

GOLD CORPORATION — GOVERNANCE

Matter of Public Interest

THE SPEAKER (Mrs M.H. Roberts) informed the Assembly that she was in receipt within the prescribed time of a letter from the Deputy Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

MR R.S. LOVE (Moore — Deputy Leader of the Opposition) [3.12 pm]: I move —

That this house calls on the Premier and Minister for Mines and Petroleum to take responsibility for the governance failures exposed at Gold Corporation, putting the WA public at risk of incurring huge financial liability and damage to our state's reputation.

For over 120 years, since 1899, Perth Mint has been at the centre of the economy of Perth and our state, but in recent years we have seen red flags raised and structural failures in the administration exposed.

The Mint's 2021–22 annual report showed a turnover of \$21.77 billion, but it had a rather thinner profit of just over \$40 million and a return to the state in dividend and tax equivalents of \$25.6 million. Over \$6.2 billion is held for clients in bullion deposits. The Mint has over 60 000 customers in more than 130 countries. In dollar terms, it is one of Western Australia's largest exporters and one of the biggest manufacturers in the country. The Perth Mint and GoldCorp are subsidiaries of Gold Corporation, and they are state entities, constituted under the Gold Corporation Act 1987. Under the act, the Perth Mint is financially guaranteed by the state. The act states —

22. Guarantee by Treasurer

(1) The payment of —

- (a) the cash equivalent of gold due, payable and deliverable by Gold Corporation, the Mint or GoldCorp under this Act; and
- (b) all moneys due and payable by Gold Corporation in respect of the exercise of the power to buy, borrow or otherwise acquire and to sell, lend or otherwise dispose of, deal in and hold Australian and foreign currency,

is guaranteed by the Treasurer, in the name and on behalf of the Crown in right of the State.

Therefore, the Mint operates the only government-backed gold depository in the world. That brings unique challenges and potential financial risks, which are ultimately borne by the taxpayers of Western Australia. Under the act, both the minister and the Treasurer have roles, and given the extent of the risk, the responsible minister requires a diligent approach. From 2017 until April 2021, the Premier was the responsible minister, before he handballed it to the Minister for Mines and Petroleum.

Section 5 of the act sets out that there will be a board of directors and the Under Treasurer, or their delegate, sits as an ex officio director of the board. This puts the government at the heart of Gold Corporation's board. Under section 6 of the act, the responsible minister holds broad powers to gain information and give direction to the board and thus should be well and truly across all the activities of GoldCorp and the Mint.

According to the Mint's *Annual report 2022* —

A GLOBAL FORCE IN PRECIOUS METALS

We are an internationally competitive precious metals refining, manufacturing, minting, marketing, distribution and storage business. Structured as a vertically integrated entity we operate across the precious metals value chain. Management responsibility is based on functional and business lines designed to provide a comprehensive and cohesive service to our many customers around the world.

The role as a depository is explained in the *Annual report 2022* —

For over a quarter of a century, our Depository has offered the world's only government guaranteed precious metals storage and investment program. We offer safekeeping of the metal within central bank grade vaults in the safe geopolitical environment of Western Australia, with our extensive network of vaults clients can purchase and store precious metals directly (online, by phone or with an app) or via one of our authorised distributors.

There are various ways to trade with the Perth Mint, and I will run through some ways mentioned in the annual report —

- Perth Mint Depository Online ... provides web-based access to precious metals with a low cost, live-priced 24/7 service. We market this service directly and it is also available through select distributors.

- Perth Mint Depository Program Account ... is modelled on a traditional service with personalised contact. PMDP is tailored to investors who wish to operate their account by phone or email.
- Perth Mint Certificate Program ... offers similar services to PMDP and is marketed through an international network of distributors. PMCP investors receive confirmation of their holdings via a certificate issued by The Perth Mint.
- Perth Mint Depository Distributor Online ... is marketed through an international network of distributors seeking to offer their clients precious metals investment and storage.
- Perth Mint Gold ... is listed on the Australian Securities Exchange and offers unallocated storage to investors who prefer to deal through their stockbroker or online trading account.
- GoldPass is a phone-based app ...

I will talk about GoldPass more later on.

Like all bullion dealers in Australia, the Mint provides a designated service. Perth Mint has responsibilities under section 5 of the commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006, which, in its original 2006 version, required under then section 73 —

- A person must not provide a registrable designated remittance service unless the person's name is entered on the Register of Providers of Designated Remittance Services.

That was in 2006. Section 73 of the current act now reads —

- This Part provides for a tiered system of registration for providers of registrable remittance network services and providers of registrable designated remittance services.
- Division 2 sets out offences and civil penalties in relation to the provision of registrable remittance network services and registrable designated remittance services by persons who are not registered.
- Division 3 requires the AUSTRAC CEO to maintain the Remittance Sector Register ...

As mentioned in the last point, the organisation responsible for the Anti-Money Laundering and Counter-Terrorism Financing Act is the Australian Transaction Reports and Analysis Centre. Its website reads —

AUSTRAC (Australian Transaction Reports and Analysis Centre) is the Australian Government agency responsible for detecting, deterring and disrupting criminal abuse of the financial system to protect the community from serious and organised crime.

