

## Winkworth: Hiding Extravagant, Reckless, Cost Over Runs at MAAS from the NSW FY24/25 State Budget

Background, when Powerhouse Parramatta was approved by the former government in 2018 the **\$915m budget** was expected to cover **all the costs up to opening day**, including construction, fitout, exhibitions and programs, and Castle Hill. **It was a shock to read in Monday's SMH** [ 22 March: <https://www.smh.com.au/culture/theatre/western-sydney-pleads-for-pm-to-rescue-270m-theatre-revamp-20250313-p5lj7l.html> ] **that MAAS has another funding pitch for fitout, exhibitions and programming expenses for Parramatta, on top of the \$915m, the \$100 million for the land acquisition, and the estimated \$300 million plus in special purpose and one off grants tipped into the MAAS budget in recent years, plus the defunding of the PHM so its recurrent budget can be used to defray the management's extravagance, hubris and incompetence.**

The poor planning and design and extravagant, wasteful and unjustified costs at Powerhouse Parramatta, J Store Castle Hill and now 'Powerhouse Ultimo', is **leaving the rest of the cultural sector in NSW in penury**. The long tail of these Powerhouse projects will see the funding inequities continue. As will the uncounted opportunity cost for cultural projects in Western Sydney, regional NSW and growth areas of NSW from the Central Coast to Wollongong and the Blue Mountains. This is why the Arts Minister talks of a ten year strategy, as in no money until years 9 or 10. It was noticed the completion date for Powerhouse Ultimo was given as **2033** in the NSW Budget Infrastructure Statement for FY23/24 part 4-50.

Meanwhile community museums in regional are invited to apply for grants of \$2,000. This sum has not changed in more than a decade. <https://mgnsw.org.au/sector/funding/grants-we-administer/volunteer-museum-grants/> and <https://mgnsw.org.au/sector/funding/grants-we-administer/volunteer-museum-grants/small-grants/> There are a small number of project grants up to \$7,500. <https://mgnsw.org.au/sector/funding/grants-we-administer/volunteer-museum-grants/project-development/> As far as I'm aware there is no infrastructure funding. A number of community museums have closed or have insecure tenure, including the Lithgow Small Arms Museum, Lismore Museum and the Breakwater Battery Museum in Wollongong.

As far as I'm aware, there is **no** cultural infrastructure funding for museums and galleries in NSW. The list of successful grants on the link below were all made by the former government, up to FY22/23. Since the Minns government was elected nothing. (But the Minister has made significant grants to the New Sydney waterfront Co. <https://newsydneywaterfront.com.au/>) The \$10 million the Minister mentioned in BE for 'program' funding is small change in the MAAS budget. The 10 year creative industries strategy is code for no funding in coming years. The reason for the funding squeeze is the black hole of wasteful spending by MAAS and its poorly designed and planned Powerhouse projects.

<https://www.nsw.gov.au/arts-and-culture/engage-nsw-arts-and-culture/get-funding-and-support/previous-funding>

## Museum of Applied Arts and Sciences/ Powerhouse

Buried in the fine print of the MAAS annual report in section 14 Budget Review is this...

*Note that budget figures shown in the Statement of Comprehensive Income and Statement of Financial Position provide greater detail than budget figures published in the NSW Government Budget Papers 2023–24*

<https://cdn.sanity.io/files/wkgts1b4/production/4b32448189150a6c40b2e01f32f1b934a185697b.pdf>  
p.144

It's not just that the figures are **different** from what was in the FY23/24 NSW budget papers, but also the NSW Budget Papers for FY 24/25 budget.

I've pasted in section 14 Budget Review below from the MAAS Annual Report, p.144, to be read in conjunction with the accounts from p. 125-150 on the link above.

The audited accounts say the MAAS Annual Report provides **greater detail than the budget figures in the government's budget figures published in the NSW Government Budget Papers 2023-24**. In fact the figures don't just provide greater detail, but are substantially different, **as in a 50% increase from what was published in the budget papers**.

1 In the FY24/25 NSW budget released in June 24, the total revenue for MAAS in 2023/24, shown in the Agency Financial Statement (8-20), was **\$107,861m**. In the MAAS Annual Report for 2023-24 it is **\$159,069m, a 47.4% increase**.

