



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Submission to the Joint Committee of Public Accounts and Audit Inquiry into probity and ethics in the Australian public sector

August 2023

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) is pleased to provide this submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into probity and ethics in the Australian Public Sector.

The department notes the Inquiry's terms of reference, which include matters contained in, or connected with, the Australian National Audit Office (ANAO) performance audit No. 18 of 2022-23, Acquisition, Management and Leasing of Artworks by Artbank. Artbank is a section within the Creative Industries Branch of the department.

Established in 1980, Artbank is a program within the department. Under its charter Artbank is designed to:

- encourage contemporary Australian artists by acquiring their work;
- stimulate a wider appreciation of Australian art by making it available for display in public places, particularly work locations, throughout Australia and in official posts overseas;
- operate an art rental scheme directed to both public and private sector clients; and
- manage the Artbank collection on behalf of the Commonwealth.

Artbank works are leased to government, corporate and domestic clients in Australia and to Australian diplomatic missions across the world. There are currently 11,000 works in the Artbank collection valued at \$43 million with more than 50% of the potential leasing value and 42% of the total number of works of the collection at client premises. Works available for lease are accessible through visible storage at Artbank's purpose-built premises in Sydney and Melbourne, and in a partnership arrangement in Perth at the Perth Hyatt Hotel. Clients, artists and members of the public are encouraged to visit Artbank to view works in the collection store both through individual visits and through public events. Works can also be accessed through the Artbank website at www.artbank.gov.au.

On 6 April 2023, the ANAO tabled its independent audit into The Acquisition, Management and Leasing of Artworks by Artbank. In its audit the ANAO made eight recommendations in relation to Artbank. The department accepted six of the recommendations, two of these in part. The ANAO's recommendations broadly related to improving Artbank's: transparency and accountability; overarching strategic direction; governance; the process for acquisitions of works and management of the collection; and the approach to leasing of art works. While the department did not fully agree with all the ANAO recommendations, in particular aspects that relate to Artbank's acquisition process and collection management practices, the department is implementing a number of measures to address the underlying issues in those recommendations. Further, the department is undertaking a strategic review consistent with the ANAO recommendations to better link all of Artbank's operations with Commonwealth Procurement Rules and the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and to develop an overarching plan to ensure there is a cohesive strategic direction for the Artbank program supported by appropriate governance arrangements, and defining appropriate performance measures against which to gauge the overall performance of Artbank. The department notes that while the ANAO made no finding of unethical behaviour in relation to the management of Artbank, as part of the strategic plan and gauging achievements of the Artbank program, the department will consider the Integrity Metrics Toolkit and set an appropriate framework for the work undertaken by the Artbank program. The overarching strategic plan will also link up Artbank's discrete policies and plans listed in paragraph 2.7 of the ANAO performance audit, namely: its Acquisition Policy; Deaccession Policy; Collection Plan; Condition Checking Policy; Client Leasing Policy; Business Plan; Preservation Policy and Conservation Plan.

The department takes seriously its compliance with the requirements of the Public Governance, Performance and Accountability Act 2013 and the Commonwealth Procurement Rules. Noting the ANAO recommendations, Artbank has recently improved its compliance processes by requiring records to explicitly document value-for-money considerations for acquisitions. This also includes documenting the exhibitions, catalogues and art fairs and other events it has used to identify works for potential acquisition. Further, specifically addressing the ANAO's call for the department to increase transparency in relation to Artbank's acquisition processes, the department is revising Artbank's Collection Plan to state the mechanisms for identifying works, and the department's procurement plan for 2023/24 to be published on the AusTender website will refer and link to the Artbank Collection Plan published on the Artbank website.

It should be noted that consistent with industry practice, artworks are primarily purchased by Artbank on the primary market. The department is committed to the responsible acquisition of all works of art, with the principles that all collecting be done according to the highest standards of ethical and professional practice. This includes Artbank researching the provenance of a work of art prior to acquisition. Experienced, qualified curators research the Australian art market in detail and record the outcomes of this research in the department's record management systems. Purchasing decisions are made in accordance with Artbank's charter and requirements around spending public money. Each purchase is fully documented and is approved by departmental officers with the appropriate delegations under the Department's Accountable Authority Instructions.

