

Infrastructure, Transport, Regional Development, Communications and the Arts

Committee Inquiries Question on Notice

Public Accounts and Audit

Inquiry into Probity and Ethics in the Australian Public Sector

IQ23-000169

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's display of probity

Senator Julian Hill asked:

According to the Department of Finance, probity is evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process. While agencies can often demonstrate the absence of fraud, corruption, illegal activity or conflicts of interest, does a mere absence of illegality, fraud, conflicts or corruption actually indicate probity? How does the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) assess whether it is acting in a way that is right and proper, not just in a way that is technically and legally correct?

Answer:

In 2022, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts launched its Integrity Strategy, which includes the department's Integrity Framework, to enhance the department's assurance, risk and governance arrangements. The Strategy defines integrity as "the pursuit of high standards of professionalism, which in turn means doing the right thing at the right time to deliver the best outcomes for Australia sought by the government of the day", which is the Australian Public Service Commission's (APSC) definition, and aligns with the Department of Finance's definition of probity.

The Strategy brings together all the elements of integrity that currently exist across the department into one place and is designed to ensure a holistic approach to integrity is embedded across the department's activities. It delivers a clear and easy to understand narrative on the department's position and expectations of all staff when it comes to embedding integrity in their work.

The Integrity Framework includes three lines of defence, which outline how integrity risks are managed at various points to ensure ethical behaviour:

- People and Procedure - the policies, guidelines and frameworks front line staff use to manage integrity risks
- Check and Challenge - work undergoing a quality assurance process to ensure it is evidence based and in line with the required frameworks

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- Independent Assurance - providing the Executive with assurances that integrity risks are being managed effectively

In support of the Integrity Strategy, the department developed an Integrity Dashboard which measures integrity indicators across the department in line with the department's key areas of activity where integrity matters need to be considered most. Data contained within the Dashboard was identified using the APSC's Integrity Metrics Resource as a guide.

The Dashboard is produced quarterly and aids in identifying the areas of integrity that are doing well, and those that require greater focus. It allows the department to target education and awareness raising campaigns to ensure staff are acting in a way that is right and proper. Trend data will allow the department to monitor whether education and awareness raising have impacted on behaviour, ensure the controls that govern integrity arrangements within the department are working as intended.

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IQ23-000170

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's compliance with regulatory frameworks

Senator Julian Hill asked:

The ANAO has found evidence the Australian public sector regularly fails to comply with both the intent and the requirements of its regulatory frameworks. How does DITRDCA evaluate how it is positively acting according to the intent of the law and thus demonstrating probity?

Answer:

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts has a number of mechanisms to monitor and evaluate its activities. This includes the department's governance committees, which oversee key strategic areas and operations and support the Secretary as Accountable Authority.

The key governance committees are the Executive Leadership Team, Enabling Committee, Priority and Delivery Committee, and the Audit and Risk Committee.

The department has a dedicated Probity team, that supports internal stakeholders in ensuring that Probity considerations are front and centre in decisions made, not just in relation to procurement, but in relation to department business as a whole. Ethical decision making and appropriate record keeping of this decision making are cornerstones of the department's approach to its actions.

The department also has an established Conflict of Interest (COI) process, that supports internal stakeholders on COI matters. This process includes the Annual COI declaration for SES and identified positions within the department, as well as education and advice throughout the year.

The department has an internal audit program, which is an independent assurance activity designed to add value and improve the department's operations and performance. It helps the department achieve its purposes and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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Internal audits are periodically undertaken on key aspects of the department's processes and frameworks to assess whether they are fit-for-purpose and achieving their intended objectives.

The Internal audit work program is reviewed and endorsed by the Audit and Risk Committee and subsequently approved by the Secretary.

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IQ23-000171

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's performance management system

Senator Julian Hill asked:

Does DITRDCA have an outcomes-based performance management system? How does DITRDCA balance the focus on outcomes with the risk this brings for compliance with the intent of the law?

