

**Name withheld submission**

**RE: Perth Mint and Commonwealth Regulatory Compliance 2023**

To whom it may concern,

I'm writing to highlight two issues, which include:

1. The use of Cash as a form of payment at the Perth Mint
2. The role of the Minister responsible for the Perth Mint

**Issue 1: The use of Cash as a form of Payment**

From January to July of 2023, I sent a series of emails to the WA Minister for Mines and Industry Relations in relation to Cash Payments at the Perth Mint. These are shown in Appendix A to E. It should be noted that the Minister did not respond to the email shown in Appendix E and I would thus hope the committee would be able to get more conclusive answers to the issue.

To summarise the issue, in 2020 the Perth Mint stopped accepting cash as payment citing safety concerns relating to transmission of Covid-19. This was despite guidance from the Royal Mint conflicting with this view. At the end of the Covid pandemic, the Perth Mint did not reinstate the use of cash as a form of payment. Correspondence from the Perth Mint and the Minister seemed to indicated that this was due to:

- "Other practical and commercial factors" as cited by the Perth Mint (see Appendix A)
- "Reduce the risk of money laundering" as cited by the Minister (see Appendix B)

This reasoning however was illogical as:

- i) The Peth Mint had not been accepting cash payments for two years (due to the pandemic) before it decided to permanently cease accepting cash as a form of payment (i.e. – it was a solution to a non-existent problem).
- ii) The Perth Mint had also been accepting cash as a form of payment for its entire history and thus it is hard to believe that the Perth Mint did not have 'best in industry' management system for Anti Money Laundering (AML) requirements prior to the pandemic.

The response from the Minister thus did not satisfy me that:

- a) That the decision to stop accepting cash as a form of payment was not driven by ACTUAL failures in AML at the Perth Mint using cash transactions; OR

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b) That the decision was not a sign of declining management standards at the Perth Mint (ie – that the Perth Mint simply did not want to manage AML requirements relating to cash payments in the future)

These two items should be investigated by the committee.

**Issue 2: The Role of the Minister**

As reported in the [media](#), the Perth Mint allegedly did not consult or report to the Minister with regards to its ventures into crypto currency (the Perth Mint Gold Token).

As reported in the [media](#), the Perth Mint also allegedly did not consult or report to the Minister with regards to the gold doping scandal as reported by Four Corners.

As per correspondence in Appendix A, the Perth Mint did not engage the Minister in relation to its decision to stop accepting cash as a form of payment.

With regards to the correspondence with the Minister in relation to the use of cash, I found that the Minister's very short responses in relation to the issue to be concerning as they implied a lack of understanding, knowledge, effort and time spent asking critical follow up questions relating to the issue.

The three instances as noted above seem to indicate a very "hands-off" "set and forget" approach by the Minister in relation to the Perth Mint. It would thus be recommended for the Committee to investigate the role of the Minister in relation to the Perth Mint as it does not meet public expectations for due diligence.

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**Appendix A:** Email sent to

on Jan 30 2023

Hi

Can you please forward this on to Bill Johnston on my behalf.

Cheers

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Hi Bill

I'm reaching out to you regarding an issue with the Perth Mint that I want you to action.

**Issue:**

The Perth Mint no longer accepts cash payments and does not intend to reinstate this payment option moving forward.

I want you to use your powers as the minister to reverse this decision.

**Feedback from the Perth Mint when questioned:**

Following a review of our payments processes in 2021, The Perth Mint made the decision to operate on a cashless basis from 19 July 2021. This means we no longer accept payment by cash, cheque or money order.

As you surmised, the review was triggered by disease control and hygiene measures associated with Covid-19. However, there are other practical and commercial factors that have been considered. As such, The Perth Mint intends to continue operating under the cashless payments policy.

Please note that ministerial approval was not required, as it was an operational decision taken by management under authority delegated by the Board in accordance with the Gold Corporation Act 1987 (WA).

