visual arts market that is useful in this context. The model helps to explain how value is generated around work situated within different market segments in an industry where supply and demand do not necessarily follow the logic of more conventional market systems.

¹ This subsection draws substantially on the *Taste Buds* study undertaken by Morris Hargreaves and McIntyre into the UK art market.

The model situates artworks, contexts for presentation and sale and buyers within a four-point grid that is organised around three primary axes:

- the geographical scope of markets (from local to international)
- the extent to which work is deemed to be critically engaged
- the extent to which the work utilizes more or less traditional (painting, sculpture) or innovative modes of practice (installation, performance art, etc)

Figure 26: Contemporary Arts Marketplace Model – Morris, Hargreaves, McIntyre (2002)



© Morris Hargreaves McIntyre

The first box, ‘recognised art’, encompasses the market for the work of a small number of artists who have been validated in both the primary and secondary markets for the visual arts, and who generate substantial individual earnings: the established ‘stars’ of the contemporary arts circuit. Buyers in this market segment are either (very wealthy) private collectors (many of them internationally based) or international museums and collections, and the supply of work into the market is tightly controlled by a small number of gallerists, dealers and agents. In European and North American contexts, this segment would also include major public art museums and corporate collections as buyers – in the South African context, the limitations on the acquisitions budgets of both public art museums and corporate collections mean that the institutional buyers at this end of the market are to a significant degree located outside of the country.

Box 2, ‘avant garde art’, encompasses the market where most other contemporary artists aspire to be, and which is normally a pre-requisite for migrating into the ‘recognised art’ segment: producing work which is regarded as ‘cutting edge’ within the critical discourse, and beginning to access an international circuit of exhibitions, biennales and art fairs. As

with 'recognised art' the supply of work in this segment is tightly controlled by artists, agents and dealers. Supply of work is tightly controlled by artists, agents and dealers, and buyers can be required to go on a waiting list. As with 'recognised art' entry into this market segment is difficult for both artists and for the dealers, gallerists and curators that nurture the demand for their work – the costs of actively promoting work at this level can be prohibitive for many businesses. In the South African context, this segment is almost indistinguishable from the 'recognised art' segment.

Box 3, 'Emerging Art',

Artists and businesses operating the 'emerging art' segment of the market aspire to be in the avant-garde section. It is the realm in which you new artists reputations are forged (or not) based on their capacity to attract the attention of dealers and gallerists in the avant-garde and recognised segments, and access the contemporary arts circuit at national and regional level. This involves tight control over the supply of work, and the willingness to forfeit short-term financial gain for longer term acceptance into what Morris, Hargreaves/Mcintyre refer to as the "subscription circles". Indeed, there is often substantial resistance to the idea that art should have a market value, and much of the work produced in this segment may not be intended to be sold at all, concerned as it with the accumulation of symbolic capital. And as they point out 'the whole area is about taking risk: artists are risking their reputation; dealers are risking their business and critical commentators are risking their placar in the subscription circles'.

Box 4, 'Most Art' represents the area in which most artists

This segment contains the great majority of art that is bought and sold, and artists, galleries and buyers – "the enormous breadth of production that lies outside the subscription systems", and is substantially less dependant on the institutions and critical discourse that sustains this system. Artists in this segment may have lost favour within the wider critical discourse and elite market, or may never have managed (or tried to) to access this world. Many may in fact have no awareness whatsoever of the concepts which underpin activity in the other three segments. While prices may be modest than in the 'recognised' and 'avant-garde' segment, it also includes many successful artists who are able to make a good living from their work, many of whom operate at the commercial art or 'domestic art' end of the spectrum. Work is often produced with a very particular market in mind and dealers/gallerists in this segment of the market may – because they know their market well and are not burdened with the same constraints with regard to limiting supply of work or identifying new markets - may buy up or 'order' significant quantities of work in advance rather than taking this work on consignment. More often than not, the primary market for this work is at a local or regional level, though some dealers may export this work to very specific suppliers elsewhere in the world which occupy a similar position in the marketplace. At the commercial end of the spectrum, commercial relationships between producers and suppliers can more closely resemble those found in the craft industry. Box 4 is also the segment which is usually the first port of call for first time buyers of visual art, and may represent in a point of entry into the 'contemporary, cutting edge' – but still affordable - world of box 2.

The MHM marketplace model draws attention to some peculiar features of the market for the visual arts:

- It is one of the few industries in which there are significant barriers to entry into the marketplace for *both* producers and *consumers*. The top end of the market is an exclusive and excluding domain for artists, suppliers and buyers/collectors.

- The top end of the market is characterised by quite rigid business practices operating within a relatively closed and highly idiosyncratic market. The end of the market that is characterized by more traditional, local and less critically engaged work is ironically the segment in which the most innovation occurs at the level of business practice.
- The ‘pursuit of critical approval’ at the contemporary, cutting edge of the market has the potential to retard capacity for market expansion and entrepreneurial development

These trends are less pronounced in the South African context, where the ‘avant-garde’ and ‘recognised’ segments are substantially smaller than in the UK, and the great majority of work and commerce occurs in the ‘Most Art’ segment. The MHM study notes the remarkable impediments that are placed in the way of people buying innovative contemporary art by virtue of the manner in which the marketplace operates, and promotes an approach to market development characterised by more imaginative and entrepreneurial consideration of some of the following factors:

- Accessible locations
- An openness and willingness to mentor new buyers
- The cultivation of a greater variety of buyers at different levels of the market
- A willingness to collaborate with other businesses
- Engaging in the provision of other services as a means to supplement core income from sales
- Avoiding a narrow focus on international markets as the destination of most meaning, and the need for active and thoughtful engagement with local and regional markets

3.2 Audiences

The experience of the visual arts is different to other art forms in that consumption can involve a very minimal – or no - economic transaction as artworks can be viewed in a variety of contexts at very little or no cost, in contrast to, for example, the theatre or music industry. The cost of owning an original artwork is however generally far higher than the cost of attending a theatre performance, buying a CD, or going to a concert. The great majority of consumers of the visual arts fall into the category of audiences who appreciate artworks in the context of private or public museums, collections or galleries.

A dramatically smaller number of consumers actually purchase original artworks in the context of commercial galleries, and a minute proportion of the overall population falls into the category of serious buyers or collectors – people who purchase artworks on a regular basis for the purposes of investment, pleasure, social status and so on. Nevertheless, buyers of the visual arts are necessarily grown from audiences for the visual arts and it follows that the larger the audience base for the visual arts, the larger the consumption base will be.

In this sense, the investment in publicly accessible art museums and collections can be understood as an investment in the cultivation of potential buyers of the visual arts. Attendance figures for museums and collections are therefore an important indicator both for understanding the impact of or return on this investment, and for understanding the potential buying market for the visual arts in South Africa, as these figures are likely to capture a significant proportion of those who are interested in the visual arts generally.

The following table shows information on attendance at publicly accessible art museums and collections in South Africa based on a survey of 27 public and private museums and collections across the country (see appended report on museums and collections for more detail).

Table 14: Attendance figures at Art Museums and Collections (2008/9)

	Number of Institutions reporting	Reported total number of visitors (2009)	Average number of visitors	Extrapolated to total population
Public Institutions	9	529 411	58 823	1 058 814
University-based Institutions	6	51 707	8 617	103 404
Private Institutions	3	19 621	6 540	91 560
Total	18	600 739	33 374	1 253 778

Roughly a quarter of the 1,25 million visitors to public art museums and collections were reported to be international tourists across the sample, leaving a total domestic audience for museums and collections of approximately 930 000 people per annum, including school tours and outreach programmes – approximately 2% of the total population. By comparison, a 2002 study of the visual arts in Australia reports between 20 and 22% of the *adult* population attending galleries and museums². A study on the visual arts in America reported that 43% of all adults had attended visual arts events or galleries in 2002³.