Answer:

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts' workforce performance framework is outcomes-based and is contemporary, research-based, focused on employee strengths and growing and evolving personal capabilities to achieve personal, team and departmental goals.

The department is committed to providing employees with the tools they need to develop and continue to meet the responsibilities and requirements of their role.

The framework is based on regular engagement between staff and supervisors, which provide opportunities for performance, behavioural and development requirements to be identified and support to be provided.

This provides a regular opportunity to ensure staff are not only achieving required outcomes, but ensure these are achieved in compliance with legislative and policy requirements.

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IQ23-000172

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's mitigation of probity concerns

Senator Julian Hill asked:

What is DITRDCA's view on how acting in 'good faith' mitigates the probity concerns that might arise from contraventions of the law?

Answer:

All employees are required to act in line with the APS Values and Code of Conduct, as well as the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' values. This includes complying with all applicable Australian laws.

The department's Risk Appetite and Tolerance Statement, which is part of our Risk Management Policy and Framework, states:

- The department recognises that there is a risk of fraud and corruption within our activities. We have a very low appetite for unethical behaviour and we will not tolerate fraud or corruption. We will take all reasonable steps to prevent, detect and respond to fraud.
- The department is committed to a high level of compliance with relevant legislation, regulation, best practice as well as internal policies and governance requirements. We have low risk appetite where we have taken all reasonable steps to understand the legislative environment that we operate in. We will not tolerate deliberate or purposeful violations of legislative or regulatory requirements

Part of the department's pro-integrity culture is acting on unethical behaviour, regardless of the circumstances, and putting in place steps to mitigate this in the future including sharing of integrity moments and lessons learned.

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IQ23-000173

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's measurement of holistic program-wide strategy

Senator Julian Hill asked:

The department agreed to the ANAO recommendation to implement a holistic program-wide strategy that articulates how it will achieve its purpose and policy objectives, including detail on how performance would be measured and reported.

- a) How is this work progressing, in particular, how will the department objectively measure the extent to which Artbank has stimulated a wider appreciation of contemporary Australian art?
- b) What data does the department collect on the display locations of leased artworks and how does this inform judgements as to whether the leasing activity and client base is targeted to deliver against the program's purpose to make works available in public locations?

Answer:

- a) The Department of Infrastructure, Transport, Regional Development, Communications and the Arts is currently designing a 5-year strategic plan for the Artbank program. The department is creating a performance assessment framework using various data, including quantitative and qualitative information related to Artbank's key operations like acquisitions, leasing, public programming, customer satisfaction and collection management. The department has commenced this work and aims to finish the plan by December and start implementing it in January.
- b) Artbank records precise artwork locations in lease agreements, including client/loaning institution addresses. Staff assess facilities to ensure all works, including high-value and fragile works, are safe. We customise access to Artbank's collection according to client needs, placing works in diverse non-museum settings to reach new audiences who might not visit traditional galleries or arts institutions.

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IQ23-000174

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's compliance with Commonwealth Procurement Rules

Senator Julian Hill asked:

Artbank responded to the ANAO it had 'refined its data collection around acquisitions to ensure compliance with the Commonwealth Procurement Rules' (page 40). Please explain how the department is ensuring compliance with the following obligations, including by providing the relevant methodology:

- a) value for money is demonstrated
- b) procurement is non-discriminatory and uses competitive procurement processes
- c) decision making is accountable and transparent
- d) public resources are used in an efficient, effective, economical and ethical manner.

Answer:

Artbank has refined its acquisition processes, documentation and compliance measures by requiring explicit documentation of value-for-money considerations for acquisitions. This includes documenting the exhibitions, art fairs, catalogues and galleries visited to identify works for potential acquisition.

Curatorial meetings which discuss acquisitions include consideration of works from a diversity of galleries, artist run initiatives, fairs, and other visual arts venues – whether through live sighting or catalogue or digital image review. These meetings are now minuted.