- Feedback from (Manager, Bullion) on 5/12/22

**Powers of the minister:**

Under the Gold Corporation Act 1987:

*The Minister may give directions in writing to Gold Corporation with respect to its functions and powers, either generally or with respect to a particular matter (but not in relation to its dealings with any particular person), and the Board shall ensure that the Corporation gives effect to any such direction.*

**Reasoning:**

**Point 1:** The use of cash and preserving the use of cash is important for society. This issue is best summarised by the Royal Australian Mint's Corporation Plan thus:

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*There has been a broad reduction in the demand for cash, including circulating coin, as payment preferences evolve in response to emerging technologies. However, access to cash remains important for elements of society.*<sup>[1]</sup>

Similarly, when the Morrison Government attempted to make it illegal to make or accept payments in cash above \$10,000 (refer to the Currency (Restrictions on the Use of Cash) Bill 2019), the Bill was overwhelmingly rejected by the Australian people.

Consultation by Treasury on the proposed bill noted that:

Submissions were also received from a large number of individuals. In total, 3,620 submissions were received including 198 confidential/non-publishable submissions.<sup>[35]</sup> According to Treasury, the majority of submissions that did not come from industry or regulators 'discussed common themes, such as the cash payment limit reducing civic freedoms, concerns with negative interest rates and bank-bail-ins and unduly restricting the way cash can be used and stored outside of banks'.<sup>[2]</sup>

With regards to the proposed bill, in their dissenting report the Greens noted:

- Cash offers an individual the ability to transact anonymously outside the banking system—there needs to be a thorough consideration of individual privacy and societal norms if individual's transactions are going to be subject to further scrutiny<sup>[2]</sup>
- The Bill is a step toward the abolition of cash—this is of concern because cash provides the ability to transact when digital systems are disrupted. Further, an abolition would provide greater control over individuals' money should negative interest rates be implemented<sup>[2]</sup>

As such, the view of the Australian people was that the ability to transact in cash is of paramount importance to be maintained. You would no doubt appreciate that 1000's of people making formal submissions to the Treasury on this matter represents a very large number when compared to other inquiries accepting public submissions.

**Point 2:** The cashless payments policy does not align with the legislation. As per the Gold Corporation Act 1987, the functions of the board are to:

*Perform the functions and develop and expand the business of Gold Corporation and its subsidiaries for the benefit and to the greatest advantage of the people of Australia;*

As per the previous point, maintaining the use of cash is important to the Australian public and restricting the use of cash is thus a disadvantage to Australians and society.

The Gold Corporation Act 1987 also notes that a function of Gold Corporation is to:

*to continue and develop the activities of the Royal Mint, The Perth Mint and Western Australian Mint carried on under the repealed Act and to maintain the Mint's reputation and international accreditation as a melter and assayer acceptable to the London Gold Market;*

As such, the irony and ridiculousness of the Perth Mint, one of the few entities in Australia that can create and issue Australian legal currency not accepting physical cash is without doubt something that tarnishes the Perth Mint's reputation.

**Point 3:** There is a very small minority of Australians who have been subject to 'debanking' - where the banks have colluded to lock Australian people out of the banking system (ie, you cannot hold a bank account, and cannot use banking services).

You can watch Senator Malcolm Roberts ask APRA about this during senate estimates in link 3 below.

If this practice becomes more widespread then that will mean that those people will not be able to transact at the Perth Mint.

Please also note that Senator Roberts describes bullion dealers as being in the category of business being debanked.

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*As such I think the Perth Mint going cashless and the Mint's direct competitors being forced to ONLY use cash (as a result of debanking) might represent an unfair competitive advantage to the Perth Mint given that it is owned by the WA government and would be highly unlikely to become the target of debanking.*

### **Actions Required:**

*Use your powers as the minister to reinstate the use of cash for transactions at the Perth Mint.*

### **References:**

[1] <https://www.ramint.gov.au/corporate-plan>

[2] [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/bd/bd1920a/20bd089](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd1920a/20bd089)

[3] <https://www.malcolmrobertsqld.com.au/questioning-australian-prudential-regulation-authority-debanking/>