Through strong regulation, and enhanced intelligence capabilities, AUSTRAC collects and analyses financial reports and information to generate financial intelligence. This vital information about potential criminals and criminal activity contributes to our national security and law enforcement investigations.

...

Today, AUSTRAC finds itself working in a disrupted financial landscape, with new and emerging technologies changing the way financial services are delivered, in an increasingly globalised economy.

It goes on to say —

Criminals seek to exploit vulnerabilities within the financial sector to disguise illicit funds and enable other serious crimes such as terrorism, slavery, drug trafficking, child exploitation, fraud, tax evasion and corruption.

Until March 2021, Gold Corporation was operating an international remittance service but had failed to register on the remittance sector register, a strict liability criminal offence under the Anti-Money Laundering and Counter-Terrorism Financing Act. In addition, the Mint failed to file a single report to AUSTRAC about its international funds transfers.

The minister, in an answer to me, blamed the previous government for failings and ducked responsibility, as he does in all his portfolios. Think of his response to the FIFO report. He was not even in the chamber when the member for Vasse handed that down. Think of the mess with the approvals that is going on in the Department of Mines, Industry Regulation and Safety and the ongoing concern about the exploration and mining permit situation under his watch. Think about Banksia Hill Detention Centre. Think about the text messaging Western Australians when they lose power during this summer as a result of his policies. The minister said —

... it is possible that a failure to register under the AMLCTF regime means that there was no failure to comply with the regime. I am not a lawyer, and I am not giving that as advice, but that appears to be the situation.

I am also not a lawyer, but I did take the time to do a little reading of the act and I would say that that would shake the minister out of his complacency. Section 74, "Unregistered persons must not provide certain remittance services", states —

- (1) A person ... must not provide a registrable remittance network service to another person if:
- (a) the first person is not a registered remittance network provider ...

...

- (2) A person commits an offence if:
- (a) the person is subject to a requirement under subsection (1) ...
 - (b) the person engages in conduct; and
 - (c) the person's conduct breaches the requirement.

Penalty: Imprisonment for 2 years or 500 penalty units, or both.

- (3) Strict liability applies to paragraphs (2)(b) and (c).

The penalties double if the person has been warned about it and been given a direction or has made an undertaking but still continues. The penalty goes up to imprisonment for seven years or 2 000 points if they repeatedly breach the act.

Similar provisions in section 76A deal with providing certain digital currency exchange services. It is unclear, but certainly possible, that the civil penalty points could occur each time the person acts without registering, so with over thousands of transactions during the four years that the Premier was the minister responsible, that could accumulate into a very large penalty indeed. Each penalty point in the period 2017 to 30 June 2020 was worth \$210; it is now worth \$222. Potentially, each of these thousands of transactions could incur a penalty of \$105 000.

We have seen AUSTRAC investigations and court actions lead to very large penalties in the Federal Court. In March 2017, Tabcorp was penalised \$45 million. On 20 June 2018, the Federal Court ordered the Commonwealth Bank of Australia to pay a penalty of \$700 million. On 24 September 2020, AUSTRAC and Westpac jointly filed in the Federal Court an agreed statement of facts, including agreeing on a proposed civil penalty of \$1.3 billion. As I said, perhaps the minister should not be quite so complacent after all.

Regardless of the failure to register as required, under the Premier's watch, the organisation was having a range of difficulties in other areas, insofar as it had difficulties in managing its customer base. In the estimates hearing in September 2021, my curiosity was piqued by the seemingly extraordinarily costly building under the Gold Corporation's asset investment program of an ecommerce platform called the one-future program. In the 2019–20 budget, that program appeared as an asset investment with a total budgeted figure of \$31 million.

At that time, I was trying to get an understanding of why that program had apparently blown out to \$42 million by 30 June 2021. The minister was not very helpful in explaining why the program was so expensive. The expectation was that by the time it was to be completed, it would cost \$54.437 million, which seemed to be an extraordinary uplift from the budgeted figure in 2019–20. When I quizzed the minister about it, he told me —

I will throw to the agency staff in a moment. It is exactly what it says on the page. I thought it was a pretty straightforward explanation. The one-future program is a key initiative designed to transform the corporation's technology capability to deliver products and services in a diverse and global precious metals market across the entire value chain. Underpinning this initiative is the need for a flexible and scalable integrated digital experience, ecommerce website and a stable and reliable enterprise resource planner. The program's key justification drivers are to replace the corporation's current enterprise resource planning solution, which is 15 years old, and its current websites, which are between 12 and 14 years old and subject to, unfortunately, regular outages.

The point of all that is not a simple matter of a cost overrun; rather, it demonstrates that the minister, and presumably the previous minister, and Gold Corporation knew that it was operating an antiquated, unreliable program that was not stable. For the record, at no time during that estimates hearing did the minister allow Gold Corporation staff to provide any advice, which I thought would have been helpful in providing detail to the committee. I wondered at the time why he did not, but perhaps I have a better understanding now.

The one-future program was started in about 2014 or 2015 under a different name, the enterprise resource planning program, but was not completed and not operational until December 2021—last year. I understand that after that, glitches were still being ironed out and information was being loaded. The failure under the Premier to complete this program in a timely fashion left Perth Mint without a compliant AMLCTF program.