The following shows a selection of international comparators referencing the annual attendance figures of individual institutions or institutional clusters:

Table 15: Attendance Figures: International Comparators (2008/9)

International comparator	Annual attendance
Tate Modern	5 million
National Gallery of Australia (Canberra)	501 484
Museum for the Contemporary Arts (Mozambique)	5 631

The BASA ArtsTrack 2009 research report indicates a substantially more positive diagnosis for arts appreciation in South Africa, based on a survey of the adult arts market for the arts. Survey findings suggest that:

- 39% of black respondents attend art exhibitions, on average 2.6 times per year
- 45% of white respondents attend art exhibitions, on average 2.7 times per year
- 34% of asian/coloured respondents attend art exhibitions, on average 3 times per year
- 3.18 million adult South Africans are ‘extremely interested’ in the visual arts with 2.4 million of these being black South Africans⁴.

The contrast between the attendance figures for publicly accessible art museums and collections and the ArtsTrack data suggests a set of possibilities that require additional research in order to gain a better understanding of audiences for the visual arts in South Africa:

- ArtsTrack respondents overstate their levels of interest in the visual arts

² Department of Communications, Information Technology and the Arts. 2002. Report of the Contemporary Visual Arts and Crafts Inquiry. Commonwealth of Australia: Canberra. P. 165

³ the 2002 Survey of Public Participation in the Arts produced by the National Endowment for the Arts, quoted in McCarthy, K. Ondaatje, E. Brooks, A & Szanto, A. 2005. *A Portrait of the Visual Arts: Meeting the Challenges of a New Era*. Rand Corporation: California. P22

⁴ BMI-Sport Info/BASA. 2009. ArtsTrack 2009. BASA, Johannesburg. pp 13-19.

- ‘attending exhibitions’ is an inadequately defined activity in the ArtTrack methodology
- publicly accessible art museums and collections – and by extension, the contemporary segment of the market more generally - play a marginal role in most South African’s experience of the visual arts, with contexts such as ‘Art in the Park’ providing substantially more accessible platforms for people to experience the visual arts

Another useful indicator for understanding the audience base for the contemporary segment of the visual arts are visitor numbers at the Joburg Art Fair, which was launched in 2008 and is now in its 3rd year. Driven by the company Art Logic and sponsored by First National Bank, attendance at the Art fair has grown from 6 500 in 2008 to 10 000 in 2010 with 22 and 23 commercial exhibitors respectively⁵ - during the course of three days, the event secured 20% of the entire annual attendance the Johannesburg Art Gallery reported in 2009. Art Amsterdam, a mid-range and established international Art Fair in its 26th year, had 135 galleries participating and reported 24 000 visitors in 2009⁶. Locally, and in an overlapping industry with a substantially larger consumption base, the 2010 edition of the internationally acclaimed Design Indaba featured 287 exhibitors and 35 000 visitors. The more locally and commercially oriented Decorex interior design trade fair exhibition, now in its 17th year, boasts figures of approximately 100 000 per annum across three annual events in Johannesburg, Cape Town and Durban. The April 2010 Cape Town Decorex exhibition reported figures of 35 200 and had 340 local and international exhibitors⁷. The results achieved by the Joburg Art Fair as a very young market platform are remarkable in this comparative context and indicative of a growing market for the contemporary segment of the visual arts in South Africa. They are also indicative of a significantly higher visitor number/exhibitor ratio – 435:1 for the Joburg Art Fair versus 104:1 for Decorex Cape Town, 122:1 for the Design Indaba and 178:1 for Art Amsterdam.

3.3 Buyers

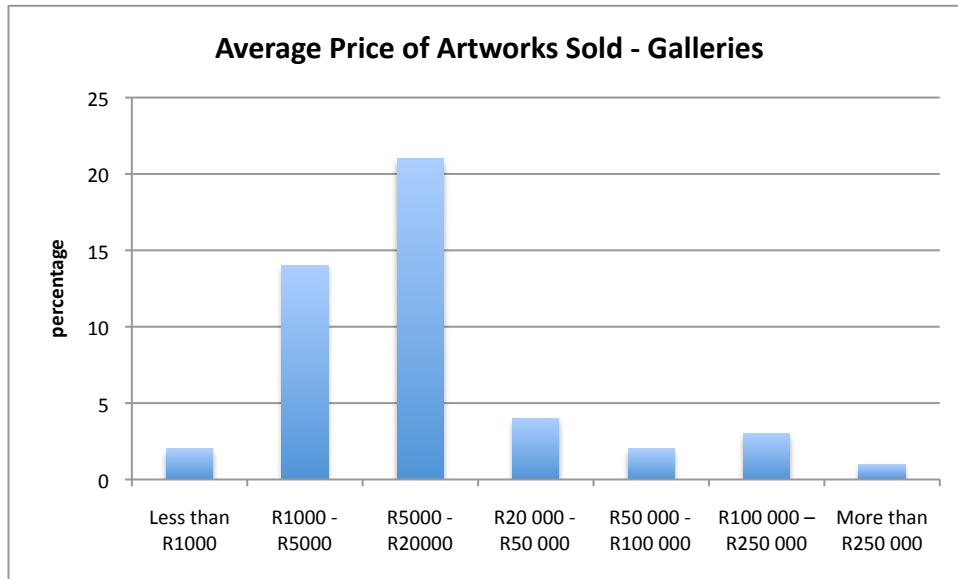
Within the scope of the present project, it was not possible to conduct a detailed profiling of buyers. Both commercial and non-commercial galleries, as well as artists, were however asked about the income levels of their target consumers, and pricing. Most organisations pricing of artworks falls within a R5000 – R20 000 price range with a higher proportion of artists reporting selling work in the R1000 – R5000 range as shown in the following charts:

⁵ Figures supplied by Art Logic

⁶ information accessed at <http://www.artamsterdam.nl/aboutthefair.htm>

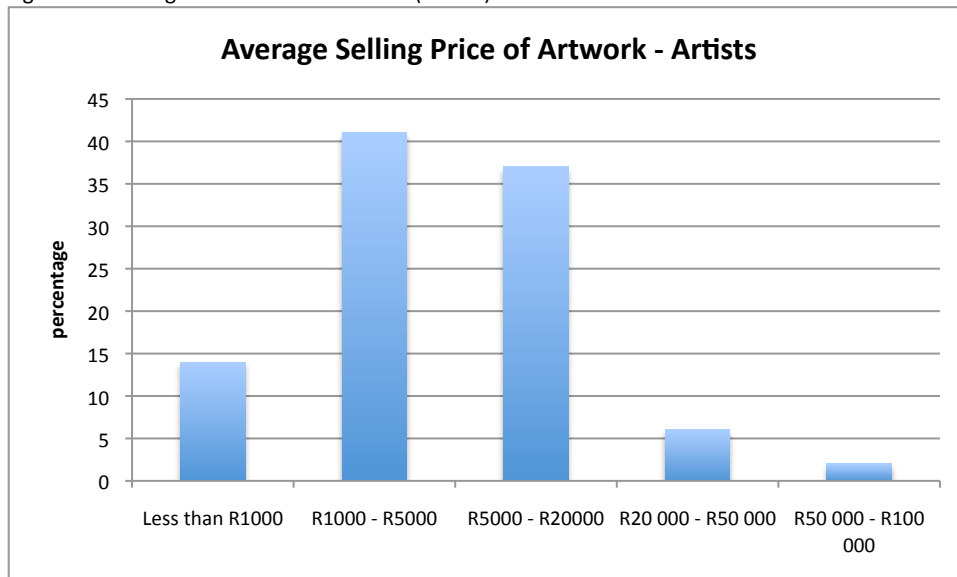
⁷ Press release issued for Decorex Cape Town by Erieda du Toit PR, accessed at <http://www.decorex.co.za/sitefiles/comprr/Post%20show%20release.doc>