Artbank has commenced a series of information sessions to promote awareness of Artbank, and its processes both to artists and to potential leasing clients through 'Artbank Unpacked'

information sessions, the first held in Hobart on 27 July 2023. It is intended that sessions will follow in other capital cities over the next twelve months.

In all its activities, Artbank abides by the Indigenous Australian art charter of principles for publicly funded collecting institutions.

A list of additional governance and transparency improvements that have been implemented following the ANAO's delivery of its report:

- Published for the first time, Artbank Year in Review which outlines key achievements from the 2022/ 23 financial year, including a full listing of individual artworks acquired.
- Maintained key links for represented and unrepresented artists on the Artbank website, explaining how their works can be considered for acquisition.
- The establishment of a regular series of 'Artbank Open' events hosted at the Sydney and Melbourne premises and open to artists, gallerists, clients and any member of the public. These provide opportunities to view the collection and speak to staff about all of Artbank's operations.
- Scheduled quarterly meetings of its Governance Committee. The most recent meeting took place on 20 July 2023.
- Revised its client services business plan (first drafted in May 2020) – reviewing relevant data to better understand the relationship of the works in the collection to the leasing program. This plan will inevitably be useful to the external strategic reviewer, and be informed by their findings.
- Ensured records relating to Artbank's collection are stored systematically in places accessible to those who need access to them, consistent with the department's record management policy.
- Decisions made in relation to collection items or use of public money are documented clearly, and record clearly their rationale, including value-for-money considerations.

Valued at \$43 million, Artbank is a significant cultural asset of the Commonwealth and the department takes its responsibility for its professional maintenance seriously, employing staff with tertiary qualifications and industry experience in collection management. These staff are aware of professional art storage requirements, and of the need for preventative conservation (including framing) to be applied to the unique conditions of an art rental scheme where works are regularly moved and frequently stored in non-museum conditions. The department ensures Artbank staff are trained in industry developments in this area, sending members of the registration team responsible for this area to the registrars' conference, the museums and galleries conference and other in-person and on-line training that addresses these areas of collection management. From these sessions, the registration team reviews Artbank's policies to ensure they reflect any developments in these areas. Policies and plans for the management and maintenance of the Artbank collection will be reviewed and considered in the development of the overarching strategic plan detailed above.

Progress in relation to these improvements is detailed in the table at [Attachment A](#). In line with audit requirements, the department is committed to addressing all recommendations to which it has agreed within two years.

In addition, prior to the ANAO audit report in relation to Artbank the department undertook several significant department-wide activities to ensure continuous improvement in relation to assurance, integrity, risk and governance from the senior executive down which impact directly on Artbank's activities as part of the department, including:

- updating Probity arrangements, including updating the Probity Accountable Authority Instructions (AAI) and supporting guidance and communicating the change with all staff;
- enhancing capability around assessing value for money, through guidance material and dedicated Value for Money training, which was undertaken by SES employees in early 2022;
- improving the department's record-keeping practices through the implementation of the new electronic document management system.

Reassuringly for the department, Artbank has rebounded strongly from the COVID-19 low in client leasing revenue to record-high earnings, with annual leasing revenue up from \$2.8 million in June 2021 to \$3.8 million in June 2023. This is reflected in a steep increase in the number of works leased from 40% of collection to 50% in terms of value. In addition to more works being displayed in more premises across Australia and the world, this has enabled Artbank to increase its artwork acquisition budget from \$400,000 to \$500,000 for the 2023/24 financial year, and to double its budget for the conservation and reframing of older works in collection – to make more of the collection available for leasing.

The department would be happy to provide further information to support the committee's inquiry.