Documents obtained under freedom of information reveal that the gravity of the situation was explained to the board via a briefing note dated March 2021 entitled "One Future IT Systems Replacement Project". It states —

The purpose of this paper is to provide the Board with an update on the One Future project.

...

As was foreshadowed at the recent Board meeting, the project will not be going live at the beginning of May.

Whilst everyone on the team has worked tirelessly and tried their best to meet the go-live date, the level of testing that has been required to ensure a good and robust solution is achieved that does not expose the Corporation to additional risks has been far greater than had ever been anticipated.

It also says —

What is the One Future Project Trying to Achieve?

It's worth reminding ourselves of the main goals of the One-Future project.

1. The existing ERP —

That is, the enterprise resource program —

... and associated e-commerce websites are now some 15+ years old. They have served the Corporation very well over many years, and have certainly more than paid for themselves. However, the reality is that these systems are now old and outdated, and no longer fit for purpose to run a business of the size and complexity of the Corporation.

It goes on to say at paragraph 4 —

Best practice risk management is challenging with the current systems. For example, there is no single view of a customer (they are spread over multiple systems), making AML/CTF management obligations more difficult than would otherwise be the case.

It goes on to say —

The new systems have thus been designed to provide the following:

- A more streamlined and flexible system that will enable us to better service our customer base (by enabling a single view of the customer, no matter where they are purchasing) and more proactively manage risk across the Corporation.

It knew very well that there was risk in the system that it was operating. It goes on to say —

Gold Corporation is a complicated international business. Whilst it is not BHP, it does have some BHP like complexity ...

The Corporation has grown significantly over the last 12 years, with much of this having occurred over the last 6 years. We are now WA's third largest exporter, and Australia's 7th largest manufacturer. We have well over a hundred thousand individual customers in 130+ countries, and we manage billions of dollars of precious metal inventory, some \$6bn of which is metal held on deposit for some 60,000 clients worldwide.

As mentioned in the section above, some of our key processes are not adequately systematised, and as one of the largest precious metals businesses on the planet, we need better and more "real time" information to ensure we both manage risk properly and continue to provide the sort of customer service we are known for.

It goes on further to say —

As noted above, currently there is little real integration between our multiple progress systems, the ERP and the other systems we run our business on. The One-Future project will achieve a level of integration we have not seen before ...

It goes on to say that the project will allow Perth Mint to manage its information and risk. Further, it says —

We need to achieve a single view of our customers ...

It goes on to say —

An update will be provided at the end of April ...

However, this system dragged on for many months after that. Another freedom of information document obtained is an email from the then CEO from 30 June 2021 to one of the board members. It states —

Apologies for our not getting back to you sooner, but we had AUSTRAC yesterday, and the Auditor General wanting to do additional metal stock counts ...

It goes on to say that a person —

... is pulling a summary options paper together. We should have this by Friday—she is tied up with AUSTRAC today who have asked us for significant information on a range of customers going back to 2014.

AUSTRAC has been looking at the situation in Perth Mint for some time and has been expressing concerns recently about what has been going on at the Mint. This is a very worrying situation indeed. Judging from the email that the then CEO wrote, the interest was in a range of matters. The CEO felt it was worth mentioning in his note and email to the board member and others.

The organisation knew that its platform was not fit for purpose, and presumably had thought that since at least 2014 when it sought to replace it, for all the reasons outlined by the minister and the CEO, as I have outlined already. In the midst of this, and under the not watchful eye of the Premier, Perth Mint announced the new digital pathway for traders known as GoldPass, which is a smartphone app. An article states —

At the touch of a smartphone screen, GoldPass™ gives retail investors the unique ability to securely buy, store and sell gold via digital certificates. The app also allows the instantaneous transfer of gold to other approved GoldPass™ app users.

It takes very little to get approved to be a GoldPass user. I have it on my phone. People simply upload their driver's licence number and the bank account the user will transact with. Users do not have to provide a photograph that could be verified. It is a very limited range of security. There is no 100-point check, as such. The article continues —

All GoldPass™ digital certificates are 100 percent backed by physical Perth Mint gold stored in its network of central bank grade vaults, with the weight and purity of every ounce guaranteed by the Government of Western Australia.

“With the uncertainty and speculative nature of cryptocurrencies with no asset backing their value, investors are always keen to discover innovative and credible vehicles through which to safely protect the worth of their portfolios,” Perth Mint Chief Executive Officer Richard Hayes said.

It goes on to say —

GoldPass™ digital certificates are an alternative to cryptocurrency investments and will pave the way for gold to be used as an easy and convenient store of wealth with the ability to also transfer gold to other approved GoldPass™ users.

I could think of no easier way to enable money laundering and all sorts of other matters. It continues —

“We are making this traditional asset more accessible, trades immediate and revolutionising how customers transact in real time with other GoldPass™ app users. This is a significant leap forward in gold exchanges globally,” ...

An investor's digital certificates, which reflect their gold balances in ounces, are visible in the app's interface ...

Perth Mint launched this app when it was already having trouble tracking customer details and transactions. Was there any concern, I wonder, when the app was launched about that inability to track customer details? We know that the system in place at that moment was not working properly. Did the Premier not even think to ask what this would mean?

But things did not slow down there. In the next iteration of events, on 11 October 2019, InfiniGold launched the Perth Mint gold token—the PMGT. An article states —

The Perth Mint Gold Token (PMGT) will be the first digital gold token on a public blockchain backed by government guaranteed gold.

