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Powerhouse investigation puts cultural procurement powers under scrutiny



The NSW Government may reconsider whether cultural institutions should retain the authority to approve procurements worth up to $6 million without ministerial sign-off, as an investigation into governance and procurement at the Powerhouse Museum continues.

Powerhouse chief executive Lisa Havilah and Mark Wilsdon, who vacated his position as chief operating officer in July, have both been suspended from duty on full pay.

Arts Minister John Graham also confirmed on Monday that a referral was previously made to the Independent Commission Against Corruption (ICAC).

Graham told the Budget Estimates hearing that he approved a fact-finding assessment in March 2025, followed by a formal misconduct investigation in December 2025.

A Sydney law firm was engaged to conduct the process, with allegations put to several Powerhouse executives in April, July and August.

Secretary of the Department of Creative Industries, Tourism, Hospitality and Sport Melanie Hawyes said further allegations emerged on 27 August, prompting her and Havilah to agree that the chief executive should step aside.

The details and timing of the ICAC referral have not been disclosed, and the commission has not publicly confirmed whether it has commenced its own investigation.

The Budget Estimates hearing also brought renewed attention to the procurement delegations held by the Powerhouse and other NSW cultural institutions.

Graham was asked whether the Powerhouse matter could prompt the government to reconsider the authority allowing these organisations to approve procurements worth up to $6 million without ministerial approval.

“Look, I wouldn’t want to rush into it, but it’s an obvious question to reflect on as we’re working through both this investigation, and the Treasury work that’s going on,” he said.

The delegations do not remove the institutions’ obligation to comply with NSW procurement requirements and internal controls governing competition, probity, conflicts of interest and value for money.

The developments follow growing scrutiny of expenditure associated with the opening of the $915 million Powerhouse Parramatta, which remains scheduled for 7 November.

The Sydney Morning Herald (SMH) has reported that publicly available contracts show more than $70 million in pre-opening commitments covering exhibition development and fit-outs, technology, marketing, communications and operational services.

According to the outlet, the commitments include more than $10 million for LED screens, staging and a backdrop associated with an immersive work by British artist Es Devlin, along with more than $5 million in marketing and public relations expenditure.

The SMH has also examined a documentary with an estimated contract price of $2.5 million, of which the Powerhouse expects to contribute more than $1.7 million after a producer offset, plus approximately $2.5 million to fit out 30 on-site studio residences.

Separately, the institution discontinued a $2.6 million “artistic associates” program earlier this year following criticism over its use of external creative professionals.

Particular attention has focused on a $2 million marketing contract awarded to boutique agency Ki Community, which was co-founded by former Powerhouse trustee Mark Hassell. The contract followed a selective tender process in which Ki Community was the only applicant.

The Powerhouse said an eight-person assessment panel evaluated the submission against capability, methodology, strategy and risk, and declared relevant professional relationships.

The museum also said a probity adviser, O'Connor Marsden, independently vetted the appointment and that it followed government requirements.

Hassell said he had no involvement in the tender or delivery of the project and had been formally ring-fenced from the process.

Elsewhere, Powerhouse Trust president David Borger said the board had raised concerns about potential conflict of interest and unfair advantage when it became aware of the contract.

The board subsequently declined to endorse the decision, which had already been approved under the chief executive's delegation, and referred the matter to Procurement NSW for review.

The reported expenditure and questions about individual procurement processes do not, in themselves, establish wrongdoing, and no public information is yet available about which contracts, appointments or procurement decisions are being examined.

However, the department has said the matters under investigation are "complex and involve multiple lines of inquiry" but stressed that "no formal findings or conclusions have been made".

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