The revised acquisition documentation includes details of the artist, the artwork, the artwork condition, rental accessibility, the significance of the artwork, evaluation against the criteria of the Artbank Collection Plan and Acquisition Policy, and a value-for-money assessment.

Acquisition decisions are all formally recorded and documented with final approval for each acquisition under the delegation of the SES Band 1 branch head, whatever the value of the work.

To ensure transparency Artbank has published on its website its Acquisition Policy and Collection Plan, and these will be reviewed following the development of an overarching strategy. Further, Artbank's Collection Plan has been revised to include a description of the

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ways Artbank identifies works for acquisition as well as what is acquired. This is aimed at increasing transparency of Artbank's processes.

In addition, Artbank runs Artbank Unpacked information sessions around Australia to which artists, gallerists, clients and members of the public are welcomed. These sessions provide information on all of Artbank's activities and the opportunity for any questions to be asked about Artbank's operations.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts' annual procurement plan links to Artbank's Collection Plan. Recently, the department has published the Artbank Year in Review report, available from Artbank's website. It lists every artwork acquired for the Artbank program, including the artist name, title of the work, medium, gallery or other vendor, and the price paid. This is aimed at providing transparency. This is in addition to recording procurements over \$10,000 on the AusTender website.

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IQ23-000175

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Artbank's Financial Statements - 2015-16 to 2022-23

Senator Julian Hill asked:

Please provide Artbank's financial statements for financial years since 2015–16, including costs for staffing, travel, office and gallery accommodation, collection maintenance, and acquisitions.

Answer:

Artbank financial reports are at **Attachment A** for 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22.

Attachments:

Attachment A: Artbank Financial Reports since 2015-16.



Artbank Financials

Period Ended 30 June 2016

| | | | |
|--|--|------------|---------------------|
| Employee Expenses | | \$ | 1,594,292.43 |
| Wages & Salaries | | \$ | 1,283,905.00 |
| Superannuation Paid | | \$ | 191,792.26 |
| Leave & Other Entitlements | | \$ | 118,499.22 |
| FBT | | -\$ | 24,335.93 |
| Other Employee Expenses | | \$ | 24,431.88 |
| Supplier Expenses | | \$ | 1,298,039.01 |
| Travel | | \$ | 16,377.35 |
| Contract Staff | | \$ | - |
| Training & Conferences | | \$ | - |
| Property | | \$ | - |
| Leases | | \$ | - |
| Communications | | \$ | 10,890.44 |
| IT | | \$ | 52,939.59 |
| Other Expenses | | \$ | 272,945.33 |
| Rent | | \$ | 424,163.55 |
| Services | | \$ | 74,942.71 |
| Marketing & Client Services | | \$ | 288,140.38 |
| Registration & Curatorial | | \$ | 153,919.16 |
| Bad Debts | | \$ | 3,720.50 |
| Depreciation & Amortisation | | \$ | 356,181.57 |
| Depreciation | | \$ | 86,723.95 |
| Depreciation Artworks | | \$ | 141,897.76 |
| Amortisation | | \$ | 127,559.86 |
| Art Revaluation | | \$ | 3,550.00 |
| Revaluation | | \$ | 3,550.00 |
| Total Expenses | | \$ | 3,252,063.01 |
| Revenues | | | |
| Other Revenue | | -\$ | 3,588,830.34 |
| Total Revenues | | -\$ | 3,588,830.34 |
| Loss on Sale of Assets | | \$ | 4,130.12 |
| Net Cost of Services | | -\$ | 332,637.21 |
| Acquisitions (136 works) | | \$ | 490,161 |