Figure 27: Average Price of Artworks Sold (Galleries)



n=47

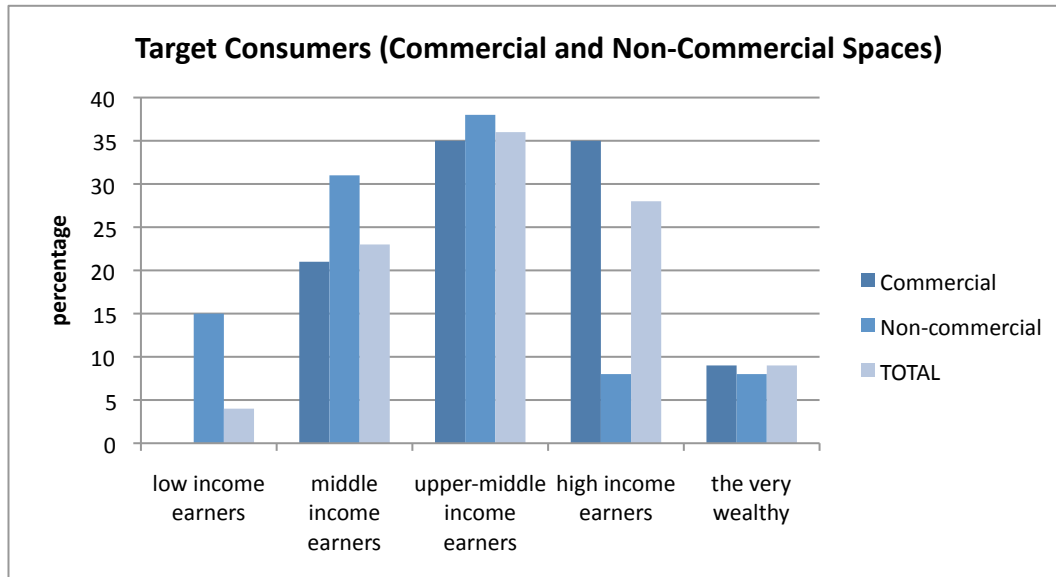
Figure 28: Average Price of Artworks Sold (Artists)



n= 241

Unsurprisingly, the majority of galleries report predominantly upper-middle income and high-income earners, with a small portion of galleries primarily targeting the very wealthy, and a larger proportion of non-commercial spaces targeting middle and upper-middle income earners:

Figure 29: Target Consumers (Commercial and non-Commercial Spaces)



n=47

Market demand for the visual arts within the national and regional economy – though probably stronger than anywhere else on the continent – is therefore confined to a comparatively small economic elite. Middle and upper middle-income earners represent a more numerous section of this market – though this area of demand is most vulnerable during periods of economic recession, when more basic priorities take precedence over ‘income-elastic’ products such as the visual arts. Again, sales at the Joburg Art Fair are a good barometer of the impact of shifts in the wider economy on the art market. The value of gallery sales was estimated at R15 million for the 2010 edition of the 4-day Art Fair, excluding sales that took place post the Art Fair – almost half of the pre-recession sales of between R25 and R30 million for the 2008 edition of the Fair⁸.

Consultations with gallerists suggest that there may be a significant new emerging market for the visual arts among the growing black economic upper middle income group within the country – a perception broadly borne out by the BASA ArtsTrack figures referenced above.

⁸ personal communication, Matthew McClure (Art Logic), June 2010

3.4 The Size of the South African Market for the Visual Arts

The buying market for the visual arts in 2008/9 – excluding auction sales - is estimated at just over R1 billion across all market segments (contemporary, 'commercial', etc). This figure was arrived at in the following way:

Gallery Turnover:

- revenue generated from total artwork sales and associated services was recorded as R62 991 998 by 29 entities involved in the distribution and presentation of the visual arts – galleries, project spaces, consultancies and dealers
- the mean/average value for revenue generated through artwork sales and associated services was R2 249 714 per entity
- the median (midpoint) value for sale of artworks and associated services was R484 472
- in order to moderate the effect of a skew within the sample toward contemporary art galleries with a high turnover, a mid-point between the mean and median values for artworks sales/services per entity was proposed: R1 367 093
- Based on the database research for this project, the total number of galleries, dealers, web-based sales portals and consultancies in South Africa involved in the presentation and sale of artwork is estimated at 632 individual entities
- The total turnover from artwork sales for these entities is therefore estimated at **R864 002 798**
- This result can be triangulated against figures reported by artists for sales through galleries.
- The average/mean value of sales through galleries was reported by artists as R58 594 per annum.
- Taking into account that these figures reflect income after gallery commission has been deducted, the total average value of sales can be extrapolated as R97 657 for artists selling their work through galleries
- Based on the database research for this project, it is estimated that there are approximately 5 500 practicing professional artists in the country.
- Based on these assumptions, the turnover through galleries may be estimated at **R537 111 490** per annum. Bearing in mind that galleries and dealers also generate significant revenue from the resale of artwork (with no revenue accruing to the artist), this figure seems comparable to the estimate achieved through the analysis of data from galleries and dealers.

Turnover associated with direct sales from artist studios and artist studio/galleries:

- Artists were asked to quantify sales through galleries as well as direct private sales
- 62% of the sampled artists reported income through private sales and 25% reported income through private commissions
- The mean value for direct private sales reported by artists was R34 618 per annum and R43 401 for private commissions
- Total turnover through direct (non-gallery) sales and private commissions is therefore estimated as **R119 903 698** and **R59 182 500** respectively, giving a total of **R179 086 198**

Total Turnover

- The sum of gallery sales and artist private sales is therefore estimated at **R1 045 525 309** (the sum of gallery sales and artist private sales/commissions).

While the sample sizes for both business entities are low in relation to the total population, triangulating the sales reported by artists through galleries and gallery turnover suggests that these figures are probably in broadly the right range.

The total figure excludes sales through auction houses in South Africa, which are informally estimated by industry sources as being in the region of R260 million per annum at a conservative estimate – partly due to the very small number of entities operating in this market, there is substantial sensitivity around the release of data on income and expenditure from auction houses. This has precluded a precise audit of this important section of the market in the context of this research project. Sales through the Joburg Art Fair were also excluded from this estimate due to the fact that these duplicate sales data for galleries.

To place these figures into an international perspective:

- In the UK, the market for contemporary art alone was estimated at between £354 million/R3.9 billion and £500 million/R5.5 billion in 2004⁹. The value of UK auction sales across all segments was estimated at approximately \$1 billion/R9.3 billion for 2004 – 26,9% of global auction sales in that year¹⁰.
- In Australia, sales through galleries were valued at A\$218 million in 2002, and auction sales at A\$70 million¹¹.

3.5 The Supply System

As the preceding figures make clear, there are three primary vehicles for the marketing, presentation and sale of artworks: the gallery system, the auction market and the promotional and selling activities of artists themselves. These are supported by a range of other platforms that connect artists and buyers: trade events and biennales, competitions and awards, and the activities of a variety of businesses and consultancies. In what follows, a variety of market-related issues pertaining to each of these vehicles are explored.

Artists as Entrepreneurs

Artists may be privately commissioned to produce work, sell work directly from their studios, through on-line platforms, and small studio-based galleries for their own work as well as the work of other artists – the latter is particularly the case for artists operating at the so-called ‘commercial’ end of the market. As noted in the preceding section, these private sales account for a substantial portion (approximately 17%, excluding the value of auction sales) of the overall value of turnover. Artists’ position in and perception of the market, and the nature of their relationships with gallerists and dealers are discussed in greater detail in section 5 of this report, “The Position of Artists”.