...

PMGT is digitised gold that allows users to conveniently acquire and have entitlement over government guaranteed physical gold ... with the additional benefits of real-time trading and settlement enabled by blockchain technology.

Digitisation of The Perth Mint's inventory began in 2018 when GoldPass was launched ...

...

The real-time liquidity of PMGT is provided by market makers and enabled via The Perth Mint GoldPass platform where users can sell back to The Perth Mint, or take delivery of their holdings by exchanging their GoldPass certificates for a range of the Mint's gold products, including LBMA London Good Delivery ... bars. Subject to final regulatory consultation, this will make PMGT directly tradable against traditional gold products ...

PMGT provides a unique alternative to USD-backed stablecoins ...

We have launched into cryptocurrency. Who was checking on that when it was raised?

Another article stated that in the first two weeks since the launch of the PMGT, 1 400 new digital accounts had been opened. There had been 10 000 downloads of the GoldPass app in the previous 12 months. That is a serious number of people coming on board.

This leads me to wonder whether any thought was given about the risk of noncompliance with the money laundering legislation. Was it ever raised by the chair or the CEO at any time with the Premier or the responsible minister? Was there any awareness by the minister or the Premier at the time that Perth Mint had transitioned into the high-risk cryptocurrency market? Once Gold Corporation launched GoldPass, was it appropriately registered on the digital currency exchange register under section 76 of the act? Did anyone in the Premier's office ask what was going on when Perth Mint then announced its next foray, which was on 9 September 2020? This is from a release from Perth Mint —

The Perth Mint introduces gold trading app to US investors

The Perth Mint, one of the world's largest precious metals refining, minting, storage and distribution enterprises, has launched ... GoldPass in the United States.

Now trading in USD, GoldPass allows investors to securely buy, sell and transfer gold at the touch of a screen ...

We have now entered the massive American market—again, with a compliance issue already at hand—and into trading in US dollars on that app, which, in international terms, poses some significant differences and questions. Gold Corporation had been operating without those measures in place, as I said. We know that the gold itself can be converted into cryptocurrency and from there it is really difficult to track. Gold Corporation had progressed from a face-to-face bullion exchange to a high-volume trade and transaction business in offering its PMGT trading and had even gone on the exchange known as KuCoin. Gold Corporation went through a rapid phase of expansion, but apparently had little understanding of the increased risk. Is that risk worth taking for the Western Australian taxpayer?

Gold Corporation, which is linked to the digital certificates that can now be easily sold and transferred, will slide through to the criminal economy, as the PMGT is backed by the state government. At the same time, we have a genuine risk that these PMGTs are circulating in the black market, which is enabling a float for the criminal economy, as no-one ever cashes in the gold; they simply transfer those PMGTs around and never have to operate a bank account. All the tokens operate as good as gold, all thanks to the state government guarantee and all unknown to the taxpayer. That has actually created a honeypot for crime. It is no wonder that AUSTRAC is expressing concern.

On 30 August, AUSTRAC ordered the appointment of an external auditor that must report back within 180 days of appointment. It has said in its note that it has reasonable grounds to suspect that Gold Corporation as a reporting entity has contravened and/or is contravening various sections of the act. Not too many organisations have faced this action in the past. This is a fairly rare and dangerous action for one of our organisations to be looking at.

AUSTRAC identified compliance concerns in a number of areas. The first area was the AMLCTF program and whether its part A program was operating sufficiently. The part A program must include processes and procedures to help identify, mitigate and manage the money laundering and terrorism financing risks that an organisation may reasonably face.

The second issue to be looked at is compliance with applicable customer identification procedures, and whether Gold Corporation had failed to comply with some of those measures. It goes on to refer to compliance with enrolment obligations. There was another issue with enrolment obligations! The audit will also cover compliance with international fund transfer instructions and ongoing customer due diligence.

With regard to due diligence, I asked the minister this question last Wednesday —

- (1) Does Gold Corporation currently conduct due diligence on all corporate customers?
- (2) If yes, what does this entail; and, if not, why not, and for how long has this lack of due diligence been occurring?

What I got back was a whole lot of irrelevance, until the final sentences, when the minister said —

Gold Corporation is currently working with regulatory authorities to complete all “know your customer” checks and we are investing in that. There is a dedicated team to bring all the “know your customer” arrangements into compliance as quickly as we are able to.

In other words, he was saying that, no, it had not been compliant. I asked a supplementary question —

Is the minister satisfied that Gold Corporation is currently conducting due diligence on all high-risk clients, including customers from areas such as the United Arab Emirates?

What I got back was basically crickets. The last sentence was repeated, but no information was given about whether it took the risk of the tainted gold that was mentioned in the Gary Adshead article a few weeks ago, in which he

explained how it is such a risk. I wish the AUSTRAC team good luck in getting any information from this minister. Perhaps it will be able to educate him on the corrosive and dangerous effects of both money laundering and the passing through of conflict gold and gold bought from other dubious sources, which could occur without appropriate customer due diligence. The Premier's offhand and flippant dismissal of these matters as simply administrative issues, as reported in *The West Australian*, shows that he fails to grasp the serious damage to not only the state, but also society at large from a lax approach to compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act. It needs to be understood that this is about protecting the community from organised crime. It is not good enough to come in here and bang on about organised motorcycle gangs and the like when the government is enabling the black economy that they rely on by having lax money laundering processes in place. This is a very serious failure. We will know just how serious it is once AUSTRAC completes its audit and the processes that will happen after that. I do not expect this to be a tick-and-flick exercise, as the minister seems to think. I do not think this is a simple administrative error. This is a serious breach of criminal responsibility by Perth Mint.