Artbank Financials

Period Ended 30 June 2017

| | | | |
|--|--|-----------|---------------------|
| Employee Expenses | | \$ | 1,733,904.13 |
| Wages & Salaries | | \$ | 1,326,229.37 |
| Superannuation Paid | | \$ | 226,916.91 |
| Leave & Other Entitlements | | \$ | 152,047.15 |
| FBT | | \$ | 572.73 |
| Other Employee Expenses | | \$ | 28,137.97 |
| Supplier Expenses | | \$ | 1,336,961.99 |
| Travel | | \$ | 134,729.25 |
| Contract Staff | | \$ | 2,269.75 |
| Training & Conferences | | \$ | - |
| Property | | \$ | - |
| Leases | | \$ | - |
| Communications | | \$ | 19,452.23 |
| IT | | \$ | 83,535.28 |
| Other Expenses | | \$ | 43,290.68 |
| Rent | | \$ | 504,329.70 |
| Services | | \$ | 73,470.48 |
| Marketing & Client Services | | \$ | 297,420.74 |
| Registration & Curatorial | | \$ | 178,463.88 |
| Bad Debts | | \$ | - |
| Depreciation & Amortisation | | \$ | 346,429.54 |
| Depreciation | | \$ | 85,204.57 |
| Depreciation Artworks | | \$ | 141,897.76 |
| Amortisation | | \$ | 119,327.21 |
| Art Revaluation | | \$ | 300.00 |
| Revaluation | | \$ | 300.00 |
| Total Expenses | | \$ | 3,417,595.66 |

| | | | |
|-----------------------|--|------------|---------------------|
| Revenues | | | |
| Other Revenue | | -\$ | 3,467,129.43 |
| Total Revenues | | -\$ | 3,467,129.43 |

| | | | |
|------------------------|--|----|---|
| Loss on Sale of Assets | | \$ | - |
|------------------------|--|----|---|

| | | | |
|-----------------------------|--|------------|------------------|
| Net Cost of Services | | -\$ | 49,533.77 |
|-----------------------------|--|------------|------------------|

| | | | |
|---------------------------------|--|-----------|----------------|
| Acquisitions (173 works) | | \$ | 519,005 |
|---------------------------------|--|-----------|----------------|



Artbank Financials

Period Ended 30 June 2018

| | | | |
|--|--|------------|---------------------|
| Employee Expenses | | \$ | 1,790,517.34 |
| Wages & Salaries | | \$ | 1,495,776.82 |
| Superannuation Paid | | \$ | 168,513.67 |
| Leave & Other Entitlements | | \$ | 116,055.62 |
| FBT | | \$ | - |
| Other Employee Expenses | | \$ | 10,171.23 |
| Supplier Expenses | | \$ | 1,374,798.42 |
| Travel | | \$ | 93,230.96 |
| Contract Staff | | \$ | 6,498.86 |
| Training & Conferences | | \$ | - |
| Property | | \$ | - |
| Leases | | \$ | - |
| Communications | | \$ | 15,169.15 |
| IT | | \$ | 237,689.77 |
| Other Expenses | | \$ | 48,186.80 |
| Rent | | \$ | 540,096.22 |
| Services | | \$ | 116,348.76 |
| Marketing & Client Services | | \$ | 204,764.63 |
| Registration & Curatorial | | \$ | 112,813.27 |
| Bad Debts | | \$ | - |
| Depreciation & Amortisation | | \$ | 291,900.32 |
| Depreciation | | \$ | 30,690.92 |
| Depreciation Artworks | | \$ | 141,883.33 |
| Amortisation | | \$ | 119,326.07 |
| Art Revaluation | | \$ | 7,000.00 |
| Revaluation | | \$ | 7,000.00 |
| Total Expenses | | \$ | 3,464,216.08 |
| Revenues | | | |
| Other Revenue | | -\$ | 4,160,782.34 |
| Total Revenues | | -\$ | 4,160,782.34 |
| Loss on Sale of Assets | | \$ | 5,818.04 |
| Net Cost of Services | | -\$ | 690,748.22 |
| Acquisitions (137 works) | | \$ | 463,773 |