### **Other Notes:**

*- I can't see how handling petty cash at the Perth Mint would compromise security given that there is over a billion dollars of bullion sitting at the premises.*

*- According to the Royal Mint's webpage on Cash Usage regarding Covid-19:*

*"The Royal Australian Mint has received significant comments and requests for help from those who have been denied the use of cash as a means of payment. Based on the feedback, being able to keep using cash during this period is important for many people. To disallow cash as a means of payment could disadvantage or discriminate against people such as those with literacy issues, on low incomes, or without regular access to phone or internet services."*

<https://www.ramint.gov.au/news-media/news/cash-usage-regarding-covid-19>

*- According to the Reserve Bank, there is more currency in circulation now than at any point in history. This reiterates the point that people want to use cash.*

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Appendix B: Email received in response to Appendix A



**Hon Bill Johnston MLA**  
**Minister for Mines and Petroleum; Energy; Corrective Services;**  
**Industrial Relations**

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Our ref:

Mr [REDACTED]  
Email: [REDACTED]

Dear Mr [REDACTED]

**CASHLESS PAYMENTS AT THE PERTH MINT**

Thank you for your email of 6 February 2023 regarding cashless payments at The Perth Mint. I apologise for the delay in responding.

I understand you also contacted Kim Giddens MLA, Member for Bateman, and that Ms Giddens has made representations to my office on your behalf.

I have considered the information you have provided in relation to this matter, and I understand your concerns regarding the ability to transact in cash.

I note that The Perth Mint has advised you that cashless payments were introduced due to the COVID-19 pandemic, and that following a review of operational processes, a decision was taken to maintain the cashless payment policy from July 2021.

I am advised that a key factor in this decision was that cashless payments reduce the risk of money laundering through cash payments for bullion and jewellery. I am supportive of The Perth Mint's ongoing work to strengthen its systems and processes, including in relation to payments.

The McGowan Government is investing \$34 million at The Perth Mint to strengthen compliance with anti-money laundering and counter terrorism financing obligations.

I trust this information is useful and thank you again for writing to me.

Yours sincerely

**Hon Bill Johnston MLA**  
**Minister for Mines and Petroleum; Energy;**  
**Corrective Services; Industrial Relations**

Cc: *Kim Giddens MLA*  
*Member for Bateman*

12 MAY 2023

Level 9, Dumas House, 2 Havelock Street WEST PERTH WA 6005  
Telephone: +61 8 6552 6700 Email: [Minister.Johnston@dpc.wa.gov.au](mailto:Minister.Johnston@dpc.wa.gov.au)

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### Appendix C: Email sent in response to Appendix B

Hi Bill

Thanks for the reply.

Having read your response (Our ref: \_\_\_\_\_), I found it very surprising that anti-money laundering (AML) was one of the key factors for the Perth Mint's decision to cease accepting cash payments. Your response has thus drawn more questions which I'd need answers to. These are below:

1. I'm aware of the Mint's recent failures to comply with AML requirements as reported by 4 Corners earlier this year [1]. These instances related to DIGITAL payments made via its Goldpass App, and via the digital 'Perth Mint Gold Token' cryptocurrency.

I was not aware that any breaches to AML requirements had occurred resulting from cash transactions at the Mint.

In your response you note that it was a 'key factor', however, can you please confirm if the move to cease accepting cash payments was driven wholly or in part by ACTUAL breaches of AML requirements at the Perth Mint via cash transactions?

2. If the answer to Question 1 was YES (i.e. - the move to stop accepting cash payments was driven wholly or in part by ACTUAL breaches of AML requirements), can you please confirm the nature, quantity and severity of these breaches?

