



1996 – 97

New
Issue

8651.0

COMMERCIAL ART GALLERIES

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) FRI 24 JULY 1998

CONTENTS

	page
Notes	2
Summary of findings	3

LIST OF TABLES

1 Sales of artworks, by type.	5
2 Key aggregates	5
3 Sources of income.	6
4 Items of expenditure	6
5 Characteristics of employment—end June 1997	7
6 Key characteristics, by State and Territory	7
7 Selected performance ratios.	8

ADDITIONAL INFORMATION

Explanatory notes	9
Glossary	12

- For further information about these and related statistics, contact Garry Whittaker on Canberra 02 6252 5728, or any ABS office shown on the back cover of this publication.

NOTES

ABOUT THIS PUBLICATION

This publication presents results for the financial year 1996–97 from an Australian Bureau of Statistics (ABS) survey of businesses in the commercial art gallery industry.

For the purposes of this publication, a commercial art gallery is defined as a business whose primary activity is the display and sale of artworks. The survey did not cover businesses involved in the sale of artworks made directly by the artist or through auction houses. Sales of artworks by art museums, department stores, craft stores etc. and market stalls involved in the display and sale of artworks were also excluded from the survey. It is estimated that commercial art galleries account for approximately 25% of the value of artwork sales. Paragraph 4 of the Explanatory Notes provides more details.

OTHER PUBLICATIONS IN THE SERIES

This publication is part of a series to be issued in respect of 1996–97 covering a range of cultural industries. These surveys of cultural industries were partly funded by the Cultural Ministers Council. Other publications to be issued are:

- *Film and Video Production and Distribution, Australia, 1996–97* (Cat. no. 8679.0);
- *Libraries and Museums, Australia, 1996–97* (Cat. no. 8649.0);
- *Motion Picture Exhibition, Australia, 1996–97* (Cat. no. 8654.0);
- *Performing Arts Industry, Australia, 1996–97* (Cat. no. 8697.0);
- *Radio and Television Services, Australia, 1996–97* (Cat. no. 8680.0); and
- *Zoos, Parks and Gardens Industry, Australia, 1996–97* (Cat. no. 8699.0).

COMMENTS

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industries surveys. These comments should be addressed to: The Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION	<p>This publication presents results from a survey of Australian commercial art gallery businesses conducted in respect of 1996–97. This is the first time the ABS has surveyed the commercial art gallery industry in Australia.</p>
NUMBER OF COMMERCIAL ART GALLERIES	<p>At the end of June 1997, there were 457 commercial art gallery businesses operating in Australia. Of these businesses, 415 were representing specific artists on an ongoing basis.</p> <p>Sole proprietorships and partnerships accounted for 275 (60%) of commercial art gallery businesses while there were 136 (30%) commercial art gallery businesses operating as incorporated companies.</p>
SALES OF ARTWORKS	<p>In 1996–97, 457 commercial art gallery businesses had total sales of artworks of \$131 million. Artworks sold on a commission basis accounted for \$81 million (62%), while \$50 million were own account sales.</p> <p>The total sales of Aboriginal and Torres Strait Islander artworks was \$15 million, which was 11% of total gross sales.</p>
SOURCES OF INCOME	<p>The total income of commercial art gallery businesses in 1996–97 was \$87 million.</p> <p>The main activity of commercial art gallery businesses is the sale of artworks, which can result in either commission income (from selling artworks on behalf of others) or sales income (where the gallery sells artworks they have purchased). Commission income was \$26 million on sales of \$81 million which represented a commission percentage to gross sales of 32%. Income from the outright sale of artworks was \$50 million representing a mark up on the cost of artworks sold of 51%.</p>
EXPENSES	<p>Total expenses of commercial art gallery businesses were \$82 million in 1996–97.</p> <p>The major expense item was purchases of artworks which accounted for \$30 million (37% of total expenses), while labour costs of \$12 million (15% of total) was also significant.</p> <p>Rent, leasing and hiring expenses of \$8 million (9%) was another significant expense incurred by commercial art gallery businesses. Other operating expenses, which included framing and freight costs, totalled \$16 million (19% of total).</p>
OPERATING PROFIT BEFORE TAX	<p>In 1996–97, the commercial art gallery industry generated an operating profit before tax of \$2.8 million, which represented an operating profit margin of 3.5%. The operating profit before tax per person employed for 1996–97 was \$2,500.</p>