Attachment A: Register of progress in implementing ANAO recommendations for Artbank

No.	ANAO Recommendation	Progress Description as at July 2023
1.	The Department of Infrastructure, Transport, Regional Development, Communications and the Arts implement an overarching business plan or wholistic program-wide strategy that articulates how the Artbank program will achieve each of its purposes and objectives, including details on how performance will be measured and reported.	<p>Ongoing:</p> <p>Artbank will review the existing charter to assist with creating an overarching program-wide strategy to pull together the client leasing, art acquisition and public programming arms of Artbank. This will also include a review of Artbank's approach to rates setting for fees and consequent revision.</p> <p>The aim is to have the review completed in the first half of this financial year with implementation of new and revised elements from 1 January 2024.</p>
2.	The Department of Infrastructure, Transport, Regional Development, Communications and the Arts ensures the Artbank Governance Committee appropriately monitors the Artbank program's performance against its purpose and objectives, as set out in the committee's terms of reference.	<p>Ongoing:</p> <p>The department is committed to the good governance (transparency, effectiveness, accountability and participatory governance processes) of the Artbank program including monitoring Artbank's performance against the measures articulated in an overarching program-wide strategy. The Artbank Governance Committee will meet to monitor Artbank's performance against its purpose and objectives. These meetings are to take place quarterly, where reports on relevant areas of program achievements and operations will be tabled.</p> <p>The most recent meeting was held on 20 July 2023.</p>
3.	<p>The Department of Infrastructure, Transport, Regional Development, Communications and the Arts:</p> <p>a. increase the transparency of, and accessibility to, Artbank program acquisitions by publishing the Artbank program's annual procurement activities as part of the department's annual procurement plan on AusTender, to guide and provide advanced notice to the market about the program's upcoming procurement activities; and</p>	<p>Complete.</p> <p>Point a.)</p> <ul style="list-style-type: none"> - Artbank's Collection Plan and links to information for represented and unrepresented artists who would like to be considered for acquisition are both publicly available on the Artbank website. The department's procurement plan for 2023/24 will include a link to the Artbank procurement plan for 2023/4. - All purchases of \$10,000 or more are reported on AusTender.

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	<p>b. ensure that complete, accurate and appropriate data is collected and used effectively to monitor procurements and report against planned collection targets.</p>	<ul style="list-style-type: none"> - Artbank "Unpacked" information sessions take place in capital cities and provide attendees the chance to hear how Artbank acquires artworks. Artbank staff use these opportunities to visit local commercial galleries and artist studios. - Regular Artbank Open events welcome artists and others into Artbank and provide a forum for explaining Artbank's acquisition processes. <p>Point b.) Artbank has refined its data collection around acquisitions to better align with the Commonwealth Procurement Rules. It is now explicitly documenting considerations of value for money in all artworks that are proposed for acquisition.</p> <p>Artbank's curatorial team are currently reviewing the Collection plan to reflect current market conditions, and ensuring that it details how Artbank procures works – the ways in which Artbank approaches market.</p> <p>Artbank will list all acquisitions made each financial year on its website – including artist, work details, price paid.</p>
4.	<p>The Department of Infrastructure, Transport, Regional Development, Communications and the Arts develop a fit for purpose procurement framework for the Artbank program which is consistent with the Commonwealth Procurement Rules, including open and transparent opportunities for Australian contemporary artists (or their representatives) to submit their artwork for acquisition, with clear records made at each step throughout the procurement processes employed.</p>	<p>Ongoing:</p> <p>The department is currently developing an overarching program wide strategy that will link with Artbank's Collection and acquisition frameworks.</p> <p>The department agrees that greater transparency around Artbank's acquisition processes is desirable and to achieve this, the Artbank Collection Plan is being reviewed and will include information not only about what is being collected but the mechanisms used for identifying them.</p> <p>The department publishes on the Artbank website information for represented and unrepresented artists in relation to acquisitions, and is seeking to be more transparent by running Artbank Unpacked sessions across Australia at which</p>