3. Below are the AML requirements for a customer as explained in 2017 by the Bullion Room Supervisor in blue:

*Please be advised that for any bullion purchase over \$5,000AUD, we require a valid driver's licence showing your photo, date of birth, signature and current residential address. Should you not hold a driver's licence, a valid passport or Proof of Age card with the same information together with a utility bill in your name (ie Electricity, Gas, Water) showing your current residential address issued less than 3 months ago will suffice. Please check with us should you not have such documentation and we can further assist with what can be used as appropriate documentation. Please be aware that we require additional documentation if the transaction is not in a personal capacity (i.e. SMSF, Company). This is to comply with AML/CTF laws in Australia as regulated by The Anti-Money Laundering and Counter-Terrorism Financing Act 2006. This can all be done on the day of the transaction itself.*

As far as I am aware, you still need to provide this level of identification for large purchases using digital payment options. The Perth Mint also has established and long-standing systems in place to manage AML requirements.

I'm thus struggling to see how (if the Perth Mint is fully compliant to AML requirements) not accepting cash transactions will in any way reduce the risk of money laundering.

Can you please explain (with reference to the Perth Mint's operations) how not accepting cash as a form of payment helps the Perth Mint reduce the risk of money laundering?

4. If the answer to Question 1 was NO (i.e. - the move to stop accepting cash payments was NOT driven wholly or in part by ACTUAL breaches of AML requirements) then can you please provide comment on why the Perth Mint (after having not accepted cash transactions for fear of covid transmission for years) is now ceasing cash transactions to reduce the risk of money laundering.

As noted previously by 4 Corners, the Mint has failed to meet AML requirements for transactions with digital payments, and this move makes it appear that it is conceding that it cannot manage AML obligations for transactions in cash which it has historically done for decades. This to me implies that management systems and processes as a whole at the Mint have deteriorated greatly.

What has actually changed at the Mint that justifies the move to cease all cash transactions?

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5. *As I explained in my previous correspondence, the continued use of cash payments is of great importance to Australians. You also mentioned the Perth Mint's 'ongoing work' to strengthen its systems and processes. If one of the key factors to ceasing cash payments was to reduce the risk of money laundering, can you please explain what measures the Mint took to improve its systems and processes before taking such a serious and drastic step as ceasing all payments in cash?*

6. *As I mentioned in my previous correspondence, maintaining the reputation of the Perth Mint is of such great importance that it is enshrined in the legislation. With regards to reputation, I make the following points as a member of the public:*

- *I find it very suspicious that the Perth Mint has ceased cash transactions to 'reduce the risk of money laundering' given that the Perth Mint hasn't been accepting cash for years now (due to halting cash transactions during the covid pandemic) and presumably was compliant pre-pandemic. It is essentially a solution to a non-existent problem.  
As such, I view this is a wider sign of failing standards, mismanagement and incompetence within the Mint wherein it is not addressing the root-cause of an issue, but trying to treat a symptom.*
- *I find it very suspicious that the move to cease cash payments now (post pandemic) has occurred so close to the highly damaging 4 Corners story on actual breaches in AML requirements using digital transactions.*
- *I find it ridiculous that the Perth Mint (owned by the WA Government) cannot accept a form of payment issued by the Government when other Bullion and Jewelers dealers in Australia can and do.*
- *With these points in mind, I am of the opinion that ceasing cash payments at the Perth Mint is damaging to the Perth Mint's reputation and a reflection of poor management.*

*Do you expect the wider public to have a similar interpretation of this issue?*

*Please let me know if I need to submit an FOI request for any of this information.*

*Thanks*



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Appendix D: Email received in response to Appendix C



**Hon Bill Johnston MLA**  
**Minister for Mines and Petroleum; Energy; Hydrogen Industry;**  
**Industrial Relations**

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Our ref:

Mr [REDACTED]

Email: [REDACTED]

Dear Mr [REDACTED]

**CASHLESS PAYMENTS AT THE PERTH MINT**

Thank you for your further email of 21 May 2023 regarding cashless payments at The Perth Mint. I understand you also contacted Kim Giddens MLA, Member for Bateman, and that Ms Giddens has made representations to my office on your behalf.

As you are aware, The Perth Mint introduced cashless payments in response to the COVID-19 pandemic. Following a review of operational processes, The Perth Mint took a decision to maintain the cashless payment policy from July 2021.