The Agency Financial Statement for MAAS in the FY24/25 state budget papers (8-1 and 8-20) shows government contributions of **\$103,713m, rising to \$127m in FY24/25 a 22.7% increase**. The updated revenue figure in the MAAS Annual Report for FY23/24 is **\$155,667m, an increase of 50%**. This increase will not show up in the next NSW budget papers for FY25/26, obscuring the true cost of the wasteful and unnecessary J Store development at Castle Hill and related collection eviction costs, and Parramatta and Powerhouse Ultimo. (The NSW budget papers show two years of expenditure / revenue, which for the next NSW budget will be FY 24/25 and FY25/26.) It may even appear that Powerhouse Parramatta is on budget or receiving reduced funding.

As a result, the Portfolio Committee No.6 questioning the Arts Minister, the MAAS CEO and Create NSW at BE last September were in the dark about this additional funding. They had no idea that Create NSW's funding was raided to plug the budget hole created by the MAAS management's extravagance and incompetence because the MAAS Annual Report was not released until late November.

2 The government's generosity goes beyond the spare **\$53m from Create NSW handed to MAAS after the NSW budget was published in June 2024**, money which has left the whole cultural sector in penury and without any funding for cultural infrastructure. Where did this money come from, as in what programs were cut to find this money?

3 There was also the interesting **\$7m 'reimbursement'** of money 'returned to MAAS for expenditure on exhibition fitout' in FY22/23'. I'm attaching Mr Borsak's Questions on Notice 1867 from March April 2024, and the answers from MAAS, see question and answer 52. The breakdown from MAAS raises more questions. It clearly includes expenditure which is nothing to do with exhibition fitout. In the Annual Report the line item is **exhibition fitout**, but in the answer from MAAS their new heading is **Total Exhibition Expenditure**. The exhibition expenditure costs at MAAS are four or five times more than comparable state and national museums. The activities and figures appear to include fees or contract payments that should be under fees - contract services or contractors.

4 In addition there was a further **\$15.0 m in grant funds tipped into the MAAS budget in late June 2024** towards the Powerhouse Ultimo Revitalisation project. Advice is that design costs at Ultimo have more than doubled.

5 The museum also received **\$9,990m in untied grant funding from DEIT, p.136**.

**6 The Year in Review** on p.125 claims the financial result **was \$69m favourable to the budget**. Without the closure of the PHM and the extra payments listed above, the budget would have been in the red when the PHM was **open for only seven months**.

7 The waste and folly of the J Store development has come home to roost, along with the extravagant cost of the Parramatta development and the staggering waste of cultural assets at the misnamed

Powerhouse Ultimo 'revitalisation'. **J store was transferred to MAAS with a book value of \$40.5m.**

Tracking the budget allocations for J Store and the collection relocation work over the last six years the actual **cost of J Store is close to \$200 million.** And it's still climbing if you add in the costs for the recent collection eviction work, and the new small loading dock to be excavated under the PHM in the current plans. The purpose of this shockingly wasteful and unnecessary folly is to allow the sale or redevelopment of the Harwood building.

J store was only needed because MAAS and INSW never accepted the Powerhouse Museum was saved. They continued planning for the museum's effective demolition, downsizing and conversion to a theatre, **after** the public announcement on 4 July 2020 that the PHM was staying in Ultimo. This was contrary to the Berejiklian/ Perrottet media announcement of 4 July **that money for the collection relocation costs would be saved and put towards the repairs and renewal of the PHM.** My paper attached on *Joining the Dots* charts the public deception and the secret plans to turn the PHM into a performance centre. The shameful fact is that Labor is going along with this outrageous breach of faith, breaking more than specific promises on the PHM, sending the bulldozers in to trash the endowment of previous generations in the Powerhouse Museum.

**8 Re the Other Operating Expenses** expenditure on p.134 of the FY23/24 annual report, deliberate or not, the 'refund' from Create NSW on exhibition fitout costs for FY22/23 has been used to give the appearance of lower 'other operating expenses' in total, and lower costs for 'exhibition fitout', when the **museum was only open for seven months in FY23/24.**

As noted in 3 above, the answers from MAAS to Mr Borsak's Questions on Notice 1867, March/ April 2024, Q.52, show many expenses booked under 'exhibition fitout' were nothing to do with exhibition fitout.