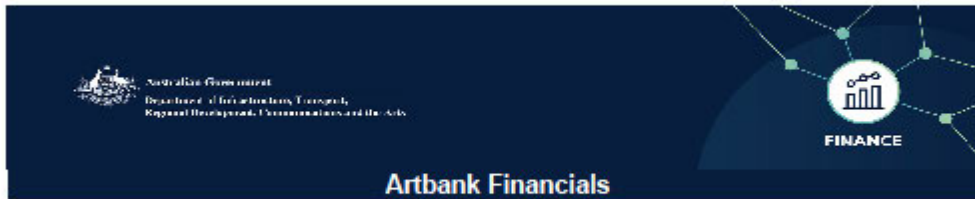
Artbank Financials

Period Ended 30 June 2019

| | | | |
|--|--|------------|---------------------|
| Employee Expenses | | \$ | 1,544,823.61 |
| Wages & Salaries | | \$ | 1,223,991.37 |
| Superannuation Paid | | \$ | 207,156.90 |
| Leave & Other Entitlements | | \$ | 108,180.87 |
| FBT | | \$ | - |
| Other Employee Expenses | | \$ | 5,494.47 |
| Supplier Expenses | | \$ | 1,125,881.16 |
| Travel | | \$ | 140,762.14 |
| Contract Staff | | \$ | 43,669.92 |
| Training & Conferences | | \$ | - |
| Property | | \$ | - |
| Leases | | \$ | - |
| Communications | | \$ | 12,760.35 |
| IT | | \$ | 82,244.00 |
| Other Expenses | | \$ | 39,805.64 |
| Rent | | \$ | 508,317.50 |
| Services | | \$ | 23,119.64 |
| Marketing & Client Services | | \$ | 136,676.33 |
| Registration & Curatorial | | \$ | 131,525.64 |
| Bad Debts | | \$ | 7,000.00 |
| Depreciation & Amortisation | | \$ | 691,655.17 |
| Depreciation | | \$ | 102,353.46 |
| Depreciation Artworks | | \$ | 139,627.51 |
| Amortisation | | \$ | 449,674.20 |
| Art Revaluation | | \$ | 120.00 |
| Revaluation | | \$ | 120.00 |
| Total Expenses | | \$ | 3,362,479.94 |
| Revenues | | | |
| Other Revenue | | -\$ | 3,389,268.45 |
| Total Revenues | | -\$ | 3,389,268.45 |
| Loss on Sale of Assets | | \$ | 839.40 |
| Net Cost of Services | | -\$ | 25,949.11 |
| Acquisitions (67 works) | | \$ | 419,078 |



| Period Ended 30 June 2020 | | | YTD Actual |
|----------------------------------|--|------------|-------------------|
| Operating Result | | | |
| Employee Expenses | | \$ | 1,869,897 |
| Wages & Salaries | | \$ | 1,331,308 |
| Superannuation Paid | | \$ | 261,113 |
| Leave & Other Entitlements | | \$ | 277,476 |
| Supplier Expenses | | \$ | 1,205,877 |
| Travel | | \$ | 11,137 |
| Contracted Services | | \$ | 42,872 |
| Contract Staff | | \$ | 12,622 |
| Training & Conferences | | \$ | - |
| Property | | \$ | 285,221 |
| Leases | | \$ | 394,106 |
| Communications | | \$ | 24,966 |
| IT | | \$ | 13,172 |
| Other Expenses | | \$ | 62,305 |
| GST | | \$ | 263,678 |
| Depreciation | | \$ | 95,798 |
| Total Expenses | | \$ | 3,075,774 |
| Revenues | | | |
| Other Revenue | | -\$ | 3,337,124 |
| Total Revenues | | -\$ | 3,337,124 |
| Net Cost of Services | | -\$ | 261,350 |
| Acquisitions (72 works) | | \$ | 354,789 |