The Perth Mint is a complex business working under a mix of state, federal and international laws. The State Government has begun the work of responding to issues that were left unaddressed by successive governments over several decades, including the previous Liberal-National Government. The Cook Government is investing \$34 million at The Perth Mint to strengthen systems and processes.

As the responsible Minister, I am supportive of The Perth Mint's ongoing work to improve its operations, including in relation to payments. I have no expectation that the decision to cease accepting cash payments will be revisited.

Thank you for raising your concerns with me. Please note that this matter is now closed and no further correspondence will be entered into.

Yours sincerely

**Hon Bill Johnston MLA**  
**Minister for Mines and Petroleum; Energy;**  
**Hydrogen Industry; Industrial Relations**

**29 JUN 2023**

cc: *Kim Giddens MLA*  
*Member for Bateman*

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### Appendix E: Email sent in response to Appendix D

Hi Bill

Thanks for the reply.

Having read through your response I am disappointed to see that you have not addressed any of my questions. I have highlighted the questions that your office needs to answer at the bottom of this response for clarity. Please read through them carefully before you respond this time.

To provide some guidance on an acceptable response I require specific and detailed explanations. Broad general statements such as those made in responses and do not convince me that:

- i) The minister responsible has/had done their due diligence
- ii) That the decision was not driven by ACTUAL failures in AML at the Perth Mint using cash transactions; OR
- iii) That the decision was not driven by declining management standards at the Perth Mint

Please also be advised that I am considering including the details that your office has provided on this matter in a submission into the Senate Inquiry on the 'Perth Mint and Commonwealth regulatory compliance' so that the Senate Committee can further investigate the issue. It would thus save both myself and the Senate Committee's time if you answered these questions with detail now rather than before the Senate Committee.

Thanks

#### Questions to be answered from 21 May 2023:

1. I'm aware of the Mint's recent failures to comply with AML requirements as reported by 4 Corners earlier this year [1]. These instances related to DIGITAL payments made via its Goldpass App, and via the digital 'Perth Mint Gold Token' cryptocurrency.

I was not aware that any breaches to AML requirements had occurred resulting from cash transactions at the Mint.

In your response you note that it was a 'key factor', however, can you please confirm if the move to cease accepting cash payments was driven wholly or in part by ACTUAL breaches of AML requirements at the Perth Mint via cash transactions?

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*Please be advised that for any bullion purchase over \$5,000AUD, we require a valid driver's licence showing your photo, date of birth, signature and current residential address. Should you not hold a driver's licence, a valid passport or Proof of Age card with the same information together with a utility bill in your name (ie Electricity, Gas, Water) showing your current residential address issued less than 3 months ago will suffice. Please check with us should you not have such documentation and we can further assist with what can be used as appropriate documentation. Please be aware that we require additional documentation if the transaction is not in a personal capacity (i.e. SMSF, Company). This is to comply with AML/CTF laws in Australia as regulated by The Anti-Money Laundering and Counter-Terrorism Financing Act 2006. This can all be done on the day of the transaction itself.*

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*Can you please explain (with reference to the Perth Mint's operations) how not accepting cash as a form of payment helps the Perth Mint reduce the risk of money laundering?*

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*What has actually changed at the Mint that justifies the move to cease all cash transactions?*

5. *As I explained in my previous correspondence, the continued use of cash payments is of great importance to Australians. You also mentioned the Perth Mint's 'ongoing work' to strengthen its systems and processes. If one of the key factors to ceasing cash payments was to reduce the risk of money laundering, can you please explain what measures the Mint took to improve its systems and processes before taking such a serious and drastic step as ceasing all payments in cash?*

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- I find it ridiculous that the Perth Mint (owned by the WA Government) cannot accept a form of payment issued by the Government when other Bullion and Jewelers dealers in Australia can and do.*

- With these points in mind, I am of the opinion that ceasing cash payments at the Perth Mint is damaging to the Perth Mint's reputation and a reflection of poor management.*

*Do you expect the wider public to have a similar interpretation of this issue?*