**Without the \$7m 'returned', the exhibition fitout costs for the seven months in FY23/24 would have been \$2,167m,** and expenses under Other Operating Expenses, 2.c would have been near the same as FY22/23. There were no new exhibitions after August 2024.

**9 Spending on fees – contract services was up from \$6,069m in FY 23 to \$9,485m in FY24, a 56% increase.**

Mr Borsak's Questions on Notice 1867 Q 53, asked for a breakdown of the \$6.069 figure for **fees contact services** itemised under 'Other operating expenses' in the FY22/23 MAAS Annual report. attached. The breakdown reveals **professional fees of \$4,509m.**

This needs its own breakdown. It possibly includes fees for Powerhouse Associates and creative residents.

10 Some of these costs are undoubtedly for **consultants** but MAAS has been careful not to book costs in this item (only **\$363,000**) as they would have to be detailed if above \$50,000. And presumably they would be subject to tender and procurement rules.

In FY23/24 MAAS paid close to \$250,000 to KPMG for a document, **Finance Strategy, Operational Model and Implementation Plan**, p.151. **This would be a report to ask the Arts Minister to table.**

11 Q.54 from Mr Borsak's 1867 asked what was the total cost of Leo Schofield's exhibition *1001 Remarkable Objects*. The answer from MAAS was **\$2,911,560 over two years.** I'm advised this is not correct and the real figure is close to \$6m for an exhibition that was up for 6 months. I suspect the answer from MAAS has NOT included fees - contract services or contractors. There was another **\$2,167m in exhibition fitout costs (disguised by the \$7m refund from Create NSW) which may be for 1001 Remarkable Objects.**

**12 Another cost under Other Operating Expenses on p.134 of the MAAS Annual Report are artist fees were \$1,330m (FY22/23 \$1,522m) No other museum or gallery includes artist fees** as an operating expense. This highlights the change in focus at MAAS from a museum of applied arts and sciences, focussing on audiences and public outcomes, to using the museum's funding to make grants to artists, many of little or no benefit to the museum and its audiences.

**13 Consumables** for the museum that was open only seven months were up from **\$775,000 in FY22/23 to \$2,528m, a 226% increase**. Why has this cost increased when the museum was only open for seven months and most of the staff are off site?

14 Cleaning and laundry costs were up 8% when the museum was open only 7 months. Why?

15 What's hidden in the expenses for the final line-item, **Other expenditure: \$6,689m? Up 283% from \$1,748m in FY23?**

16 The MAAS Annual Report shows Actual total revenue for FY 23/24 of **\$159,069m**, up from the budgeted **\$107,861m**, an increase of 47% (MAAS Annual Report p.129) when the Powerhouse Museum was open only seven months in FY23/24.

**Revenue** from the sale of goods and services at MAAS was a pathetic **\$1,711m**, against the budget of **\$2,373m**.

In the state budget FY 23/24, the Agency Financial Statement for MAAS has the budget target for the sale of goods and services at **\$3,063m**. This year it is **\$6,701m**, (8-20) LOL.

Not once since the current CEO was appointed has the museum met its self-generated revenue budget. In 2018/19, the year the CEO was appointed, self-generated revenue at MAAS **\$10,393m**. It's been decline and fall since. **Treasury should be very sceptical about the current management of MAAS being able to get anywhere near its self-generated revenue projections of \$38.8m pa. Not to mention the risks that the museum's proposed performance, conference and venue hire business, staffed by public servants, the facilities paid for by taxpayers, but operating in competition with private enterprise, will pose for the delivery of a meaningful cultural and education program of any impact and integrity.**

(It's a bit rich for the CEO to claim in SMH 10 March 2025 that most of the Christmas party spending was OK because it came from 'self-funded revenues', as if it's their own money, when MAAS has the lowest self-generated revenue of across all comparable state and national museums.)