The Gallery System

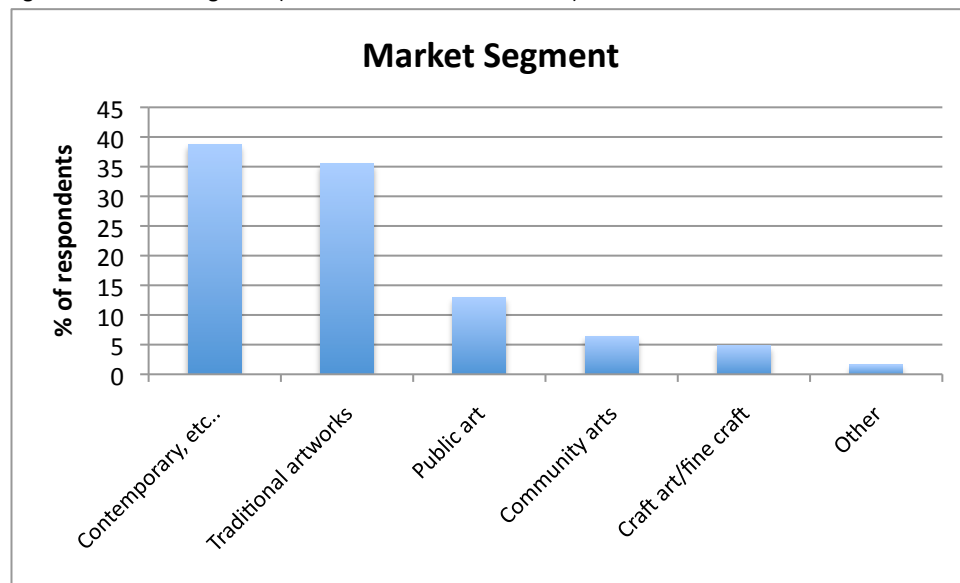
⁹ Morris, Hargreaves and McIntyre. 2004. *Taste Buds - How to cultivate the art market*. Arts Council England publication, accessed at <http://www.takingpartinthearts.com/content.php?content=1034>; Buck. L. 2004. *Market Matters: The Dynamics of the Contemporary Arts Market*. Arts Council England: London

¹⁰ Art Price. 2004. *2004 Art Market Trends*. Artprice.com SA: France. Pp. 6-12

¹¹ Department of Communications, Information Technology and the Arts. 2002. *Report of the Contemporary Visual Arts and Crafts Inquiry*. Commonwealth of Australia: Canberra. P. 239

Database research, drawing on the South African Art Information Directory, suggests that there are in the region of 650 entities that describe themselves as galleries. It is estimated that approximately 75-100 of these operate primarily at the 'contemporary art' end of the spectrum described in the preceding section. The findings from the survey largely address the position of galleries operating in the contemporary market, or perceiving themselves to be doing so. Responses to the survey indicated the following spread across different market segments for organisations involved in the sale and distribution of artworks, with nearly 70% of all respondents indicating that they operate at the contemporary segment of the market:

Figure 30: Market Segment (Presentation and Distribution)



n=35

The gallery system is largely composed of commercial entities, with a small number of independent non-profit contemporary arts spaces and artist run initiatives, whose contribution in economic terms is small, but which nevertheless play an important role in the identification of new talent and the setting of trends in the market. These are discussed in greater detail in Chapter 4 'The Organisational Landscape for the Visual Arts'.

As previously noted, the survey sample was skewed toward non-profit organisations, with 11% of businesses whose primary function is the sale of artworks and related services (35 entities) indicating a non-profit trust as a legal structure; and 27% of all organisations (47 entities) who have a gallery space being non-profit organisations – though for more than half of this sub-group the presentation and sale of work is a secondary business activity.

Galleries generally operate both in the primary (first sale) market as well as dealing in artworks in the secondary (subsequent sale) market. Artists usually lodge their work with galleries on a consignment basis in the context of solo or group exhibitions – i.e. galleries act as agents for the sale of work that is still owned by the artist, and receive a commission on the sale of work. 41% of organisations that have a gallery space that were included in the survey (this includes organisations for whom this may be a secondary activity) reported charging commission of between 30 and 40%; 15% reported charging commissions of between 20 and 30% and 11% reported charging commission of between 40% and 50%. Findings from the survey of artists, as well as anecdotal evidence, suggests that the business relationships between artists and gallerists and dealers are seldom reduced to writing, and are often based on inadequately articulated parameters – this issue is addressed in more detail in section 5 of this report, "The Position of Artists".

Gallerists also frequently purchase the work of artists that they represent through exhibitions as well as through studio sales and the open market, and subsequently sell this work in the secondary market (usually at an appreciated value), where the entire value of the sale is retained by the gallerist/dealer. In other national contexts, Artist Resale Rights legislation is in place which (theoretically) obliges gallerists and dealers to pay a small percentage of the value of secondary sales to the artist, so that artists continue to have a share in the increased value of their work over time. This arrangement does not presently pertain in the South African context, and this issue is also discussed in further detail in section 5, “The Position of Artists”.

Key general findings from the survey pertaining to galleries include:

- 34% (12/35) of entities involved in the primary and secondary markets are owned/managed by women; 91% (32/35) of entities are owned/managed by white people
- most of the surveyed galleries are closed corporations (46% or 16/35), followed by PTY (ltd) structures (17%) and trusts (11%); 20% of the surveyed galleries are run without a formal company structure in place (sole proprietorships)
- 51% (18/35) of surveyed galleries have been in existence for between 1 and 5 years; 31% for 6-10 years; 11% for 11 to 20 years and only 6% for more than 20 years
- 43% (15/35) of surveyed entities have to pursue activities outside of the visual arts to supplement their earnings
- 77% (27/35) sell directly to consumers, the balance sell artwork directly to consumers and other businesses in equal measure.

The survey also included a set of questions for all organisations utilising a gallery space, which included some education and training and development organisations. Responses were disaggregated based on whether the entity was a commercial or non-commercial (eg trust, section 21 company) entity. Key findings from this component of the survey included:

- 74% of all entities lease the space that they do business in – this was true for 80% of non-profit entities and 71% of commercial entities
- Commercial entities generally pay slightly more for the space that they occupy than non-profit entities. The mean and median (mid-point) values for monthly costs and cost per square metre for gallery space are indicated in the two tables below:

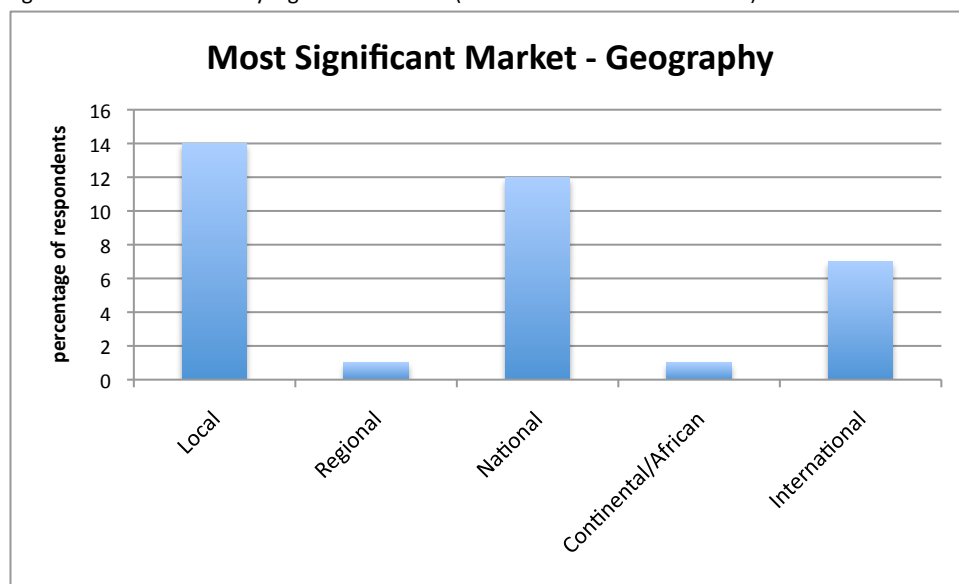
Per month	Commercial	Non-commercial	Overall
N	23	8	31
Mean	R12,403	R10,441	R11,897
median	R7,000	R6,750	R7,000
min	R750	R384	R384
max	R50,965	R33,000	R50,965

Per m ²	Commercial	Non-commercial	Overall
N	23	8	31
mean	R114	R101	R111
median	R63	R79	R66
min	R5	R1	R1
max	R378	R367	R378

- The large discrepancy between mean and median values can be attributed to the existence of a small number of galleries at the top end of the market that pay a premium for the space that they occupy (note maximum values) – this is reinforced by the significance attached to physical location in attracting consumers noted in the findings below.
- Entities with gallery spaces indicate that the great majority (84%) of artworks are sourced from local artists, 21% from artists from the rest of Africa, and 14% from artists elsewhere in the world.

For the majority of surveyed galleries and dealers, the most significant market for their products and services is local (40% or 14/35 of surveyed galleries). 1 in 5 indicated international markets as being of greatest significance, with a large proportion (43%) indicating international markets as being their second most financially significant market. Only 1 respondent to the survey indicated the rest of Africa as a significant target market.

