

— Exclusive

# Richard Hayes leaves Perth Mint after \$100m tech blowout

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Ex-Perth Mint chief executive Richard Hayes left the government-owned gold refiner after it burnt through \$100 million of taxpayers' money in a dysfunctional technology upgrade project that is now six years overdue with the cost blowouts buried within the organisation's accounts.

Mr Hayes, who signed on for another five-year contract with the Perth Mint last November, resigned suddenly on October 13 citing health reasons, with employees told he would leave the gold refiner in April next year.



Richard Hayes left the Perth Mint early after questions were over cost blowouts.

But an investigation by *The Australian Financial Review* can reveal Mr Hayes left the Mint after a board meeting on October 17, alongside chief information officer Brad Wearn who only re-joined the Perth Mint in August.

Mr Wearn was previously an employee of the Perth Mint, and his appointment to CIO marked the sixth change to the head of the IT department over the last six years.

Perth Mint director John Collins, former chief of the WA Treasury Corporation, is temporarily acting as CEO. It is believed he is working two days a week. The Perth Mint did not respond to questions.

The new Enterprise Resource Planning (ERP) system, developed to run financial accounting and metal accounts, was given the green light in 2014, with a \$16 million budget and an 18 to 24-month timeline. The project cost has now ballooned to more than \$100 million.

Within the Perth Mint annual reports, the *Financial Review* can reveal the company classified the software upgrade as an intangible asset, capitalised some of it and amortised the rest over the six-year period.

## Systems crashed

Mr Hayes' abrupt departure comes after questions were put to the Gold Corporation, the parent company of the Perth Mint, during a West Australian Senate estimates session in September regarding the software project.

According to insiders, there are 80 staff and contractors working on the project, with Mr Hayes providing oversight during his tenure, alongside a steering committee made up of board members.

PwC is the contracted project manager and Empire IT Services and Churchill's, where Mr Wearn was also previously employed, are also independently overseeing the project.

According to documents seen by the *Financial Review*, the ERP system went live at the end of November but crashed the Perth Mint's systems, which were offline for at least 24 hours, restricting the Mint's capacity to accept, dispatch or check stock levels.

Mr Hayes has been the chief executive of the Perth Mint for seven years, and helmed the government-owned entity throughout revelations last year that the Mint was unwittingly buying up to \$200 million of “conflict gold” annually from a company run by a convicted killer in Papua New Guinea, breaching its global accreditation and the company’s own supply chain policies.

At the time, West Australian Premier Mark McGowan ordered an “urgent review” of the Mint’s processes.

Ultimately, the Mint was not stripped of its accreditation by The London Bullion Market Association (LBMA), but Mr Hayes was also embroiled in another scandal after senior staff members raised concerns they were facing pressure over hiring decisions and procurement contracts in 2017.

The Mint was then the subject of inquiries by the WA Corruption and Crime Commission (CCC).

“Of all the things the Mint has gone through over the last few years, it’s surprising to think a software blowout is the thing that has toppled Hayes,” one ex-employee who worked with the executive team for many years told the *Financial Review* on the condition of anonymity.

**Correction:** Brad Wearn was previously the chief information officer of the Perth Mint. A previous version of this story incorrectly stated Mr Wearn was the chief investment officer.

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