17 \$19.5m million had already been spent on design fees up to 30 June 2023, according to the Budget's 2023-24 infrastructure statement. The est expenditure to June 30 2024 was **\$30,504m**. I'm told the design fees have doubled and the design team has had a divorce after legal action. The former PHM has been carved into two separate design teams. What can possibly go wrong?

The reason given for retaining the same design team for Powerhouse Ultimo – the team intent on the demolition of the Powerhouse Museum - was that it would be **cheaper**, when it has cost taxpayers more than double. Research shows that comparable UK museum renewal projects have cost a fraction of waste and demolition at the PHM and in some cases did not involve the lengthy closure of the museum. <https://powerhousemuseumalliance.com/what-the-experts-say/winkworth-the-powerhouse-museums-wasteful-demolition-and-redevelopment-cost-and-planning-comparisons-with-uk-museum-renewal-projects/>

18 The government has invented various ways of handing MAAS extra money to disguise the management's incompetence, waste and poor budget control. (Travelling exhibition to Colombia, artist fellowships for no public outcome, spending money outside the legislated remit of the MAAS, jobs for unqualified friends and cronies, free rent and services for favoured artists and creatives, almost all ex

Carriageworks, taxpayer funded parties – attendees counted in the visitor figures, spending capital funds on collection acquisitions from favoured artists ‘in lieu of rent’ etc.)

A key strategy to make up the immediate budget black hole was to close and defund the PHM, as well as substantial increases to the museum’s recurrent budget that are being used to **disguise the cost overruns at Parramatta and Castle Hill** that should have been funded from within the **\$915m total project cost**. And then there are various additional grants and post budget retrospective top ups.

The Audit Office has rightly been critical of the government’s management of infrastructure projects and the fact that the budgeted costs of infrastructure projects do not reflect **the actual cost** because **associated costs and expenses are not included**. A bit like funding a new bridge but neglecting to budget for the road access lest someone question the cost / benefit and whether it is value for money.

This is the Powerhouse project in a nutshell. Museum experts said at the time that the project lacked advice from anyone experienced in museum planning and infrastructure. The major changes from the Stage 1 competition design brief to the stage 2 design brief led to the selection of a building that is impractical, over scaled and unsuitable as a museum. Parramatta Powerhouse is designed for performance, conferences and venue hire, not museum exhibitions. The scale of the ‘presentation’ spaces at Parramatta means every museum exhibition will be more expensive to manage, construct and install. And now the former PHM is set for a \$400m + demolition and redesign on the same mistaken and inherently expensive principles – if it’s even intended to be a museum. The MAAS CEO has ensured that neither Parramatta nor Ultimo will have any small or medium scale galleries suitable for 97% of the MAAAS collections. This is madness.

Deliberately or not, MAAS and INSW failed to budget for the museum fitout and exhibitions at Parramatta within the \$915m total cost which was to cover construction and fitout costs to opening day. The hubristic expectation was that taxpayers would be hit for more money. In the CEO’s words.... *This breaking up or open of an institution also requires an unbroken focus on growth – both structural and strategic, of sweating every asset in the pursuit of every opportunity, or not responding until it no longer matters [and that’s a special bureaucratic strategy]*, Lecture to the Hawke Centre, University of Adelaide, 16 June 2021.

Bragging about Parramatta Powerhouse is all about its ginormous cost – more expensive than the Sydney Opera House, without the architectural or cultural merit. Museum fitout and exhibitions would typically be 30% of the capital cost. Having learnt nothing about museum planning and design since 2019, the proponents have made the same mistake in the Powerhouse Ultimo project a \$400m+ budget that does not include museum fitout or exhibitions. The actual cost of Parramatta and Castle Hill will likely top \$1.5 billion, not \$915m. Add another \$500m for the former PHM aka Powerhouse Ultimo, and after \$2 billion all that will be left of the real Powerhouse Museum will be buried at Castle Hill.

Furthermore, the capital cost over runs will be nothing to the high operating costs at Parramatta, built on the CEO’s ‘new paradigm’ for museums, with objects supposedly trucked in and out of Parramatta on high rotation like a supermarket, when this bears no relationship to how museum exhibitions with credible cultural and education impacts are actually created, or their high design and installation costs. The extravagant costs of the CEO’s exhibitions at the PHM already shows the ‘new paradigm’ is an expensive fraud and a recipe for smaller audiences and lower education impacts. Furthermore turning Powerhouse Parramatta into a venue hire, performance and contemporary arts space, the museum has been skilled of its specialist curators, replaced by .

