Gateway Network Governance Body Ltd – Chair's Report, October 2020

On behalf of the Board of Directors of the Gateway Network Governance Body Ltd (GNGB), I am pleased to present the Annual Report for 2019/20, our fourth year as the governance body overseeing the security and integrity of the Superannuation Transaction Network (STN).

2020 has been a challenging year for many. That is also true for the GNGB, our stakeholders and the Gateway community, particularly in the face of managing rapid change. This has included regulatory changes and changes driven by the pandemic environment, such as relocation of staff to home and remote working, as well as the increase in external threats from a cyber perspective.

Managing the Integrity of the Superannuation Transaction Network (STN)

A key priority of the Board is oversight of the security and integrity of the STN.

During this year of rapid change, GNGB has sought to support our stakeholders with an "essential changes only" approach to the continuous improvement of the STN governance framework. A number of strategic initiatives were implemented to clarify requirements, streamline and align our practices with leading industry standards and build on lessons learnt from the previous 3 years of GNGB Operations. Initiatives included a review of the Memorandum of Understanding for Participants in the Superannuation Transaction Network (MoU), Gateway Standards and STN Information Security Requirements (STN ISR).

During 2019/2020 the GNGB Board oversaw the third annual audit of the security of the STN and implementation of audit recommendations. The results of the 2019 annual audit of Gateway Operator policies, systems, processes and practices against the minimum requirements set out in the Memorandum of Understanding for Participants in the Superannuation Transaction Network (MOU) and Gateway Standards provided the Board with evidence of the extent of compliance by Gateway Operators with the Gateway Standards.

The review of the STN ISR conducted in early 2019/2020 will enable greater transparency for the Board, linking compliance with the governance framework to identified risks.

Strategy and risk management

A key role of the GNGB Board is to shape the strategic directions and priorities of the GNGB in meeting its objects and roles as set out in the Constitution and MOU.

Strategic Reviews

As mentioned earlier, a number of strategic initiatives were implemented during the 2019/2020 financial year. These included the review of the Memorandum of Understanding for Participants in the Superannuation Transaction Network (MoU), Gateway Standards and STN Information Security Requirements (STN ISR) with the objective of closing key risks identified and building on learnings from the previous period. The changes negotiated between parties to the MoU enable:

- Greater discretion for GNGB Board when considering appropriate remedies for breaches of the MoU
- Simplification of disputes and termination processes
- Addition of ability to broaden the scope of GNGB under specific circumstances.

Strategic Plan

Each year the Board monitors the implementation of the GNGB's Strategic Plan to ensure that priorities of the GNGB remain relevant and effective in the context of a rapidly changing policy, regulatory, and technology environment. The Board also closely monitors risks to ensure the GNGB is positioned to prevent and minimise the impact of identified risks on the integrity and security of the STN.

The Board held a planning day in February 2020 and considered:

- Analysis of external environment including emerging issues such as:
    - New payments platform, e-invoicing, ATO's Operational framework changes
    - Open Banking lessons / challenges as a pre-curser to open super
    - Cyber security – where to from here?
    - Crisis management and managing the media
- Upcoming regulatory change with the introduction of Rollovers V3.0
- GNGB Role and Scope – scenario analysis and possible impacts to GNGB
- 2020 – 2023 Director's expectations of GNGB in 2023 together with the impacts to GNGB's operating model, organizational design and internal capabilities
- Organisational capability analysis against 2023 expectations
- Considerations and gaps to close to meet 2023 objectives
- Key stakeholder groups, the strategy for targeting current and an expanded stakeholder set

The Board confirmed the continued relevance of the five pillars from the 2017-2020 Strategic Plan remain relevant, with the following strategic initiatives determined for 2020/21:

Ensure reliability, security and integrity of the STN	• Investigate how we can bring Cyber capability directly into GNGB • Refinement of governance framework including implementation of STN ISR recommendations • Other Security Committee activities – TBC
Engage with GNGB stakeholders, and advocate for the STN and GNGB	• Broaden the stakeholder groups to include secondary stakeholders. • Implement structured, regular and consistent written correspondence with existing stakeholder groups • Implement website and social media campaigns around GNGB events and milestones • Increase / broaden government engagement
Provide information and communications	• Enable information sharing with STN participants more effectively via process or platform
Maintain an approach of innovation and continuous improvement	• Operating model review – sourcing changes and filling any functional gaps • Policy and procedural review and update • Uplift GNGB office infrastructure and security profile (internal)
Monitor and assess emerging issues and opportunities	• Advocacy with Government on NPP developments and building understanding of impacts. Direct engagement with NPP to proactively manage impacts to the STN. • Advocacy with Government on Open Super developments and building understanding of the potential role for the STN • Implement process for arriving at "house view" and sharing issues papers for joint lobbying / discussions • Formal processes to assist in the capture of emerging issues

In addition to the above, the Board has developed a Risk Management Framework to industrialise the risk management processes and increase transparency regarding GNGB's risk assessment process.

At the Board's strategic planning day in March 2020, Directors agreed a specific set of principles for which to consider GNGB's scope. The following Design Principles were agreed, to test whether GNGB inserts itself into, advocates for involvement in, or seeks to influence outcomes of, emerging issues and opportunities. The topic must:

- be legislated for - regulated/mandatory (as opposed to commercial)
- fall within the context of Superannuation
- be in relation to data not dollars
- have the potential to enable improvement of security, efficiency, reliability and sustainability of the system
- be within current GNGB stakeholder interests
- be subject to a cost/benefit analysis in relation to GNGB members

Cyber-security

The Security Committee, established by the Board in 2018 continues to advise the GNGB Board on information and cyber-security matters affecting the network and providing a focal point for data security and cyber activities impacting the STN. The Board has approved initiatives to assist the GNGB in:

- supporting Gateway Operators and the superannuation industry to be aware of cyber-security issues;
- applying a range of practical technology and process controls to address cyber risk to the network;
- driving continuous improvement in the information security governance framework; and
- fostering open discussions about cyber threats and solutions.

In 2019/2020, changes were made to the composition of the Security Committee including:

- Mark Hudson, Gateway Director taking on the role of Chair
- James Cameron from SuperChoice appointed as Advisor to the Committee
- David Field from Ozedi appointed as Advisor to the Committee

Initiatives undertaken during the 2019/2020 financial year include:

- Entering into the Joint Cyber Security Centres (JCSC) partnership program enabling access to industry forums, thought leadership and threat intelligence
- an independent review of the STN ISR to ensure it is consistent with cyber-security best practice resulting in recommended changes across 2020 and 2021 audit requirements
- increase in communication and marketing campaigns raising awareness of cyber threats including the hosting of a virtual Cyber Round Table in April 2020
- the annual Cyber-Incident Response Exercise to build familiarity and confidence and identify opportunities for continuous improvement.

Planned initiatives in 2020/21 include:

- The exploration of provision of a threat sharing network for STN participants is in progress
- GNGB sponsored independent review of the Superannuation Ecosystem risks as they relate to information security

Stakeholder engagement

The GNGB has an important role in engagement with industry and government bodies in respect of any emerging legislative, policy or technological changes that may impact the STN. The Executive Officer and Chair of the Board meet regularly with the ATO and engage actively with key stakeholders through meetings, attendance at conferences and communications. In 2020, much of this stakeholder engagement has been conducted virtually.

In addition to this, the Board approved the GNGB media policy in 2020, enabling a more active presence in both social and traditional trade media, with the objective of increasing awareness of GNGB, the STN and their role within the superannuation environment.

GNGB has actively participated in a number of government consultations in the 2019/2020 financial year with a view to influencing policy that may impact GNGB and our stakeholders including:

- Cyber Strategy 2020 Call for Views November 2019 highlighting the need for greater collaboration between industry and government to enable greater protections
- Senate Select Committee Hearing into Regulatory Technology and Financial Technology in January 2020, advocating for the use of existing data infrastructure within any proposed Open Super environment. GNGB represented these views in a hearing with the Senate Committee in January 2020. The key themes of this submission were supported by GNGB's Co-Sponsors FSC and ABSIA within their own submissions
- Critical Infrastructure and Systems of National Significance submission provided by GNGB highlighting the importance of the STN to continued delivery of superannuation services during a crisis or incident. GNGB has engaged with home affairs to continue this discussion since the submission.