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [3.42 pm]: It is interesting that the member talked about his due diligence in all these matters. In the 2021 estimates hearings, not a single question was asked about anti-money laundering measures, yet by the time estimates were on, I had already had a series of conversations about money laundering issues. The idea that the opposition was holding our feet to the fire is not supported by evidence; it is just make-believe. I had my first conversation with the Auditor General on money laundering on 6 May 2021, shortly after I took on the role of minister with responsibility for Gold Corporation. It was nearly a year before the shadow minister raised anything with me about money laundering. The idea that it is somehow only because of the diligence of this lazy member that we are doing stuff on money laundering is just a fabrication. I have previously tabled correspondence from AUSTRAC, dated 28 June 2021—2021! Again, this was just six weeks after I had met with the Auditor General on a range of issues, including AMLCTF issues.

The email to one of my staff members states —

Thank you for your enquiry on behalf of Minister Johnston, regarding a company that contacted the Minister about a potential AUSTRAC investigation.

That was Gold Corporation, although it does not say that in the email. It continues —

I am unable to comment on specific businesses or AUSTRAC operational information. AUSTRAC does not publicly disclose or discuss matters it is or may be investigating.

The email was signed by Diana Wilk, chief of staff of the office of the CEO. It is not like I was not trying to reach out and find out what was happening; I went to the very agency that is responsible for regulating AMLCTF and asked it to give me a briefing. What was its response? It could not give me a briefing. This is the ludicrous position of the lazy opposition, whose members never do any work and who came to this issue after media reporting on it and disclosures by Gold Corporation. The idea that this hardworking shadow minister is somehow holding me to account is ridiculous.

The member commented about the interaction we had in estimates on 23 September 2021, remembering that not once did the member raise anything about anti-money laundering issues. I said —

I will throw to the agency staff in a moment.

I went on and read the answer that had been provided to me by the agency, which is what ministers do in estimates. When I had finished, rather than allowing me to throw to the agency, the member then asked an unrelated question! The reason I did not throw to the agency was that the member did not want me to; he asked a different question.

Mr R.S. Love: It is not the only time you didn't throw to the agency.

Mr W.J. JOHNSTON: It is there. He asked —

As at 30 June this year, had \$42 million been spent on this program?

That question was unrelated to the topic that I was covering. The member came back to the issue later and I gave the exact same answer, because, of course, it was the answer that had been prepared by the agency. He again pivoted to a new issue. He puts out the idea that he is somehow holding me to account, but this just shows that he does not understand the answers that I give him. He put out a media release on 17 November that reads —

Mr Love used Question Time this week to ask the Minister if Gold Corporation conducts due diligence on corporate customers and to explain the process.

“Instead of being open and honest about the organisation, which is currently under fire, the Minister was unwilling to be upfront about processes involving taxpayer money,” Mr Love said.

That was not reflective of the answer I gave! I answered twice. I said —

Gold Corporation is currently working with regulatory authorities to complete all “know your customer” checks and we are investing in that. There is a dedicated team to bring all the “know your customer” arrangements into compliance as quickly as we are able to.

Because he asked me the same question again, I said —

I go back and answer the question again exactly as I did in the first part: we are working through all the “know your customer” obligations, and the business, as has been announced previously by the Australian Transaction Reports and Analysis Centre, is working with relevant authorities on the arrangements that AUSTRAC has requested.

I gave a full, detailed explanation of exactly what is occurring, but because the shadow minister did not understand the answer, he went and whinged to the media. This is an embarrassment! This guy does not know what he is doing. Again, I go to the debate on 21 September 2022. Let me make this clear: this is after Gold Corporation talked about AUSTRAC. It is not that he came across something secret; it was after the information had been made public. I said —

I understand that that is not what was reflected in the article in *The West Australian*, but I make it clear that from March 2021, Gold Corporation exercised its obligations in respect of that particular aspect of its registration.

That was referring to the failure regarding remittance advice, which had been solved in March 2021. I went on to say —

That is a separate question to what AUSTRAC is currently reviewing—that is, whether any of the counterparties that Gold Corp has dealt with are involved in either money laundering or other improper conduct. That is not about the registration. Again, I want to emphasise that. It is exactly what I said yesterday, but I want to make it clear to the member. He is actually asking about two separate issues.

This is the problem. From the day I got this job, I have been absolutely worried. I told the member in estimates in 2022, when he actually asked me about it—not in 2021, when he did not ask me about it—that this is the thing that makes me most nervous. That is why I reached out to AUSTRAC. That is why I spoke with the Auditor General. That is why I asked for changes in the business. The idea that somehow or other the opposition is finding secrets in dark corners is a fabrication. It is simply not true.

I draw attention to a question the member asked me during estimates on 26 May 2022 —

I am wondering whether there is any comment about the relationship that Perth Mint has with a group called BFI Consulting.