EMPLOYMENT	At the end of June 1997, there were 1,156 persons employed by commercial art gallery businesses in Australia, comprising 643 full-time persons (56%) and 513 part-time persons (44%). Females accounted for 62% (721) of the persons employed in the industry, of which 56% (402) worked on a part-time basis. The majority (74%) of males worked on a full-time basis.
STATE AND TERRITORY DIMENSION	The majority of commercial art gallery businesses were concentrated in New South Wales (139) and Victoria (138) and their respective total sales of artworks of \$42 million and \$41 million combined, accounted for 63% of the total sales of artworks by commercial art gallery businesses in Australia. Business in the Northern Territory accounted for \$8 million (6%) of sales, of which \$5 million was Aboriginal and Torres Strait Islander artworks.
PERFORMANCE RATIOS	In 1996–97, labour costs per employee in the industry were \$17,100 reflecting the high proportion of part-time employees. Income per person employed in commercial art gallery businesses was \$75,100 while the total expenses per person employed was \$70,900. The operating profit margin for the commercial art gallery industry in 1996–97 was 3.5%.

1

SALES OF ARTWORKS, BY TYPE

	<i>Artworks sold on commission</i>		<i>Other sales</i>		<i>Total sales of artworks</i>	
	<i>Businesses at end June(a)</i>	<i>Value</i>	<i>Businesses at end June(a)</i>	<i>Value</i>	<i>Businesses at end June(a)</i>	<i>Value</i>
	<i>no.</i>	<i>\$m</i>	<i>no.</i>	<i>\$m</i>	<i>no.</i>	<i>\$m</i>
Aboriginal and Torres Strait Islander artworks						
First sale	72	4.4	..	..	72	4.4
Secondary sale	17	0.5	54	9.7	57	10.2
Other Australian artworks						
First sale	325	58.2	..	..	325	58.2
Secondary sale	84	15.8	222	39.8	251	55.6
Overseas artworks	42	2.5	..	..	42	2.5
All artworks	346	81.4	252	49.5	457	130.9

(a) The number of businesses does not add to the total as businesses can have more than one type of sale.

2

KEY FIGURES

	<i>Value</i>
Businesses at end June 1997	
Sole proprietorships and partnerships (no.)	275
Incorporated companies (no.)	136
Other (no.)	45
Total (no.)	457
Commercial art galleries representing artists (no.)	415
Employment at end June 1997	
Males (no.)	434
Females (no.)	721
Persons (no.)	1 156
Income	
Commission income from the sales of artworks on consignment (\$m)	25.7
Income from sales of artworks owned by the business (\$m)	49.5
Other income (\$m)	12.1
Total (\$m)	87.3
Cost of artworks sold	
Purchases of artworks for resale (\$m)	30.2
Plus opening stocks of artworks (\$m)	28.0
Less closing stocks of artworks (\$m)	25.5
Total (\$m)	32.7
Other expenses	
Wages and salaries(a) (\$m)	11.3
Other (\$m)	40.4
Total (\$m)	51.7
Operating profit before tax (\$m)	**2.8
Operating profit margin (%)	**3.5
Industry gross product (\$m)	16.8

(a) Excludes drawings of working proprietors and partners of unincorporated businesses.

3

SOURCES OF INCOME

	<i>Businesses at end June</i>	<i>Value</i>	<i>Proportion of total income</i>
	<i>no.</i>	<i>\$m</i>	<i>%</i>
Sales of goods and services			
Commission income from sales of artworks on consignment	346	25.7	29.4
Income from sales of artworks owned by the business	251	49.5	56.7
Commission income from sales of craftworks on consignment	95	0.8	0.9
Income from sales of craftworks owned by the business	78	3.4	3.9
Other retail sales	118	1.7	1.9
<i>Total</i>	<i>457</i>	<i>81.1</i>	<i>92.9</i>
Other income			
Funding from government	48	2.1	2.4
Interest income	121	0.4	0.5
Other income	192	3.7	4.2
<i>Total</i>	<i>272</i>	<i>6.2</i>	<i>7.1</i>
Total income	457	87.3	100.0