Figure 31: Most Financially Significant Market (Presentation and Distribution)



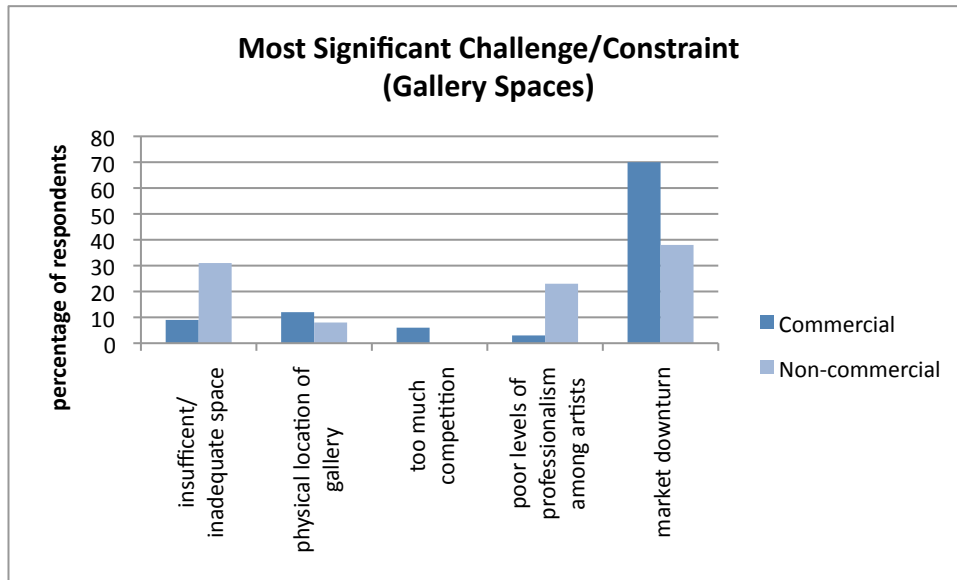
n= 35

- Just less than half of respondents - 49% (17/35) - indicated tourists as being a significant target market.
- 43% (20/47) of organisations with a gallery space reported exhibition openings as being the most important opportunity for making sales; with 28% reporting casual daytime sales and 21% reporting special viewings as being the most important context for making sales.
- The majority (46% or 16/35) regarded networking and word of mouth as being the most important method of marketing their products and services, with the physical position of the business and on-line presence also featuring as significant primary methods of marketing work (both being indicated by 18% of the respondents)
- An on-line presence and digital communication was indicated as being the most significant secondary method of marketing work by the great majority of respondents (48,5%), with a further 14% noting the importance of local media as a secondary method
- The majority of respondents were positive about growth in the market for their products and services, with 57% indicating 'gradual improvement' and 27% indicating 'healthy' growth in the market. 8% perceived the market to be stagnant,

and only 6% and 3% of respondents perceived the market to be ‘in decline’ or ‘sharp decline’ respectively.

- ‘Poor levels of professionalism among artists’ is the most frequently cited constraint or challenge for commercial galleries (29%), followed by issues associated with their physical location (26%) and a downturn in the market (19%). Interestingly, the small group of non-commercial spaces surveyed cited a downturn in the market as being their most significant constraint or challenge (55% of respondents), followed by the physical location of their gallery (36%)

Figure 32: Most Significant Challenge/Constraint (Commercial vs non-Commercial Spaces)



n=46

The Auction Market

Auction houses represent an important, and growing part of the market for the sale of visual art in South Africa. The majority of sales through auction houses are secondary/resales of artworks that have already circulated in the market, potentially changing hands a number of times. The auctions market for visual arts is predicated on appreciation in the value of work over time, based on the complex set of factors involved in the endorsement of particular artists in the marketplace, through institutions and through art critical discourse, journalism and scholarship. Auction houses generate their revenue through charging a buyers premium (added to the value of the work, usually on a sliding scale) and a seller’s commission (subtracted from the value of the work). They generally operate at the top end of the market, largely dealing in the work of artists whose reputations have been established and command high prices. In advanced economies with a substantial base of serious collectors and buyers, auctions account for a major portion of the total value of artwork sales. In 2004, for example, the value of the auction market in the UK had almost twice that of sales through galleries, dealers and artists (roughly R9.4 billion vs R5.4 billion – see preceding section for data sources). The global market was valued at \$5 billion in 2009, down from a decade high of \$9.4 billion¹².

The international market is dominated by two multinational auction houses – Sothebys and Christies - which in 2009 together accounted for 59% of the value of all auction sales internationally, though only just under 11% of all auction lots sold among all significant

¹² Art Price. 2009. 2009 Art Market Trends. Artprice.com SA: France. p. 6

auction houses¹³. Sales are generally organised by historical period (Old Masters, 19th Century, Post War, Modern and Contemporary) and by medium (painting, sculpture, drawings, prints, etc.). Internationally, the art auction market saw massive growth during the post World War II period, and from the 1960s a signal trend has been the growth in the value of modern and contemporary art on the auction market – whereas the value of sales in these segments were previously modest by comparison with Old Masters, the last few decades have seen prices for contemporary art rivaling those of the established art-historical canon of artists. The market for contemporary art is also the most volatile of the market segments – for example, after a boom in art prices at auctions between 2002 and 2008 (rising by 225%, according to the annual Art Price Index Trends publication), the market value of contemporary art has now returned to 2004 levels, and in the space of a single year lost 6% of the overall market share of auctions sales¹⁴.

The South African auction market is dominated by three auction houses – Stefan Welz and Co (established in 1968, associated with Sothebys), Graham Britz (launched in 2001) and Strauss and Co (launched in 2008). There are a number of smaller auction houses that have a fine arts specialism, such as Bernardi Bros, 5th Avenue Auctioneers and Ashbeys. The London-based Bonhams is the only major auction house outside of the country that specialises in South African art. With the general opening up of the economy in the post-apartheid period, the domestic auction market in South Africa has gone through a boom period during the last decade with rapidly escalating prices for particularly nineteenth century and early modernist South African art. The total value of auction sales (including buyer's premium) through auction houses was estimated as being in the region of R260 million for 2009¹⁵.

There are a variety of regulatory issues that apply in reality and in prospect to the activities of auction houses:

- the South African Heritage Resource Agency (SAHRA) regulates the export of items of national heritage significance in terms of the provisions of the National Heritage Resources Bill 139 of 1998. The Bill makes provision for SAHRA to control the export of items that may be deemed to form part of the national estate, a provision which has had some impact on the ability of foreign-based buyers to remove artworks from the country.
- Sellers of artworks through auction houses do not presently pay Capital Gains Tax on the value of works sold – which can run into millions of rands
- The implications of the newly promulgated Consumer Protection Act have yet to be fully understood in relation to the activities of auction houses

As previously noted, the major intervention in this area – contemplated in the Berne Convention (to which South Africa is a signatory) – is the institution of Artist Resale Rights, legislation which would compel auction houses (and potentially all dealers operating in the secondary market) to distribute a small percentage of the value of the sale of artworks to the originating artist, or in certain instances (such as is the case in Norway), to an Artists fund. The institution of such legislation in most other national contexts has been met with much resistance from auction houses. Substantial consultation with all players in the secondary market – supported by research on approaches to implementation - would need

¹³ Art Price. 2009. 2009 *Art Market Trends*. Artprice.com SA: France. p. 14

¹⁴ Art Price. 2009. 2009 *Art Market Trends*. Artprice.com SA: France. p. 8; Art Price. 2008. 2008 *Art Market Trends*. Artprice.com SA: France. Pp. 7

¹⁵ Michael Coulson. 2010. *The 2009 Auction Year in Review*. SA Art Times November 2009/January 2010 edition. p1.

to precede any intervention in this realm. Such an intervention would also need to be balanced against demonstrable investment by government in other areas of the industry. This issue is addressed in substantially more detail in section 5, 'The Position of Artists'.

