

## **GNGB AGM – Executive Officer’s Report**

**October 2021**

Dear Members,

I am pleased to present the Executive Officer’s report, supporting the Chair’s Report and the Annual Financial Statements of the GNGB.

In 2020/21 against a backdrop of continued uncertainty related to the pandemic, heightened risk environment that accompanies that, significant regulatory change in relation to Rollovers v3.0 implementation, among others, the STN and GNGB have continued to support the industry.

### **GNGB Key activities and achievements**

As Jan mentioned GNGB Board has set out Strategic targets and initiatives with which to meet those, I will touch on some of those in more detail shortly. GNGB’s operational objectives over the period tie back to these key strategic areas and support GNGB’s overall purpose. Security and integrity of the STN is always at the heart of what we do. Continuous improvement of the technical practices and requirements for Gateway Operators within the context of the dynamic environment they operate within, Supporting Gateway Operators and the network to manage through changes.

Embedding the GNGB’s risk management framework into our day to day activities and continuing to advocate and promote awareness of the great work that is done by the STN, supporting the broader superannuation industry. Providing leadership to the industry, as the core of the ecosystem, on how collaboration can lead to an enhanced security environment for all.

Advocacy of the work of the STN, including the facilitation of a single voice for Gateway Operators when facing challenges within the environment.

### **Cyber Security**

A key focus for GNGB has always been on information security however GNGB’s report released in February 2020 placed GNGB at the forefront of the cyber conversation in superannuation. GNGB and Gateway Operators are well placed at the core of the ecosystem, with the benefit of now 5 years’ experience operating in this environment, to continue to raise awareness of these issues and work collaboratively with Gateways and other ecosystem participants to find effective solutions.

The Board has endorsed activities to further this work into 2022 and beyond, including continuing to build the threat sharing capability within the threat sharing capability within the STN, the legal framework of which is out for consultation as we speak. In addition to leveraging the Incident response experience of the STN as an example for a broader ecosystem response. We have secured assistance from the ACSC to assist us with the latter initiative.

In addition, we note other industry participants have followed our lead and joined the cyber conversation, inspired by the Securing the Future report, exploring meaningful and effective ways to collaborate on solutions. A timely area of focus for government in supporting industry to face these threats has ensured GNGB an expanded audience with the ACSC, Dept of Home Affairs, the ATO and

APRA, with whom we continue to have conversations and advocate for increased collaboration between government and industry.

Whilst these initiatives will continue to benefit the ecosystem and solidify GNGB's position as a thought leader on cyber security matters, the work on the ground with Gateway Operators is equally if not more important. 2020/21 has been an extremely busy year with formal consultation process run for Gateway Operators on future initiatives and proposed improvements to the STN Information Security Requirements, A review of Binding Implementation Practices, to bring them into the current practices, as well as improve the security profile of the network. As well as supporting the testing framework for Rollovers v3.0 with Gateway Operators, a process which for some has now reached 12 months of testing. This work is ongoing.

### **Risk Management Framework**

Directly related to the way we manage Cyber Risks, alongside many other risk categories is the enhancement of GNGB's Risk assessment framework that took place in late 2020. This has enabled a direct linkage to STN governance requirements and risks facing the environment, allowing a more agile approach of standard setting, as well as increased transparency in assessment of threats and Breach Events by Gateway Operators. The use of this framework in practice has proven to be a practical and effective tool which we continue to build on.

### **Advocacy, Communications and Stakeholder engagement**

GNGB is uniquely placed to enable collaboration and advocacy across a number of stakeholders and organisations. As a not for profit organisations who's Purpose and Objects relate to supporting the superannuation ecosystem, our work is broad and we are fortunate we do not have to consider commercial alliances. As a result, we are able to participate broadly and continue to strive to diversify our audience.