4

ITEMS OF EXPENDITURE

	<i>Value</i>	<i>Proportion of total expenses</i>
	<i>\$m</i>	<i>%</i>
Labour costs		
Wages and salaries(a)	11.3	13.8
Employer contributions to superannuation funds	1.0	1.2
Workers' compensation costs	0.2	0.2
<i>Total</i>	<i>12.4</i>	<i>15.1</i>
Other expenses		
Advertising, marketing and promotional expenses	5.1	6.2
Purchases of artworks	30.2	36.9
Purchases of craftworks	2.0	2.4
Other purchases	3.3	4.0
Rent, leasing and hiring expenses	7.5	9.2
Depreciation and amortisation	2.4	2.9
Insurance premiums	1.2	1.5
Interest expenses	2.0	2.4
Other operating expenses	15.7	19.2
<i>Total</i>	<i>69.5</i>	<i>84.9</i>
Total expenses	81.9	100.0

(a) Excludes drawings of working proprietors and partners of unincorporated businesses.

5

CHARACTERISTICS OF EMPLOYMENT—END JUNE 1997

	<i>Full-time</i>			<i>Part-time</i>			<i>Total</i>		
	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>
Working proprietors and partners (no.)	151	138	289	39	99	138	190	238	427
Employees (no.)	172	181	353	73	302	375	245	484	728
<i>Total employment (no.)</i>	323	320	643	112	402	513	434	721	1 156
Percentage contribution to total (%)	27.9	27.7	55.6	9.7	34.8	44.4	37.5	62.3	100.0

6

KEY CHARACTERISTICS, BY STATE AND TERRITORY

	<i>Businesses at end June</i>	<i>Employment at end June</i>	<i>Wages and salaries(a)</i>	<i>Sales of artworks</i>
	<i>no.</i>	<i>no.</i>	<i>\$m</i>	<i>\$m</i>
New South Wales	139	378	3.6	41.6
Victoria	138	303	2.7	40.8
Queensland	77	190	1.4	19.5
South Australia	30	71	0.6	6.7
Western Australia	28	71	0.7	5.8
Tasmania	15	46	0.4	7.0
Northern Territory	21	81	1.8	7.7
Australian Capital Territory	9	16	0.1	1.9
Australia	457	1 156	11.3	130.9

(a) Excludes drawings of working proprietors and partners of unincorporated businesses.

7

SELECTED PERFORMANCE RATIOS

	<i>Value</i>
Employment ratios	
Total income per person employed (\$'000)	75.5
Total expenses per person employed (\$'000)	70.9
Operating profit before tax per person employed (\$'000)	2.5
Labour costs per employee (\$'000)	17.1
Labour costs to total expenses (%)	15.2
Profitability ratios	
Operating profit margin (%)	**3.5
Other ratios	
Proportion of commercial art galleries representing artists on an ongoing basis (%)	90.8
Average number of artists represented per commercial art gallery(a) (no.)	38.0
Commission income to sales of artworks on commission (%)	31.5
Sales of aboriginal artworks to total sales (%)	19.0
Commission income to total income (%)	22.4
Purchases of artworks to total expenses (%)	36.9
Markup on cost of artworks sold	51.3

(a) Only relates to commercial art galleries that represent artists on an ongoing basis.

EXPLANATORY NOTES

INTRODUCTION

1 This publication contains data for the commercial art gallery industry for the reference period 1996–97. The data were compiled from an ABS sample survey of businesses in the commercial art gallery industry.

SCOPE AND COVERAGE

2 The scope of the survey was all commercial art galleries, including aboriginal art centres, operating in Australia during 1996–97. For the purposes of the survey, a commercial art gallery was defined as a business whose primary activity is the display and sale of artworks. In terms of the Australian and New Zealand Industrial Classification, commercial art gallery businesses are part of Class 5259 — Retailing n.e.c.