| Period Ended 30 June 2021 | |
|----------------------------------|---------------------|
| Operating Result | YTD Actual |
| Employee Expenses | \$ 1,837,000 |
| Wages & Salaries | \$ 1,384,000 |
| Superannuation Paid | \$ 261,000 |
| Leave & Other Entitlements | \$ 192,000 |
| Supplier Expenses | \$ 739,000 |
| Travel | \$ 11,000 |
| Contracted Services | \$ - |
| Contract Staff | \$ 13,000 |
| Training & Conferences | \$ - |
| Property | \$ 232,000 |
| Leases | \$ 394,000 |
| Communications | \$ 52,000 |
| IT | \$ 4,000 |
| Other Expenses | \$ 33,000 |
| Total Expenses | \$ 2,576,000 |
| Revenues | |
| Other Revenue | \$ 3,531,000 |
| Total Revenues | \$ 3,531,000 |
| Net Cost of Services | -\$ 955,000 |
| Acquisitions (62 works) | \$ 362,889 |



| Period Ended 30 June 2022 | |
|----------------------------------|---------------------|
| Operating Result | YTD Actual |
| Employee Expenses | \$ 1,826,000 |
| Wages & Salaries | \$ 1,392,000 |
| Superannuation Paid | \$ 248,000 |
| Leave & Other Entitlements | \$ 186,000 |
| Supplier Expenses | \$ 679,000 |
| Travel | \$ 18,000 |
| Contracted Services | \$ 1,000 |
| Contract Staff | \$ 30,000 |
| Training & Conferences | \$ 3,000 |
| Property | \$ 180,000 |
| Leases | \$ 374,000 |
| Communications | \$ 58,000 |
| IT | \$ 24,000 |
| Other Expenses | -\$ 8,000 |
| Total Expenses | \$ 2,505,000 |
| Revenues | |
| Other Revenue | \$ 2,778,000 |
| Total Revenues | \$ 2,778,000 |
| Net Cost of Services | -\$ 273,000 |
| Acquisitions (72 works) | \$ 395,140 |

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Public Accounts and Audit

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IQ23-000176

Division/Agency: DIV - Office for the Arts

Hansard Reference: Written (10 October 2023)

Topic: Department's findings on the approach to the Artbank collection

Senator Julian Hill asked:

Why is the department of the view there were no findings of unethical behaviour when the audit found the department's approach to acquiring, managing the leasing the Artbank collection had not been appropriate and that acquisitions have not been in accordance with the CPRs?

Answer:

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts has a focus on developing a pro-integrity culture which maintains the highest standard of ethical behaviour.

The department has developed an integrity strategy and framework that drives ethical behaviour, including uplifting staff capabilities, highlighting systems to support decision making and compliance.

The department has made and committed to undertake a number of actions to improve the operations of Artbank and compliance with the CPRs which were outlined in the department's submission and related attachment to the Inquiry.

Further, the department has provided at Attachment A its response to recommendation 4 of the Audit into the Acquisition, Management and Leasing of Artworks by Artbank.

Attachments:

Attachment A – The Department's response to ANAO's recommendation number 4 regarding CPR's and Transparency.

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Attachment A

Recommendation 4

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 Commonwealth Procurement Rules (CPRs), 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.

Response

Noted

The Department understands the Commonwealth Procurement Rules and is committed to abiding by them to ensure that acquisitions of artworks are made in compliance with their requirements – especially in relation to the obligations under Division 1 of the Rules, such as ensuring value for money and impartiality.

Artbank will always consider unsolicited submissions from artists and gallerists and, will periodically run 'Artbank Unpacked' information sessions across Australia to increase awareness of its activities amongst the visual arts community.

Open tendering for artwork has its place in Artbank's Acquisition Plan, but is not considered the primary procurement methodology. Procurement by limited tender is Artbank's predominant procurement methodology (as is the industry practice for most public art institutions), and remains consistent with the CPRs. Procurement of works of art satisfy the conditions for limited tender under Rule 10.3(d) of the CPRs. We understand this provision exists due to the particular nature of artworks as original and unique articles (where there is no reasonable alternative or substitute), and the established market conditions for the acquisition of artworks into public collections.