My answer was —

Obviously, I do not know the names of the individual customers of the business, and the member would not expect me to.

Later on, I said —

What I would say is that from my conversations with the Auditor General, she does not believe that there is a challenge.

That is what I was advised by the Auditor General about that particular issue.

The member also asked whether I needed to change the *Hansard*. No. Every time I have given an answer, it has been 100 per cent accurate. I apologise if the member does not understand the words I use, but I cannot be held responsible for the member not understanding the plain English that I use. I remind the member of what I said in May this year —

We thought AUSTRAC was coming last year, so we expect it to do an audit very soon, and we would welcome that because if there is anything that we do not know or are not aware of, we would like to know about it.

To that, the member said —

I want to put on the record that I am not accusing anybody of anything.

That was the member’s position in May. Journalists have written articles since. I know the member comes in here confused about those articles, asks confusing questions and then does not understand the answers, but that is not my fault. I said on that same day, 26 May —

... I am very concerned about money laundering and terrorism finance. It is an issue that I have raised on a number of occasions with the former chief executive officer, the current CEO and the chair, and it was an issue that I personally discussed with the Auditor General not long after I took on the role as minister with responsibility.

The member went on —

Can we seek an assurance that positive actions, reviews and steps are being taken to ensure that the organisation does not get caught up in that sort of behaviour?

I said —

Yes. It is a significant risk for the reputation of the government of Western Australia; therefore, it is a matter that is in discussion between me, on behalf of the government, the chair and the chief executive. It is a matter that I have discussed with the Auditor General and I look forward to AUSTRAC doing its review.

That is the opposite of a lack of transparency. In fact, what we were doing was being transparent. I know the member is lazy, but sometimes he has to do a little bit of work. He has to actually understand what has been explained to him.

There is confusion about artisanal goldmining in New Guinea, which is a matter of the past. I read the article by Gary Adshead. Gary Adshead went to a person in Papua New Guinea who used to trade with Gold Corporation and said, “Do you want to trade with Gold Corporation again?”, and that person said, “Yes, I want to trade with them again.” The journalist asked Gold Corporation what it had to say about that, and the reply was, “We do not deal with anybody dealing with artisanal gold. We only have dealings with one business in Papua New Guinea, and that is a major multinational corporation.” The guy in Papua New Guinea who used to trade with Perth Mint when the Liberal Party and the National Party were in government, who we have banned from trading with the Mint, says he wants to trade with the Mint again. Of course he is allowed to say that. It does not mean that he trades with the Mint, and it does not mean that he will ever be allowed to trade with Mint.

Again, the answer given by Gold Corporation, which clearly does not want to speculate on the names of counterparties, was that there is only one business in Papua New Guinea that is being dealt with. It is not an artisanal miner; it is an international company. One does not have to be very knowledgeable about the mining industry to know which company that is, because there are not that many around. I say to the member: “Do your job. Get a briefing.” I will happily arrange a briefing.

The member went into the question about gold that is guaranteed by the government. The gold guaranteed by the government is in our vault. This year, the Auditor General did a touch count of all the gold in our repositories, and she assures me that she is satisfied that all the gold that is recorded in the books of Gold Corporation is in the vault. That is important because that is the risk that the government is insuring. We are saying, “If you buy gold from us, we will have the gold to sell to you”, or, “If you deposit gold with us, it will be kept in our vault.” That is not a risk because the gold is in our possession and it is in our vaults. That is the risk we guarantee. We guarantee that if someone turns up for their gold, the gold will be available. That is fundamental to the business.

We do not want to be in the position of taking a risk on the gold itself. The gold price can go up, but that means that it can also go down. That would mean the government would be taking the risk of a fall in gold value, and we are not going to do that. We do not take a position on the gold. The only gold in our ownership is the gold in the coins that we sell, and that is an extremely high-margin business. There is a risk for the business in that we buy gold from goldminers, particularly Western Australian goldminers, and at the same time we sell an equivalent volume of gold so that our gold position does not change. Of course, if the gold price were to collapse tomorrow, to \$1 000 or something, that would be very bad. We would start to have problems, and we would probably not be able to buy more gold. We would have to freight the gold to England and sell it at the London Bullion Market Association, which is the final market for gold, and that would be suboptimal. We have to examine every aspect of this business, and that is exactly what we are doing.

This is, unfortunately, a complicated business. I understand that means it is not well understood on the other side, but the situation is the opposite of what the member has put forward. This business was a mess when we came to government. The Premier started a program of reform. As I have told the member previously, that program was paused because of the COVID pandemic. The Premier wanted to save Western Australian lives. I looked at the difference between the rate of deaths in Florida and the rate of deaths in Western Australia, and saw that it was 100 to one. That is not the number of deaths but the rate at which people died. The Premier should be proud of the job he did in saving the lives of Western Australians. I think Western Australians think that he did a good job. It is probably why he won 62 per cent of the primary vote. He got the largest single vote in every region of Western Australia, including the Agricultural Region.

Mr R.S. Love: For most of the time he was the responsible minister, there was no COVID.