The GNGB will continues to work closely with the ATO, ASFA, AIST and NPPA in shaping future policies, standards and practices in relation to the use of NPP for superannuation payments to ensure consistency of standards and integrity of processes via the STN and that the benefits of SuperStream continue to be realised if payments via the platform are introduced.

Board governance

The composition of the GNGB, comprising representatives of Association of Superannuation Funds of Australia (ASFA), Association of Industry Superannuation Trustees (AIST), Australian Business Software Industry Association (ABSIA), Financial Services Council (FSC), employers and Gateway Operators, provides for a diversity of backgrounds, skills and expertise on the Board and contributes to informed and robust discussion and deliberation of matters by the Board. Board members actively contribute to Board and committee meetings.

As provided in the GNGB's Constitution, the Board has established committees to assist it in carrying out its role. The Board has established a Remuneration Committee, which provides independent oversight of Chair and Executive Officer Remuneration, and a Security Committee, which provides leadership and oversight of the GNGB's strategies to protect the STN from the impact of cyber-security attacks on the STN. In 2019/20 the Board established a working group to oversee the review of the MoU and the development of the GNGB Risk Management Framework.

The Board conducts an annual assessment of its performance to drive continuous improvement of its governance framework. The Board also periodically reviews its skills matrix to ensure relevance and currency of skills on the Board and to assist in identifying suitable candidates to fill vacancies on the Board as they arise from time to time.

Financial management

2019/2020 is the second year of the 3 year government grant in relation to the 85% of funding receiving from the Commonwealth, paid from proceeds of the APRA levy.

This year, due to COVID-19, and as a result of prudent financial management, GNGB offered Gateways an opportunity to delay the payment of their fees to ease cash flow challenges faced as a result of the pandemic.

The Board was pleased to receive the annual audit of the GNGB's Annual Financial Statements which identified no qualification or area of concern. The audit demonstrated that the GNGB's financial management of funds from the APRA levy and Gateway fees has been prudent and that reporting has been clear and effective. The Board has had good visibility and control of all financial activity.

Acknowledgements

I would like to acknowledge the commitment and diligence of the Directors of the GNGB in exercising their duties and responsibilities and to thank them for their support and significant contribution to the governance of the GNGB.

I would like to thank David Field, who was ABSIA's nominee on the GNGB Board, for his contribution to the work of the Board, and his involvement in GNGB since inception. I am pleased that David has been nominated to join the Security Committee where he is already making a great contribution.

I would also like to thank Ian Gibson for his contribution to the Board as the Tier 1 Gateway Director and former Chair of the Security Committee. I would like to welcome Ian back to the Board as ABSIA's nominee.

At the same time, I welcome Chris Denney as the Tier 1 Gateway Director. Chris brings extensive experience in gateway operations, superannuation policy and government and I look forward to Chris's continued contribution to the work of the GNGB Board.

I would also like to acknowledge and thank two Directors, Hans van Daatselaar as the ASFA Director and David Humphrey representing the employer community, who renominated this year for an additional three-year term, on top of the term already served. This illustrates the depth of their commitment which we value greatly.

It is also appropriate that I acknowledge the contribution of the inaugural Executive Officer of the GNGB, Ms Sarah O'Brien who finished in the role in September 2019 to take up a senior policy and regulatory advisory role at REST. At the same time, I welcome Ms Michelle Bower to the role of Executive Officer. Michelle commenced in the role in October 2019 and has made an outstanding contribution in her first year in the role. I would also like to welcome Mary Costello as Operations Support Coordinator. Mary provides invaluable assistance to Michelle in relation to all aspects of the GNGB's operations.

The GNGB is very lucky to have such a talented, dedicated and professional team of Directors and staff.

Jan McClelland AM, Chair