https://www.thesaturdaypaper.com.au/news/2026/10/31/revealed-fresh-legal-advice-powerhouse-saga

31 October, 2026

The Saturday Paper
N° 624 October 31 – November 6, 2026

Chris Wallace

Revealed: Fresh legal advice in Powerhouse saga



Legal advice prepared after the suspension of Powerhouse chief executive Lisa Havilah shows the potential for an extensive and embarrassing counterclaim to allegations of tender improprieties and conflicts of interest.

Open

In one telling, this is the story of a $915 million museum and an $806 lunch.

The near billion-dollar Powerhouse Parramatta building's opening on November 7 is billed as the most significant cultural infrastructure achievement in New South Wales since the Sydney Opera House, and should be a boon for culture in Western Sydney.

However, the museum's opening has been shadowed by the peremptory suspension of its chief executive, Lisa Havilah, over claims of conflicts of interest and tender improprieties.

Attacks on Powerhouse's associates program, through which Havilah connected outside talent such as Sydney restaurateur Kylie Kwong with Powerhouse on a contract basis, are one window into the kinds of claims being levelled against the suspended chief executive.

Kwong's appointment was allegedly a case of jobs for mates, given Kwong's previous engagement at the Carriageworks urban cultural precinct, which Havilah ran prior to her Powerhouse appointment in 2018.

The allegation of a conflict of interest is denied in correspondence from Arnold Bloch Leibler, sent on Havilah's behalf on October 14.
"Ms Kwong was selected from a pool of six applications through a competitive open-market EOI [expressions of interest] process as outlined in the 2024 Program Procurement Plan," the letter said, adding that the spend was within the "July 2025 Procurement Policy definition of Maximum Contract Value".

Further claims of a new second contract for Kwong, recently the subject of critical reporting in the Sydney press, are also wrong, the rebuttal continued.
"Year 2 of Ms Kwong's contract was … not a new procurement," the letter said. "Instead, it exercised an option already disclosed and contemplated in the 2024 Program Procurement Plan, valued and competitively procured."

The letter added that, as required by the plan, "the Year 2 arrangement was confirmed after express consideration of relevant budgets, the availability of funds and a revised scope of work".

The contracting of Ki Community for communications services is the subject of a similar allegation, rebutted at length and in detail in the Arnold Bloch Leibler letter.

"Those allegations misunderstand the detailed and thorough recruitment process adopted by Powerhouse and Ms Havilah, including the utilisation of external probity advisors, the proactive steps Ms Havilah took to ensure procurement requirements were compliant, and the responsibilities of various roles following the procurement process."

The letter exhaustively details what those steps were.
Another allegation relates to a work lunch on October 12, 2025, with Havilah and three of her staff, as well as Alex Poots, founding artistic director and chief executive of The Shed cultural centre in Hudson Yards, Manhattan; Carriageworks chief executive Fergus Linehan; NSW 24-Hour Economy Commissioner Michael Rodrigues; and arts sector independent director Pippa Dickson.

The bill was split. The four Powerhouse staff, including Havilah, paid personally for their share. The outstanding $805.84 for the remaining four guests was covered by Powerhouse. As with the other complaints, there is no suggestion of any personal enrichment for Havilah.

"Cultivating international and domestic cultural relationships in the lead-up to the opening of Powerhouse Parramatta is precisely what the Chief Executive is employed to do," an earlier rebuttal letter, sent by Horton Rhodes partner Simon Horton on September 4, said.

"That the Department has elevated this to a formal allegation of misconduct, and has advanced it among the grounds for removing the Chief Executive from her post ten weeks before the opening, is nothing short of petty."

Havilah's suspension was announced on August 27, along with the appointment of an interim leadership team consisting of NSW government architect Abbie Galvin as chief executive and former Opera House chief Louise Herron as strategic adviser.

The interim – rather than acting – appointment suggests a predetermined inquiry outcome, Havilah's legal team noted in correspondence this month to Lander & Rogers, the legal firm conducting the

investigation for Havilah's employer, the NSW Department of Creative Industries, Tourism, Hospitality and Sport.
Havilah has been forbidden by the department from speaking on the matter to anyone except her lawyers, leaving her unable to defend her record and reputation.

In contrast, NSW Arts Minister John Graham publicly announced her suspension in a statement, saying Havilah had "stood aside" while governance and procurement investigations "are finalised".

The announcement generated extensive adverse media coverage, and further stories undermining Havilah's standing have followed. Under the rules of the departmental inquiry, she is powerless to address them other than to the inquiry via her lawyers.

This was reinforced on Friday last week, when the government refused her latest request for reinstatement while the inquiry takes its course, and refused to put a timeline on the process, leaving Havilah in indefinite limbo.

This week, a petition calling for Havilah's reinstatement was widely circulated within the arts community. "We believe Lisa deserves a fair and timely process," the petition says, "and with the opening of Powerhouse Parramatta just weeks away, we call on the NSW Government to act without delay, reinstate Lisa Havilah as chief executive and allow her to stand alongside the extraordinary team who have brought this vision to life."