Mr W.J. JOHNSTON: The member is not listening to me again. I said that the Premier had a reform program. Yes, when we came to government, we did not realise the mess that had been left to us. The Premier started a reform program, and then COVID hit. The reform program was paused. After the election, when COVID was still present, the Premier specifically asked me to continue his reform program and go further, and that is exactly what I have done. I make the point again: on not one day that the Liberal Party and the National Party were in office were the remittance arrangements in place—not one day! That was all resolved prior to me becoming minister. The idea that

this has been a static issue is wrong. We are systematically dealing with the issues at Gold Corporation. One of those is the “know your customer” challenge, and we have a large investment in getting assistance with resolving it.

I will make another point. When Westpac Banking Corporation, Commonwealth Bank and National Australia Bank were prosecuted for breaches of the Anti-Money Laundering and Counter-Terrorism Financing Act, it was not the shareholders who were held accountable; it was the management of the business. I am the shareholder; I am not the manager. The manager is the chief executive officer to the board.

Mr R.S. Love: But they paid the \$1.3 billion, didn't they?

Mr W.J. JOHNSTON: The penalty was so large because the breaches were so large. Selling the LBMA bars is not what they are worried about; it is the gold held on deposit that they are worried about. It beggars belief that the member does not get this.

My fear from the day I got the job until now has always been that we are holding gold on behalf of somebody who is not the sort of person we should be dealing with. That is my fear.

Mr R.S. Love: So why did you go into this cryptocurrency?

Mr W.J. JOHNSTON: This is how silly the member is. The cryptocurrency thing does not change the risks. The point the member made was that people need to do a 100-point check to get the gold pass. The member described the 100-point check. The 100-point check is a driver's licence and a bank account. That is called 100 points.

Mr R.S. Love: That is not 100 points.

Mr W.J. JOHNSTON: What is 100 points?

Mr R.S. Love: It is a lot more. There is no photo recognition. Why do you not have any photo recognition in it?

Mr W.J. JOHNSTON: A driver's licence is photo recognition. Anyway, the point I am making is that we are investing. We are systematically working through the “know your customer” procedure.

Mr R.S. Love: Think Optus breach.

Mr W.J. JOHNSTON: If it is true that it is being breached now, it is true that it was being breached when the Nationals WA were in government.

Mr R.S. Love interjected.

Mr W.J. JOHNSTON: I am not interested in interjections, particularly not the inane ones I am getting.

Let me make it clear: a range of legacy issues were left to us and I am fixing them. I expect the business to be fully compliant with all its obligations within a very short time. For example, the issues about the arrangements in the US were self-reported by the new management of Gold Corporation. It said it had reported its apparent noncompliance with the model state commodity code in the United States. I want to make a point about that. The model state commodity code is designed to prevent fraud. There has been no fraud. For every person in the United States who brought gold from Gold Corporation, the gold is there. There is no fraud. It is important for GoldCorp to become compliant with the US model state commodity code. We have reported to most, if not all, I believe, of the 19 states that apply the model state commodity code, but there has not been fraud. We cannot say what the regulators will do because they are independent of us. On those occasions when prosecutions have arisen from failure, there has been fraud. The opposite is not true. The fact that there is no fraud here means that it is quite likely that there will not be a penalty for our legacy noncompliance. I make the point again that it was only after I became minister and through the due diligence that I asked of the new chief executive that we discovered the failure to comply. Every day the Nationals were in government, it failed to comply. How come nobody in the Liberal–National government ever did anything to fix the Australian Transaction Reports and Analysis Centre's compliance or the model state commodity code compliance?

Another issue that has been raised is the question of the privacy rules from Europe, because we are necessarily adopting those privacy rules. However, there is a conflict with the State Records Act because the EU code requires the destruction of documents, whereas, of course, the State Records Act requires the retention of documents. We will obviously comply with Western Australian law, rather than European law, but we will continue to work to be in compliance with the European privacy rules. We have a continuing campaign to simplify the business. I am not going to apologise for trying to make the business more simple and straightforward.

Again, I draw members' attention to the audit reports for Gold Corporation. This year is the first time that anti-money laundering and countering financing of terrorism has been raised by the auditor. Why is that important? It is because part of the responsibility of the auditor is make sure we are in compliance with the law. That is one of the reasons we have the Auditor General. I know that this is confusing for the member for Moore; I get that. But that is no excuse for him not to understand what he is saying. I get very, very concerned that the member creates this impression that I do not answer questions when the opposite is true. Every single time the member has asked me a question,

whether in person, on notice or in estimates, I have answered the question completely. Sometimes he does not like the answer, but it does not change the answer. The answer is still whatever it is.

I am happy that we are going to continue to work towards full compliance with AUSTRAC because I think that every Western Australian would want that. That is what we are doing for the first time. It is the McGowan Labor government that is getting this business into shape. We should be thanked and congratulated for the fact that we are paying attention to these things and investing resources to bring ourselves into compliance with AMLCTF.

I will finish because I know the Minister for Transport wants to have a say.

This is a necessarily complicated business. As I have explained previously to the member, if we take a profit as percentage of turnover, it is 0.15 per cent or thereabouts. If the business's preferred measure of percentage of controlled costs is used, it is about a 20 per cent profit margin. The principal job of Gold Corporation was always to provide refining services for Western Australian gold producers. Unfortunately, refining services are very, very narrow margin businesses and people can make a profit or make a loss without a significant change in either volume or price. It is a very, very narrow margin business and we can see that around the world. That is why there are so few refineries around the world.