3 The survey did not cover businesses involved in the sale of artworks as a secondary activity, i.e. the display and sale of artworks was not the main activity of the business. Included in this category, and hence excluded from the survey were:

- direct sales by the artist
- sales through auction houses
- sales by art museums
- sales by department stores, craft stores etc.

Market stalls involved in the display and sales of artworks were also excluded from the survey.

4 Hence this publication covers only a portion of all sales of artworks. It is estimated, from a recent ABS Population Survey Monitor (PSM) collection that commercial art galleries account for approximately 25% of artwork sales. The PSM collected information on expenditure by persons on artworks and the type of outlets where purchases were made. The results from the PSM indicate that purchases direct from the artist account for approximately 30% of artworks sales, while other outlets such as auction houses, art museums, market stalls, craft shops, department stores, etc. account for the remaining 45%.

5 There is no comprehensive list of commercial art galleries in Australia. To identify potential respondents, a list was compiled from various sources, but principally:

- Telstra Yellow Pages
- Members of the Australian Commercial Galleries Association Inc
- Cultural Ministers Council list of *Museums, Art Museums and Commercial Galleries, Australia, 1993*
- Aboriginal and Torres Strait Islander Commission *Visual Arts and Crafts Resources Directory, 1997*

STATISTICAL UNIT	<p>6 The unit for which statistics were reported in the survey was the management unit. The management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases, it coincides with the legal entity owning the business (i.e. company, partnership trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.</p>
REFERENCE PERIOD	<p>7 Data contained in the tables of this publication relate to commercial art gallery businesses which operated in Australia at any time during the year ended June 1997.</p>
RELIABILITY OF THE DATA	<p>8 The estimates presented in this publication are subject to sampling and non-sampling error.</p>
SAMPLING ERRORS	<p>9 Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability, that is, they may differ from figures that would have been produced if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.</p> <p>10 There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two standard errors.</p> <p>11 Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.</p> <p>12 The following table contains estimates of RSEs for selection of statistics presented in this publication.</p>

COMMERCIAL ART GALLERIES, RELATIVE STANDARD ERRORS—KEY AGGREGATES

	<i>RSE</i>
Businesses at end June	7
Employment at end June	
Males	8
Females	7
Persons	7
Selected income items	
Commission income from sales of artworks on consignment	8
Income from sales of artworks owned by the business	9
Other income	11
<i>All income</i>	6
Expenses	
Wages and salaries	7
Purchases of artworks	9
Other operating expenses	7
<i>All expenses</i>	7
Operating profit before tax	63
Operating profit margin	63
Industry gross product	11

13 As an example of the above, the estimate of total employment is 1,156 and the RSE is 7% giving a standard error of 81. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure within the range of 1,075 to 1,237 would have been obtained, and 19 chances in 20 that the figure would have been within the range 994 to 1,318 (a confidence interval of 95%).

14 Where the RSE of an estimate included in this publication exceeds 50%, it has been annotated with an asterisk (**) as a warning to users.

NON-SAMPLING ERROR

15 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling error and they may occur in any collection, whether it is a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems used to compile the statistics.

SYMBOLS AND OTHER
USAGES

ABS	Australian Bureau of Statistics
n.e.c.	Not elsewhere classified
PSM	Population Survey Monitor
RSE	Relative Standard Error
**	estimate has a relative standard error greater than 50%
. .	not applicable

Where figures have been rounded, discrepancies may occur between the sum of the component items and the total.