The detailed rebuttals of the whistleblower allegations by Havilah's lawyers – initially Horton Rhodes, now Arnold Bloch Leibler – portray a mishmash of often slight, rehashed claims that may struggle to survive scrutiny.
I
f Havilah's defence as laid out in her lawyers' correspondence is correct, it opens the way for a colossally expensive and embarrassing counterclaim against the department.

"There's a small coterie of disaffected people who never wanted to see the museum go from Ultimo to Parramatta, and they've never given up," one observer told The Saturday Paper.

"She got some of her staff offside, and they have made the complaints," said another.

"You'll either love the way Lisa does things or you'll hate it," said one Western Sydney advocate. "But she gets things done. The government has made it its business to get anyone who operated out of the box. It doesn't want her in the pictures of the opening."

Havilah was notified of allegations against her on April 7 and continued working as chief executive while an inquiry proceeded. More claims were made on August 27, at which point the secretary of the Department of Creative Industries, Tourism, Hospitality and Sport, Melanie Hawyes, suspended Havilah.

However, the second round of allegations were "not new in substance" but rather involved previously raised matters, Horton Rhodes partner Simon Horton wrote to the inquiry on September 4. They did not generate an "apparently 'new' risk" justifying the drastic step of suspension, he said.

It is a genuine mystery to many why Hawyes made this apparently precipitate move, especially when Minister Graham is such a steady hand, with a reputation for considered decisions.
One theory is that Hawyes' inexperience was a factor. She is a newly minted secretary, having been promoted to head a department for the first time when she took over the Department of Creative Industries, Tourism, Hospitality and Sport in February, after six years as a deputy secretary in the Department of Planning.

Others theorise that, with an election looming in March, and against the backdrop of adverse media coverage of KPMG's poor handling of internal whistleblower allegations, the government got spooked and acted hastily.

The public sector union – the Public Service Association of NSW – is also sometimes mentioned in the mix as hostile to Havilah and keen to see her off. "They wanted her out," a supporter of Havilah's alleges.

In Havilah's 31-year career in the non-profit arts sector, this is the first time "that any concerns have been raised about alleged non-compliance with required processes and conflict of interest disclosures", Arnold Bloch Leibler partner Bridget Little wrote in a letter to the inquiry on October 14.

Havilah strongly denied the allegations and "has provided cogent and detailed explanations as to why the relevant threshold for a conflict of interest has not been met, and why there has been no breach of any applicable policy, or act of misconduct", Little continued. The accompanying 18-page rebuttal is compelling reading.

The department has been asked multiple times for Havilah's suspension to be lifted and for her to be allowed to return to work, to see through the launch of the entity conceived and delivered by her, for which she raised $80 million in philanthropic support.

The original Powerhouse Museum, on the old inner-city Ultimo Power Station site, was initiated by NSW Labor premier Neville Wran in 1978 as a modern home for the Museum of Applied Arts and Sciences, founded in 1879.

The Baird government, responding to the needs of a fast-growing and culturally diverse Western Sydney, decided to relocate Powerhouse to a large, new purpose-built building at a riverside site in Parramatta – the Sydney metropolitan area's demographic centre.

It decided to sell the Ultimo site for redevelopment, which heightened the controversy that has played out on the eastern side of Sydney's so-called "latte line", dividing the city's "haves" and "have nots".

The government pressed on regardless, and arts minister Don Harwin wanted someone who understood Western Sydney to lead Powerhouse. In 2018 he appointed Havilah, then running the Carriageworks urban cultural precinct in Redfern but with more than a decade's earlier experience running arts entities in the western suburbs.

Jill Hickson, literary agent and widow of original Powerhouse creator Neville Wran, was a key figure in the early resistance. Art critic John McDonald has mounted a sustained campaign via the

Powerhouse Museum Alliance. The Sydney Morning Herald has been a strong ally of the resistance, with critical stories getting a big run.
The sustained outcry eventually saw a partial backdown by the Berejiklian government a few years later: the Powerhouse Parramatta plan was to proceed but Powerhouse Ultimo would be retained and reinvested in, rather than being sold to help finance the project.

The context and economics of Powerhouse overall changed significantly with that decision – something Havilah had to absorb, and which was expected to be the focus of further adjustments in the coming year. At the same time as managing the changing economics, Havilah was trying to bring a contemporary vision of what a museum could be into play against internal resistance from some museum staff of an older generation.

It has been the biggest east–west stoush in Sydney since Wran government health minister Laurie Brereton reallocated hospital beds from the eastern suburbs to the burgeoning west in the 1980s. "The fairness of [that decision] is generally applauded now," journalist Jennifer Hewett later wrote. "At the time, it was deeply resented."

Not everyone on the eastern side of the "latte line" is a Havilah critic.

"She's a big personality and does some bold things – but that's all part of it," says one well-placed inner-Sydney admirer. "She's done an amazing job. It's as though we should be swilling around in mediocrity all the time. No, we should not!"

Powerhouse Community Alliance chair Christopher Brown, who helped garner support for Powerhouse Parramatta, says Havilah drove the project with an absolute dedication to the west. "Her legacy will be enduring," Brown says, "whether she's there to cut the ribbon or not."

Minister Graham's office did not respond to a request for comment.
Powerhouse is an advertising partner of The Saturday Paper.