19 On the Powerhouse capital campaign, only \$11.6m was in the bank as at 30 June 2024, \$63.4m short of the \$75m target. It would be worth asking how much is in the bank now. It seems not even the

Walker's family promised \$20m is in the bank, although the museum has been employing staff running programs under the Walker Academy name.

20 As at 30 June last year MAAS had **15 people on SES salaries**, see p.108, for a **total FTE staff of 313**, p.110. This seems excessive, in addition to the Powerhouse Artistic Associates on SES level contracts on a pro rata basis.

Kylie Winkworth, March 2025

#### **14. BUDGET REVIEW p.144**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (eg. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. **Note that budget figures shown in the Statement of Comprehensive Income and Statement of Financial Position provide greater detail than budget figures published in the NSW Government Budget Papers 2023–24.**

##### **Net Result**

The overall net result was favourable to budget by \$69.6m.

Major items impacting the Museum's net result, and contributing to variations to budget, mostly relate to the transfer of Building J (Castle Hill) to the Museum and the work in progress expenditure relating to the Powerhouse Ultimo Revitalisation Program. In addition, there has been the continued impact of costs associated with the construction of the new museum in Parramatta and the associated relocation of the Museum's Collection (Powerhouse Program).

Total Revenue was \$51.2m higher than budget.

The major variation related to additional grant funding of \$53.0m received from Create NSW in relation to expenditure that the Museum incurred in relation to the Powerhouse Program, namely related to Building J at Castle Hill and the Ultimo Revitalisation Project.

Total Expenditure was \$18.3m lower than budget. (Not lower at all really considering the PHM was open only seven months.)

Other operating expenditure relating to ongoing Ultimo operations was lower than planned due to the temporary closure of the Ultimo Museum in February 2024. (KW, not much lower. If they hadn't had the \$7m 'returned' from Create NSW for FY22/23, the actual figure Other Operating Expenses would have been \$34,052m, virtually the same as when they were running the PHM for 12 months.)

In addition, a \$7.0m contribution to Create NSW in FY22/23 was returned to Powerhouse in FY23/24 resulting in an overall credit to Exhibition fit-out costs. \$7.6m of Parramatta Project related expenses was incurred, but recovered as a grant from DEIT.

Depreciation was higher than budget by \$0.9m due to the acceleration of depreciation in relation to the Powerhouse building at Ultimo, and its associated services in preparation for the closure of the site for redevelopment, plus additional depreciation for Building J Castle Hill following the transfer to the Museum in March 2024. Furthermore, there was an increase of \$5.1m relating to a land and building revaluation reserve adjustment, offset by a credit of \$5.1m relating to Powerhouse Program Campaign receipts transferred to Create NSW.

### **Assets and Liabilities**

Current Assets are \$20.2m higher than budget mainly due to \$15.0m grant funds approved and cash received in late June 2024 relating to Ultimo operational costs, which increased cash above typical levels.

Current liabilities are higher than budget by \$4.8m mainly due to an accrual regarding Campaign monies of \$5.1m received but pending transfer to Create NSW as at 30 June 2024.

Non-Current assets are higher than budget as a result of comprehensive revaluation adjustments to Land & Buildings at 31 March 2024. Intangible assets are higher than budget due to the completion of the digitisation phase of the Collection relocation project.

Powerhouse also received Building J (Castle Hill, Discovery Centre) valued at \$40.5m transferred from DEIT at Fair value 31 March 2024 and \$12.4m in associated WIP relating to the Powerhouse Ultimo Revitalisation project at 30 June 2024.

### **Cash flows**

Net cash flows from operating activities are \$21.0m higher than budget. This is primarily due to receipt of \$15.0m grant funds in late June 2024 towards the Powerhouse Ultimo Revitalisation project.

<https://cdn.sanity.io/files/wkgts1b4/production/4b32448189150a6c40b2e01f32f1b934a185697b.pdf>