National, Regional and Local Marketing Platforms: Art Fairs, Biennales and other Trade events

Art Fairs and Biennales represent the two main internationally established formats for the showcasing of the contemporary visual arts. Art Fairs, have an overtly commercial character, functioning as trade shows for the visual arts which attract both domestic and international exhibitors. Biennales, by contrast, are curated exhibitions involving the participation of artists and curators from a variety of national contexts, usually in the context of national pavilions/exhibits. Though they are overtly more engaged in the construction of art-critical discourse than in selling, in so doing they also play an influencing role in the market in developing the reputations of particular artists and curators.

As previously noted, the Joburg Art Fair has provided an important new platform for the cultivation of new audiences and buyers for work largely at the contemporary end of the spectrum. Its success has arguably been predicated on a combination of factors:

- The development of a trade fair format which includes lifestyle elements such as contemporary design,
- an aggressive marketing strategy across print, on-line and outdoor media
- the positioning of the Fair in a location (the Sandton Convention Centre) which is accessible and familiar to upper middle income South Africans and international visitors
- The development of a financial model based on the selling of tiered branding rights, together with complementary investment from the Gauteng provincial government, and a variety of local and international contemporary art institutions and agencies.

15% of all artists responding to the survey cited the Johannesburg Art Fair as being the most significant sector development initiative. Interestingly, among black artists, the Art Fair was most frequently cited as the most significant initiative (19% of all black respondents).

Biennale-type events have had a more checkered history in the South African context. The Johannesburg Biennales of 1995 and 1997 – supported by a combination of local, national and international funding - failed to develop a sustainable financial model, political buy-in or a local audience base. The project also attracted criticism on the basis of its perceived dislocation from the everyday concerns of contemporary South Africa. The Cape Africa Project, developed with support from the Airports Company of South Africa, was founded in 2003 and was developed as a platform for experimental work from across Africa, engaging with new audiences in new venues and contexts around Cape Town, with a conference being convened every second year as the basis for the development of the concept for the next iteration of the project. Focused on new and experimental work, and heavily reliant on funding from the National Lottery Distribution Trust Fund, the project finally collapsed in late 2009 under the weight of a range of funding, governance and management problems.

At the 'commercial arts' end of the market, local markets and festivals play an unquantified but significant role in providing a platform for decorative and domestic art to be sold at modest prices. 16% of all artists participating in the survey cited local markets and festivals as being the most significant sector development initiative (the third most commonly cited type of initiative after competitions and artist-run project/exhibition spaces). Many of these projects have an open-air character – such as Artists under the Sun at Zoo Lake in Johannesburg and the Walk of Art Festival in De Waal Park in Cape Town – and some occur

in the context of more general clusters for arts and craft presentation and retail such as the Midlands Meander in Kwazulu-Natal and local fairs and markets in small 'artist towns' in the Western Cape and the Free State. Visual arts and crafts exhibitions and markets also form a minor part of the offer of some of the national and regional arts and music festivals, such as the Klein Karoo Kunstefees, Oppikoppi, Macufe and the like.

Consultancies and other service providers

A small number of consultancies also play an important role in the development of new opportunities and areas of demand in the industry. Largely run by artists and curators with entrepreneurial talent, these companies have identified and addressed important gaps in the market – for example, around the management of the commissioning of public art, the use of art in corporate branding contexts, deploying art in marketing and advertising and so on – and in so doing have created substantial work and creative opportunities for artists, technical service providers and curators working in the industry. Virtually all of these entities are located in Johannesburg. Some key examples include:

- Art Logic (Johannesburg) – a private company responsible for the development and management of the Johannesburg Art Fair
- Trinity Session (Johannesburg) – a partnership between two artists involved in the commissioning of public art, corporate branding projects and creative industries research
- Propertuity - the development company responsible for the Arts on Main and Mainstreetlife precinct development on the east end of the inner city of Johannesburg
- Art at Work (Johannesburg) – a partnership between an arts manager and a gallerist, largely concerned with managing public art commissions for both public sector and corporate clients.
- Akani Creative Consulting (Johannesburg) – a consultancy involved in the curation of exhibition projects, new gallery ventures and corporate art consulting
- Biicc (Johannesburg) – a specialist technical services production company for exhibitions and projects, which also manages August House, a redeveloped industrial building in the inner city of Johannesburg which provides low cost live-work and production space for artists and other creative professionals
- ArtSource and ArtSpace – a consultancy and linked commercial gallery involved in the provision of professional development and support services for artists through workshops and seminars and a mentorship programme for young artists.
- A Word of Art (Cape Town) - a young management agency for artists, designers, illustrators that blurs the lines between art and advertising – also generating significant projects that have a social entrepreneurship dimension.

Competitions and Awards

Competitions and awards play an important role in making the sector as a whole visible to a wider public, shaping the reputations of visual artists and making available finance for the development of new work. 19% of all artists participating in the survey felt that competitions and awards play the most significant role in the development of the sector. Though this was the most frequently cited initiative among artists, it was also the issue with that registered the greatest disparity on the basis of race, with only 8% of black artists taking this view as compared to 27% of white artists.

The limited number of competitions and awards for the visual arts that operate at a national level are almost entirely sustained through corporate sponsorship. The South African

National Association of the Visual Arts (SANAVA) and its various affiliates have played a key role in developing, managing and promoting a variety of competitions together with corporate sponsors. Recently, Spier Contemporary has established itself as the most financially significant art competition in the country, in the wake of the demise of the Brett Kebble Art Awards (valued at R630 000 in 2005). The only publicly financed art competition of any significance is the Thami Mnye Art Awards competition, sponsored by the City of Ekurhuleni.

Competitions and awards include:

Table 16: Art Competitions: Value and Sponsors (2009/10)

Competition/Award	Total value	Principal Sponsor/Sector Partner
Spier Contemporary	R600 000 + residencies	Spier Holdings/Africa Arts Centre
Standard Bank Young Artist Award (Visual Arts)	Not known	Standard Bank
Absa L'Atelier Art Competition	R230 000 + return flight to Paris for winner	ABSA/SANAVA
MTN new contemporaries	R50 000 + budgets for the development of new work for four participants	MTN
Sasol New Signatures	R100 000	Sasol/Pretoria Arts Association
Carrol Boyes Competition	R90 000	Carrol Boyes
The PPC Young Concrete Sculptor Awards	R85 000	PPC Cement/Pretoria Arts Association
Thami Mnye Art Awards	R70 000	City of Ekurhuleni
Vuleka Art Competition	R25 000 + return flight to Paris for winner	Sanlam/Arts Association of Belville

3.6 Reception - The Role of Art Publishing and the Media

Art writing and publishing play a vital role in the development of the industry – on the one hand they promote the visibility of the industry, cultivating new audiences and markets, and on the other play an important developmental role in providing feedback to artists, curators and gallerists on their work. In a general way they foster new thinking, new perspectives and critical debate, and contribute to building a coherent sense of 'an industry' that can be presented to a wider public and debated by a more specialist audience of academics, buyers and collectors. Publishing and art writing takes a number of different forms which each yield particular impacts on a number of levels:

Catalogues and project specific publications serve as a visual record of a particular body of work, and usually involve the commissioning or contribution of a critical perspective on the body of work by one or more art writers or critics. They serve both a documentary function and provide points of access for specialist and non-specialist audiences alike, exploring the ideas underpinning artworks and providing contextual information that can facilitate interpretation and understanding. In this sense they contribute both to the discourse around contemporary arts, as well representing as a crucial archival record of work that can be used for teaching, learning and research purposes within schools, at a tertiary level, and by curators and writers. This is particularly true of catalogues associated with work that is ephemeral in nature, an increasing trend in the production of contemporary art. These

documents also act as an important promotional tool for artists and curators for future projects, and enhance the marketability of particular exhibitions of work, lending authority and 'subscription value' to these projects.

A commonplace in the European and North American arts scene, they are however expensive to produce, and the capacity to finance these publications is largely limited to a handful of the top galleries in the country. The great majority of artists and gallerists in South Africa are not generally in a position to afford even a brochure associated with a particular exhibition project.