### **Financial Management**

A key pillar of GNGB's work is of course ensuring sound and prudent financial management of member and industry funding. Our relatively fixed revenue model ensures our focus needs to be on expense management and ensuring as much budget as possible allocated to the important work of securing the STN and supporting the Board's strategic direction. In the following slides, I will highlight key numbers to provide context, further to my covering letter you will have received with the Financial Statements. Overall, GNGB is in a healthy position and has inadvertently benefited financially from the constraints and stimulus brought to bear by COVID however you will see in 2020/21 financial year we are beginning to realise the benefits also from changes to the operating model in the year prior, with the insourcing of governance activity and operations support.

### **Notes to Revenue**

As mentioned, regular revenue streams are largely fixed, increasing by CPI. In 2021, GNGB negotiated a subsequent commonwealth grant, which secures industry funding out to June 30 2024.

GNGB benefited also from the cash flow stimulus across the 2 periods and this remains in retained earnings.

As mentioned in my cover letter to the accounts, note the change in methodology to the deferred revenue allocation however you will note, the increase in the 2021 year.

### Expenses

| Key Figures              | 2020 ('000) | 2021 ('000) | % change | Inclusions   | Comments  |
|--------------------------|-------------|-------------|----------|--|---|
| Staff                    | 359         | 459         | + 22%    | Chair and EO OSM   | 2021 1 <sup>st</sup> full year of insourced model   |
| Corporate admin expenses | 131         | 57          | - 56%    | Insurances, accounting and bookkeeping, rent office supplies and licences                            | Accounting costs<br>COVID impacted rent<br>Software licences                                    |
| Governance Expenses      | 250         | 142         | - 43%    | Research and Projects, Disaster testing, Board support, GOM and forum support, Board and GOM travel, | COVID impacted travel<br>Projects and Board/Forum support down partly due to change in sourcing |
| Stakeholder engagement   | 34          | 68          | + 50%    | Marketing support, website development and maintenance, conferences and travel                       | Marketing support moved from projects to BAU re branding and website updates                    |

### Initiatives for 2021 into 2022 – Strategy into Action

Looking to the year ahead and beyond, GNGB's focus on strategic initiatives, key activity being:

- Undertaking an independent threat assessment of the STN
- Ensuring a comprehensive review of emerging issues in the form of scenario SWOT analysis
- Solidify GNGB's role as a thought leader within the industry. Build

Through all of this, we will maintain focus on the important groundwork, critical to our purpose:

- Testing the STN's resilience to cyber and bcp scenarios
- Continuous improvements of the governance framework including ongoing review and Risk based changes to the gateway standards, BIPs and STN ISR as required
- Facilitating the resolution of challenges within the network and, lastly a strong passion of mine,
- Continuing to develop opportunities for threat sharing,

The operating model is a living framework that we will continue to review and adapt within an evolving technology, operations and sourcing environment. Always with the continued objective to enable GNGB's strategy as it changes over time.

### **Acknowledgements**

GNGB is a unique organisation which truly requires a team effort to achieve its purpose in securing the STN. I would like to thank Mary for her continued drive and professionalism throughout this period. The impact she has had on the output, productivity and capability of GNGB is monumental, as is her continued support for me, for which I am very grateful.

I would like to thank Jan for her, wisdom and guidance, for her generosity with her time and her encouragement and faith in me.

I thank our Co-Sponsor members, AIST, FSC, ASFA and DSPANZ and associate Co-Sponsor Gate, for continuing to support GNGB and provide assistance in many ways, whenever and wherever you are asked to.

Also our Directors, for always picking up the phone and giving of your time generously and for being so passionate about the work you do with GNGB.

Whilst 2020/21 financial year has been one of personal and professional challenge and change, one that we will not forget in a hurry, I am extremely proud of the way STN participants, Gateway Operators have kept their focus on enabling superannuation transactions in a secure and sustainable way for their clients and all superannuation members. Their willingness to jump in and fix an issue, work together to improve a process or even simply to assist each other in testing changes to their solutions is a key part of GNGB's success. I want to thank you all for continuing to prioritise the STN for the benefit of the industry, and for all your hard work and determination.

**Michelle Bower**

**Chief Executive Officer**