GLOSSARY

Artworks	Artworks include original paintings, engravings, limited edition prints and lithographs. Also included are sculptures and wall hangings. It excludes craftworks such as pottery, woodwork and fabric materials or clothing.
Businesses at end June	Count of management units operating at end of June. A management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
Commercial art gallery	A business whose primary activity is the display and sale of artworks either on consignment or outright sale. Businesses that primarily sell craftworks and other retail goods are not classified as commercial art galleries.
Cost of artworks sold	Cost of artworks sold is equal to purchases of artworks for resale, plus opening stocks of artworks, less closing stocks of artworks.
Employees	This includes working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Excludes working proprietors and partners of unincorporated businesses.
Employer contributions to superannuation funds	The costs of the employer's superannuation contributions during the reference period (including contributions made by the employer on behalf of the employee).
Employment at end June	This includes working proprietors and partners, working directors, and other employees (including casual employees) working for a business during the last pay period ending in June. Employees absent on paid or prepaid leave are included.
First sale	This is where the sale of the artwork is made on behalf of the artist.
Full-time employees	Employees who work 35 hours per week or more.
Industry gross product	This item is the sales of goods and services, plus government subsidies, plus capital work done by own employees for own use or for rental or lease, minus purchases of goods for resale, minus selected expenses.
Labour costs	This item includes wages and salaries, employer contributions to superannuation funds and workers' compensation.
Labour costs per employee	Labour costs divided by total number of employees.
Labour costs to total expenses	Labour costs divided by total expenses, multiplied by 100.
Mark up on cost of artworks sold	The percentage mark up on cost of artworks sold. It is defined as sales of artworks owned by the business, less the cost of artworks sold, divided by the cost of artworks sold, multiplied by 100.

Operating profit before tax	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Operating profit before tax per person employed	Operating profit before tax divided by total number of persons employed.
Operating profit margin	The percentage of sales of goods and services available as operating profit, i.e. operating profit before tax multiplied by 100 divided by sales of goods and services.
Part-time employees	Employees who work less than 35 hours per week.
Persons employed at end June	This item includes working proprietors and partners of unincorporated businesses, working directors of incorporated companies and trusts, and other employees working for a business during the last pay period ending June.
Sales of artworks	The value that the artwork was sold for, and prior to commissions being taken out by the commercial art gallery.
Secondary market	The secondary market or resale of artworks is where galleries sell artworks on behalf of the owner of the work (as opposed to the artist).
Total expenses	The sum of expense items. Includes wages and salaries, employer contributions to superannuation funds, workers' compensation costs, insurance premiums, interest expenses, depreciation and amortisation, advertising, marketing and promotional expenses, purchases of artworks and other goods for resale, rent, leasing and hiring expenses, and other business expenses.
Total expenses per person employed	The sum of all expense items divided by the total number of persons employed.
Total income	The sum of all income items. Includes sales of artworks on commission, sales of artworks owned by the business, sales of craftworks on commission, sales of craftworks owned by the business, other retail sales, funding from Commonwealth Government, State, Territory and/or local governments, interest income and other operating and non-operating income.
Total income per person employed	Sum of all income items divided by the total number of persons employed.
Wages and salaries	This item is the gross earnings of all employees before taxation and other deductions. Drawings from working proprietors and working partners of unincorporated businesses are excluded.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover to be taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of, or arising out of, employment.

SELF-HELP ACCESS TO STATISTICS

<i>PHONE</i>	Call 1900 986 400 for the latest statistics on CPI, Labour Force, Earnings, National Accounts, Balance of Payments and other topics. (Call cost is 75c per minute)
<i>INTERNET</i>	http://www.abs.gov.au
<i>LIBRARY</i>	A range of ABS publications is available from public and tertiary libraries Australia wide. Contact your nearest library to determine whether it has the ABS statistics you require.

WHY NOT SUBSCRIBE?

<i>PHONE</i>	+61 1300 366 323
<i>FAX</i>	+61 3 9615 7848

CONTACTING THE ABS

ABS provides a range of services, including: a telephone inquiry service; information consultancy tailored to your needs; survey, sample and questionnaire design; survey evaluation and methodological reviews; and statistical training.

<i>INQUIRIES</i>	<i>By phone</i>	<i>By fax</i>
Canberra	02 6252 6627	02 6253 1404
Sydney	02 9268 4611	02 9268 4668
Melbourne	03 9615 7755	03 9615 7798
Brisbane	07 3222 6351	07 3222 8283
Perth	08 9360 5140	08 9360 5955
Adelaide	08 8237 7400	08 8237 7566
Hobart	03 6222 5800	03 6222 5995
Darwin	08 8943 2111	08 8981 1218

POST Client Services, ABS, PO Box 10, Belconnen, ACT 2616

EMAIL client.services@abs.gov.au



2865100007964
ISBN 0 642 25749 3

RRP \$15.50