Books and Monographs on particular artists or art-related topics are usually developed in response to the work of more established artists, significant projects, or a particular issue that has gained currency. Due to the specialist nature of the market for such books, they are generally of little interest to mainstream publishers, and rely on niche publishers who are able to give exclusive focus to cultivating networks of buyers of such publications, and/or attracting funding to address the substantial production and/or distribution costs associated with such publications. In the South African context, the two most significant publishers of such books have been David Krut and Bell-Roberts publishing, often working in partnership with gallerists and funders on particular projects.

The Taxi Art Books series of artist monographs produced by David Krut represents an innovative example of a publishing project which was enabled through subsidy from a variety of local (National Arts Council and Arts and Culture Trust) and international funding (Pro Helvetia, the French Institute and the Royal Netherlands Embassy), with substantial resources invested by the publisher. The project was able to attract such support partly through the inclusion of educational supplements aimed at high school learners.

The availability of funding for such publications has however been minimal in the South African context - such projects are generally difficult to sustain on a purely commercial basis, and often rely on the investment of substantial personal resources, often at cost and risk to the publisher. Bell-Roberts Publishing has for example diversified its publishing offer into the more commercially viable lifestyle market on the one hand, and into on-line publishing on the other.

Art journals, magazines and websites provide a forum for the exposure of artists work to both specialist and non-specialist audiences, both locally and internationally, and the communication of industry news and the fostering of critical inquiry and debate. They are small in number by international standards (a 2002 Australian report notes the existence of 20 specialist publications) and generally receive no subsidy from the state. The principal publications, mostly located in Cape Town, include:

- *Art Throb*, probably the longest surviving on-line platform for news and reviews on contemporary art
- *Art South Africa*, *Snapped* and *Itch*, all quarterly journals/magazines produced by Bell Roberts Publishing through a combination of print and on-line media
- *The South African Art Times*, a monthly print and on-line publication produced by Global Art Information, which has produced two spin-off publications – *Business Art* and *Art Life*
- *Chimurenga*, an occasional journal and on-line platform that focuses on multi-disciplinary creative projects
- *Art South Africa Initiative (ASAI)* is an on-line publishing project that serves as a forum for critical debate, a historical archive of South African art, as well as hosting

- an on-line edition of *Third Text Africa*, a critical journal on the contemporary visual arts in Africa
- *A Look Away*, a quarterly print magazine published by BK Publishing

Printed magazines and journals are confronted with similar challenges to book publication in the sector due to the small size of the market and the absence of subsidy from the state. All rely on somewhat different models for sustaining their output. At one end of the spectrum, The South African Art Times relies to a significant degree on advertising sales in order to be viable, and has developed *Art Life* as a lifestyle publication with a broader reach. At the other end of the spectrum, *Chimurenga*, relies primarily on sales and some external funding (from the Africa Centre) in order to sustain an independent and critical voice that has a pan-African reach. *A Look Away* is sustained through sales and cross-subsidy from mass-produced low cost publications targeted at youth. The *Art South Africa Initiative* is sustained largely through individual investments of time and energy and external funding. The development of on-line platforms and on-line equivalents of print publications, where additional content can be generated and distributed at minimal cost, has been crucial to the sustainability of many art critical platforms.

3.7 The Export Market and International Promotion

Quantitative information on the export of visual arts is difficult to accurately determine, and fell outside of the scope of the present survey, beyond the canvassing of gallerists and dealers on their engagement with international markets (reflected above). International trade data from secondary sources suggests that South Africa's significant profile in the field of contemporary visual artists is not matched by volume of exports. The 2007/8 Creative Economy report produced by UNCTAD (the United Nations Conference on Trade and Development) breaks down trade data for the different creative industries sub-sectors in both the developed and the developing world. UNCTAD reports that the total value of world exports in the visual arts sub-sector (which includes antiques within their definition) has grown from \$10 billion in 1995 to \$22 billion in 2005 (reflecting a phenomenal 8% annual growth during this period), with developing and transitional economies accounting for 30% of this trade (UNCTAD 2008:108) in 2005. However, most of the growth in the developing economies share is accounted for by Asian economies, principally China and India. In the latter group, South Africa features on only one set of indicators for visual arts exports – for 'other visual arts' – and is ranked 6th among developing economies, accounting for \$16 million worth of exports. By contrast, China (including Hong Kong) accounts for \$4.3 billion worth of exports, 19.4% of world visual arts exports¹⁶.

In the case of both Art Fairs and Biennales, very few South African galleries are in a position to show the work of artists in these contexts due to the high costs involved, and it is very difficult for artists to self-finance participation in these platforms. Participation usually depends on financed invitations extended by international contemporary art organisations, institutions and commercial galleries. In a variety of other national contexts, the public sector has a variety of tailor-made support measures aimed at promoting the international exposure of artists through these platforms. While the national department has supported South African participation in the Venice Architecture Biennale, no systematic support for the international exposure of South African visual artists has been forthcoming from any level of government.

¹⁶ UNCTAD. 2008. The Creative Economy Report. The Challenge of Assessing the Creative Economy: Toward Informed Policy-Making. UNCTAD: Geneva. pp. 123-4 & 260-292

dti Incentives and the Visual Arts

While the Department of Trade and Industry (dti) has several generic industry incentive schemes related to the promotion of exports that could be accessed to assist galleries in taking work to Art Fairs, these rarely been accessed by the visual arts industry. A number of schemes managed through the dti division, Trade and Investment South Africa (TISA) could notionally be made available to artists and galleries insofar as they fall within the category of 'entrepreneurs':

- The Export Marketing and Investment Assistance (EMIA), which is a scheme to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services. The scheme makes provision for individual participation, such as exhibitions and in-store promotion, primary market research, as well as for participation in national pavilions and individual exhibitions. Artists/galleries would be required to pay for costs upfront and then claim back a percentage of costs afterwards. There are a variety of other criteria that also need to be fulfilled to qualify for this rebate.
- The Emerging Exporters Programme, which requires artists/groups/organisations to register as an organisation or through a state department
- Sector Specific Assistance Scheme (SSAS). The purpose of the Sector Specific Assistance Scheme (SSAS) is to enable the funding of non-profit industry organisations in sectors and sub-sectors of industry prioritised by the dti, in respect of both generic funding and project funding provided that the purpose of the organisation and/or its proposed project aims to conform to the dti's export strategy.

Customs and Excise Duties

Exporting artworks does not generally cause problems at the point of origin. Export of artworks for sale, not returning, does not involve custom duties. The exporter of temporary exhibitions is required to submit full documentation of the artworks at the point of departure. Problems do however occur when or if the work returns. Customs units physically check all artworks in their warehouses, and it can take up to 10 days before the artworks are released. Storage conditions are not amenable for artworks, and storage fees can be charged if an argument delays the process¹⁷.

Department of Home Affairs

The Department of Home Affairs (DoHA) regulates all incoming visitors. Artists and art dealers wanting to visit the country for business purposes, can obtain a 90 days permit, which can be extended once with a further 90 days. Foreign artists/dealers can do professional work during this period. It is more difficult to obtain a work permit. Various categories exist of people who are eligible for a work permit. The focus is on scarce skills, and artists are not viewed as such. Another option is the category of 'extraordinary skills', e.g. cultural specialists or academics.

Art consultancies which want to initiate a business in South Africa have to invest at least R2,5 million in assets and employ at least five SA residents. The option also exists to open a branch and second international personnel. Individual foreign persons wanting to open a business in SA are required to have R7.5 million investments/assets and need a chartered accountant statement as verification. Vacancies in SA must be first advertised and filled

¹⁷ interview Eugene Botha of Fineartlogistics

locally. If no suitable person can be found, foreign persons can be appointed. This rule can be waived in exceptional circumstances.