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		<p>acquisition is discussed, and publishing details of all acquisitions made in the previous financial year.</p> <p>Consistent with industry practice the department predominantly procures/ acquires artwork through limited tender. Artbank also relies on the expertise of tertiary qualified and experienced curators to review the market and identify works suitable for consideration for the Artbank collection. Proposals must comply with the Artbank Collection Plan and Acquisition Policy. This is industry practice for every Australian public art collection.</p>
5.	<p>The Department of Infrastructure, Transport, Regional Development, Communications and the Arts:</p> <p>a. develop and implement a conservation work plan with a more strategic and systematic approach to the conservation (or deaccessioning) of artworks; and</p> <p>b. maintain complete and accurate data on condition checking and conservation activities for reporting on the condition and status of all artworks.</p>	<p>Complete.</p> <p>Point a.) The department agrees that Artbank's conservation work plan and deaccession work plan should be strategic and systematic and clearly linked to meeting the objectives outlined in the Artbank Charter and, in the near future, to any overarching strategic plan. The curatorial and registration teams who are responsible for this activity for the department are meeting regularly and minuting considerations and recommendations, in compliance with Artbank's published policies and relying on their professional expertise. This is followed by discussion with art consultants to assist in prioritisation of conservation and deaccession activity undertaken by the department. All relevant records and plans are regularly updated.</p> <p>Point b.) The ANAO review revealed that records were stored in two places. The department has rectified this and consolidated all records into one regularly updated online location. Records are maintained consistent with departmental records management policy.</p>
6.	The Department of Infrastructure, Transport, Regional Development, Communications and the Arts:	<p>Ongoing:</p> <p>Point a.)</p>

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	<p>a. revisit its deaccessioning policy to ensure it is consistent with Artbank program objectives, including the maintenance of an appropriately sized collection that is suitable for leasing; and</p> <p>b. ensure that the Artbank Governance Committee meets at in accordance with its Terms of Reference, such that decisions on deaccessioning may be actioned in a timely manner.</p>	<p>Artbank's collection size is sufficient and with fit-for-purpose storage to house its collection. Artbank has a documented Deaccession Policy and Process in place which is reviewed periodically to ensure it reflects industry standard and is compliant with relevant Commonwealth finance policies and departmental AAI delegations. Artbank is reviewing its deaccessioning process to ensure any actions are taken in a timely manner and consistent with guidelines.</p> <p>These issues will be considered by the external review that will result in an overarching strategic plan for Artbank.</p> <p>Point b.) The members of Artbank's Governance Committee will meet quarterly to monitor Artbank's performance against its purpose and objectives. Reports on relevant areas of program achievements and operations will be tabled at each meeting.</p> <p>Artbank's deaccessioning policy and process will also be considered as part of the development of the overarching program-wide strategy and to ensure it remains consistent with industry practice and Artbank's charter.</p>
7.	<p>The Department of Infrastructure, Transport, Regional Development, Communications and the Arts undertake a review of the rental pricing methodology, with a view to ensuring among other things, that:</p> <p>a. rates are appropriately informed by all relevant strategic, operational, client and market-related factors; and</p> <p>b. appropriate processes and procedures are established to ensure:</p> <ul style="list-style-type: none"> - periodic reviews of rates against these factors are conducted with the analysis, results and any changes to rates approved and documented in writing; and 	<p>Ongoing:</p> <p>Point a.) Artbank will review the existing charter and to assist with creating an overarching program-wide strategy to pull together the client leasing, art acquisition and public programming arms of Artbank. This will also include a review of Artbank's approach to rates setting for fees and consequent revision. The aim is to have the review completed in the first half of this financial year with implementation of new and revised elements from 1 January 2024. In addition, every three years the Artbank collection is independently valued. Revised valuations are reflected in the collection management register and have a direct impact on rental fees charged for individual works. The next collection-wide revaluation is due in 2025.</p> <p>Point b.) The Department is committed to ensuring rates and pricing related to Artbank's</p>

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	<p>- new rates and pricing details are implemented accurately across all artworks and in a timely manner across all relevant departmental systems.</p>	<p>artwork assets are current, including implementing any updates to these in a timely fashion. A process document outlining these steps and appropriate approvals was finalised on 30 June 2023.</p>
8.	<p>The Department of Infrastructure, Transport, Regional Development, Communications and the Arts review the approach to providing discounts to clients to ensure:</p> <p>a. approvals are provided by officials with the appropriate financial delegations; and</p> <p>b. the rationale and value for money considerations informing these approvals are recorded before offering and entering into discounted agreements.</p>	<p>Complete.</p> <p>The department has taken appropriate steps since 2019 to ensure every discount applied to a client agreement (and associated rationale for its application) has been recorded in writing, and will continue to ensure discounts are appropriately approved and the rationale and value for money considerations are documented.</p>