We will continue to review the business to make sure that it is not an unnecessary risk to Western Australians. That is why I have made the point that the number one risk is not whether we filled in a form for AUSTRAC; it is whether we are holding gold for people we should not. The final point before I hand over to the minister is that if we are holding gold for somebody we should not, the gold is sitting in a vault and they cannot take it with them because they cannot get to it without our approval; therefore, the risks for us are much lower than an automatic teller machine from which we can simply withdraw cash.

MS R. SAFFIOTI (West Swan — Minister for Transport) [4.07 pm]: I rise to speak on this motion and to reject the motion moved by the opposition today, which includes that this house calls on the Premier and Minister for Mines and Petroleum to take responsibility for the government's failures. We have seen the Minister for Mines and Petroleum give an explanation of the active way this issue has been answered during the term of this government. This is a matter of public interest. I was going to say that my first point is I believe that the opposition is misleading Parliament, because I think this is similar to most issues that it brings to this place; it creates a Watergate scandal on every issue. On every issue, there is somehow secrecy and lack of transparency.

Ms S.E. Winton: A mole on the hill.

Ms R. SAFFIOTI: There is a secret government on the hill. Every day, there is another conspiracy theory from the opposition, and today's motion is another example of it. The Minister for Mines and Petroleum answers questions in a lot of detail. He provides all the information that is asked of him. On this matter, there is no doubt he has made very clear from the beginning his issues and concerns and what action the government is taking. To come here and claim otherwise shows that members opposite do not listen to the answers provided. The member for Moore asks questions, including of the Minister for Mines and Petroleum. The minister is also asked questions about his other portfolios. I would say that the minister is very forthright with information. I remember when he initially explained the situation. He publicly stood up and talked about it. I remember that, because I thought, "Wow!" He stood up and said that he was worried about money laundering. He actually said it; he did not try to deny or hide it. But he had an action—a reform plan to make sure that the state would not have these issues in the future. As I said, all the questions have been answered.

Again, for government trading enterprises, there is a board and a CEO. Of course, the responsibility for the day-to-day operations rest with those people. As a shareholder and the owner of the company, we need to make sure that it operates in a functional way. Again, that is what the Minister for Mines and Petroleum does. I must say, I think it is good that one member of the Liberal Party came back. I do not know how members opposite choose who moves a matter of public interest or what they move each day. Maybe members take turns; maybe they do rock-scissors-paper or pull a subject out of a hat. I do not know. I do not know their parliamentary strategy, but I like it, because it is pretty dysfunctional. Today's matter of public interest is another example of that. It is probably one of the most ridiculous things I have ever heard in this place to accuse this minister of not knowing the detail. This minister is across the detail, and he is keen to bring forward reform to address the issues. He has answered every question that members opposite have put forward. As I said, sometimes I have been surprised by the level of detail he has given, but he has answered every question. Members opposite have not raised any new points today; all they have done is read through annual reports and media statements. As the minister outlined, he has a program of reform. The Premier started a program of reform; of course, COVID interrupted that, and there were massive priorities like saving people's lives, which I am sure all Western Australians very much appreciated. There is a program of reform. We will make sure that we comply with all the Australian Transaction Reports and Analysis Centre obligations, but we reject the proposition that was put forward in this matter of public interest. This minister continues to administer this organisation in an effective way and continues to ensure that we minimise any exposure to the state.

Like I said, I am not sure what the opposition's parliamentary strategy is—it must be the Deputy Leader of the Opposition's shot today—but members opposite did not provide a compelling case. They basically misled the Parliament when they said that the Minister for Mines and Petroleum does not answer his questions. The minister is always transparent on these issues.

Division

Question put and a division taken, the Acting Speaker (Mr D.A.E. Scaife) casting his vote with the noes, with the following result —

Ayes (6)

Ms M. Beard
Ms M.J. Davies

Dr D.J. Honey
Mr R.S. Love

Ms L. Mettam
Mr P.J. Rundle (*Teller*)

Noes (44)

Mr S.N. Aubrey
Mr G. Baker
Ms L.L. Baker
Ms H.M. Beazley
Dr A.D. Buti
Mr J.N. Carey
Ms C.M. Collins
Mr R.H. Cook
Ms L. Dalton
Mr M.J. Folkard
Ms E.L. Hamilton

Ms M.J. Hammat
Ms J.L. Hanns
Mr T.J. Healy
Mr M. Hughes
Mr W.J. Johnston
Mr H.T. Jones
Mr D.J. Kelly
Ms E.J. Kelsbie
Dr J. Krishnan
Mr P. Lilburne
Mr M. McGowan

Mr D.R. Michael
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mrs L.M. O'Malley
Mr P. Papalia
Mr S.J. Price
Mr J.R. Quigley
Ms M.M. Quirk
Ms R. Saffioti
Mr D.A.E. Scaife

Ms J.J. Shaw
Ms R.S. Stephens
Mrs J.M.C. Stojkovski
Dr K. Stratton
Mr C.J. Tallentire
Mr D.A. Templeman
Mr P.C. Tinley
Ms C.M. Tonkin
Mr R.R. Whitby
Ms S.E. Winton
Ms C.M. Rowe (*Teller*)

Question thus negatived.