3.8 The Role of the Public and Corporate Sector in Demand

The role of government in the financing of the arts is often reduced to that of providing subsidy – to institutions, organisations and individual artists. Government can however also play a significant role in the marketplace, in two broad ways:

- as a direct client
- through instituting measures aimed at stimulating wider consumption of the visual arts

The most common types of public sector involvement in the market place occur in six areas, with varying degrees of immediacy in their impact on the industry:

- the acquisition of artworks through museums and collections, where government institution plays a role as a buyer of artwork
- the commissioning of public art where government acts as client in order to fulfill a public policy mandate in another area (urban development/regeneration),
- Percent for Art schemes involve government instituting policy which encourages or obligates investment on the part of others, usually in public art commissioning in the context of construction/property development.
- support provided to the development of cultural precincts and clusters where investment plays an indirect role in stimulating consumption through the development of environments which attract target consumers
- the Art Bank Concept involves a combination of these two roles – government purchasing artworks, and actively promoting the purchase of the same artworks by third parties
- Zero interest purchase schemes or tax incentives associated with the purchase of artworks, encouraging the cultivation of new buyers and collectors of the visual arts through enabling access to interest free credit or tax breaks on the purchase of art.

Many of these involve varying degrees of partnership or relationship with the corporate sector in their implementation, and the extent to which these areas have been developed in the South African context are briefly assessed in what follows:

Acquisitions Programmes of Art Museums and Collections

Museums and Collections play an important role in acquiring work directly from artists and through gallerists and dealers. Their purchasing of new work not only yields immediate economic benefit, but also serves to endorse that work, affecting the value of work in both the primary and secondary commercial market. These direct and indirect positive impacts are however contingent on there being a significant capacity for new acquisitions among museums and collections in the country.

Research commissioned into the acquisitions programmes of publicly accessible South African museums and collections shows that the capacity for new acquisitions is poor. A significant proportion of the value of new acquisitions now arises from works that are donated to institutions. The acquisitions capacity of corporate collections is almost certainly substantially under-estimated in this data as it is based on a very limited sample of corporate collections, and within that sample only a small number of collections were prepared to divulge information about their acquisitions budgets). Nevertheless, compared to the acquisitions capacity of comparator institutions internationally, these figures are

incredibly low - the national gallery of Australia in Canberra, for example, recorded circa R71,4 million worth of acquisitions in its 2008/9 annual report.

Table 17: Acquisitions Budgets for Public and Private Museums and Collections

	Number of Institutions reporting	Reported total acquisitions budget	Average acquisitions budget	Estimated total no of institutions	Extrapolated to Population
Public Institutions University-based Institutions	9	2055000	228333	18	4 109 994
Private Institutions	7	1995000	285000	11	3 135 000
Total	3	460000	153334	14	2 146 676
Total	19	4510000	237368	43	R9 391 670

A number of commentators have noted the extent to which the value of particular artists work is now determined in large part through the commercial market, and the decline in the role of public museums and collections in this regard. Based on these budgets, public museums and collections also have little or no ability, for example, to bid on significant examples of South African art in either domestic or international art auctions. One of the few public institutions which has a significant capacity for new acquisitions is the Johannesburg Art Gallery, enabled through the establishment of a modest, privately financed endowment for this purpose. This approach has however been the exception rather than the rule in the South African context, with corporate entities prioritising the establishment of their own collections and exhibition capacity over investment in public museums and collections – part of an overall dilution of available resources discussed in more detail in Section 4 of this report, *The Organisational Landscape for the Visual Arts*.

The Commissioning of Public Art

Johannesburg has been at the forefront of commissioning of public art, from through both the public and corporate sector. More than R14 million has been invested in over 200 individual artworks in the inner city alone during the course of the past ten years, generating work and income for more than 250 artists. The bulk of these interventions have been financed through the Johannesburg Development Agency operating within an inner city regeneration mandate, and deploying a combination of local and provincial government finance, usually in the context of wider area and precinct development plans. The corporate sector has also played a significant role – both the JHB Art City and Cell C Art in the City projects of the early 2000s involved significant corporate investment¹⁸. The Sunday Times Heritage Project, a project with national scope, has also played an important role in building the case for the commissioning of public art. The City of Cape Town, the Ethekwin Metro and the Nelson Mandela Bay Metro have all also been involved in the procurement of public art programmes of varying scale over the last two years, much of it linked to the 2010 Soccer World Cup.

Johannesburg has also pioneered the development of a Percent for Art policy relating to the commissioning of public art, particularly in relation to the regeneration of the inner city. The Public Art Policy, introduced in 2006, makes provision for up to 1% of the budgets of all major city building projects to be invested in the commissioning of public art. Though this provision functions more as an encouragement than as an obligation (as it does in other parts of the world), the policy has played a role in unlocking substantial investment from

¹⁸ Urbaninc. 2010. Public Art Manual for the Inner City of Johannesburg. Unpublished document commissioned by the Johannesburg Development Agency.

local and provincial government, though the buy in of the corporate sector has to date been limited.

The Art Bank

Following the cue provided by the White Paper for Arts, Culture and Heritage, the national Department conducted some preliminary investigation in the early 2000s regarding the feasibility of establishing an Art Bank agency in the South African context. The Art Bank concept has been instituted in a variety of international contexts (for example, in Australia, Canada, the UK). Art Banks are developed as institutions that play a role both in supporting emergent talent (through the purchase of work) and in stimulating consumption (through the loan of work and provision of curatorial services to government departments and corporate clients). These ideas were subsequently taken up by the City of Johannesburg, leading to the establishment of the Joburg Art Bank in June 2006 as a non-profit Trust financed by the City. Initially viewed with some trepidation by galleries (on the basis that it would be competing in the low to mid range market), during the 2006-8 period the Art Bank acquired nearly 1200 artworks from over 240 artists, valued at R3,5 million. After a couple of years of relatively successful operation, the future of the Joburg Art Bank is subject to some uncertainty, and the Joburg Art Bank is currently without a budget for further acquisitions. It would appear that unrealistic expectations were developed around the Art Bank business model, with a view that it would be self-sufficient within a 3-5 year period, leading to a cessation of further investment beyond the provision of a skeleton staff on the part of the City after this period had expired. By comparison, the Australian equivalent, established in 1980, took 12 years to generate a surplus.

The National Arts Council is presently in discussions with the City of Johannesburg around the possibility of developing this agency as a national project, and a submission has apparently also been made to the Minister of Arts and Culture and the Office of the Director General within the national department in this regard¹⁹. The potential for such an agency to play a positive and developmental role in the market through cultivating new audiences and consumers has been demonstrated in a variety of other contexts.

Interest Free Loans For Art Purchasing

A variety of schemes exist internationally for enabling people who would not normally be able to buy artwork to do so, through the institution of interest free loan schemes. This both stimulates consumption and can play a role in nurturing a new generation of buyers and collectors. These schemes generally exclude established buyers and collectors and eligibility is usually determined through consideration of the income of the applicant. The *Own Art* established by the Arts Council of England in 2004 is operated through a wholly owned subsidiary company, Artco Pty Ltd. Work purchased through the scheme (limited to loans under £2,000) is paid for in 10 monthly, interest-free installments. As of 2009 the scheme has made over 14,500 loans to purchase art valued in excess of £11.6 million. The company also plays a wider role in educating entry-level buyers and collectors about the market and buying practices. The Mondriaan Foundation in the Netherlands has developed a similar scheme which it implements in the context of Art Amsterdam (an Art Fair), in collaboration with a financing institution. The Collect Art Purchase Scheme instituted by the Australian state of Tasmania in 2008 enables loans from the state for the purchase of Tasmanian artworks valued at between A\$400 and A\$10,000.

Art for Embassies and Missions

¹⁹ personal communication, Steven Sack, 13/4/2010; Department of Arts and Culture. Annual Report 2008/9. p.60

Within the Department of International Relations and Cooperation (DIRCO), the Marketing Directorate plays a role in the promotion of South African artists internationally. One small component in DIRCO that affects visual artists is the Interior Design sub-directorate which is responsible for acquiring art works for South African embassies and missions. Artworks are acquired for all public formal spaces in such buildings. Although DIRCO follows the normal state Supply Chain Management procedures, it allows artists, consultants and galleries to be registered as preferred service providers, and to present their works to the art committee at the department. Acquisitions are determined by the available budget (for new buildings) and the selection by the art committee, which includes an art consultant. Acquisitions for existing buildings are done on an ad-hoc basis through the art committee.²⁰

²⁰ interview with Sibongile Qangule, Department of International Relations and Cooperation 9/03/10