

## **Gateway Network Governance Body Ltd – Chair’s Report, 10 October 2022**

On behalf of the Board of Directors of the Gateway Network Governance Body Ltd (GNGB), I am pleased to present the Annual Report for 2021/2022. GNGB has now been operating as the governance body overseeing the security and integrity of the Superannuation Transaction Network (STN) for 6 years.

2022 has seen further challenges and uncertainty as we learn to live with Covid-19 on an ongoing basis. As we all adapt to the new work environment, GNGB continues to serve Superannuation stakeholders to ensure the STN remains secure, reliable and available in servicing industry to continue to meet the requirements of the Data and Payments Standards.

### **Managing the Integrity of the Superannuation Transaction Network (STN)**

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

In 2021/2022, the GNGB Board oversaw the fifth annual audit of the security of the STN and implementation of audit recommendations. The results of the 2021 annual audit of Gateway Operator policies, systems, processes and practices against the minimum requirements set out in the STN Information Security Requirements (ISR) provide the Board with a clear view of the extent of compliance by Gateway Operators. The level of conformance demonstrated in Gateway audit reports continues to improve each year.

### **Strategy**

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.

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 that GNGB is positioned to prevent and minimise the impact of identified risks on the integrity and security of the STN.

2022 allowed the Board to meet in person to hold strategic and planning discussions regarding GNGB and the STN. The GNGB Strategy Day was held in May in Sydney and included a review of design principles to assist the Board in its consideration of the scope of GNGB’s remit particularly in relation to new and emerging issues. Slight changes were made to the principles with the addition of the final principle in 2022:

- *be legislated or be in relation to emerging legislation / government consultation (as opposed to commercial)*
- *fall within the context of Superannuation or and for the benefit of the STN*
- *be in relation to data not dollars or where these are intrinsically connected (not dollars alone)*
- *have the potential to enable improvement of security, efficiency, reliability and sustainability of the system*
- *be within GNGB stakeholder interests*
- *be subject to a cost/benefit analysis in relation to GNGB members*

- *have the potential to be self-funded*

The Board also agreed the following initiatives under each of the five strategic pillars for 2022/2023:

Ensure reliability, security and integrity of the STN	<ul style="list-style-type: none"> <li>• Build on the collaboration started with the industry wide cyber incident response and recovery exercise</li> </ul>
Communications, information engagement and advocacy	<ul style="list-style-type: none"> <li>• Continue to broaden the stakeholder groups to include secondary stakeholders.</li> <li>• Implementation of the Gateway Operator Threat Sharing program</li> <li>• Outline strategic stakeholder engagement plan for advocacy with Government on CDR in Super to share learnings</li> <li>• Broaden Qtrly Super Cyber Forum reach</li> </ul>
Embed risk-based management of change and governance processes	<ul style="list-style-type: none"> <li>• Review GNGB's path to a Risk Based approach to governing the STN and determine next steps to maturing the approach</li> </ul>
Maintain an approach of innovation and continuous improvement	<ul style="list-style-type: none"> <li>• Continuous improvement of governance framework (STN ISR and BIPs Review)</li> <li>• Finalise Policy and procedural review and update</li> <li>• Strategy scorecard</li> <li>• Improvements in the capture, collection and reporting of STN data</li> </ul>
Monitor and assess emerging issues and opportunities	<ul style="list-style-type: none"> <li>• Define the opportunities presented to GNGB with the potential for CDR in Super – Open Finance. Understand how GNGB's key capabilities can be applied for the benefit of the Super industry.</li> </ul>

## Cyber-security

The Security Committee, established by the Board in 2018, continues to advise the GNGB Board on information and cyber-security matters impacting the STN. The Board has approved initiatives to assist GNGB in:

- supporting Gateway Operators and the superannuation industry to be aware of cyber-security issues
- taking a risk-based approach to cyber governance
- driving continuous improvement in the information security governance framework
- fostering open discussions about cyber-security threats and solutions.

Recommendations out of the *Securing the Future Report*, released in 2021, were developed and implemented in 2022:

- GNGB, in partnership with the Australian Cyber Security Centre's National Exercise Program (NEP), conducted an ecosystem wide cyber incident response exercise in June 2022. Attendees from Gateway Operators, funds, clearing houses, administrators, self-managed superannuation fund (SMSF) providers and the government met in Sydney and were taken through a ransomware attack on the Superannuation industry.
- The Superannuation Information Sharing (SIS) community, made up of a number of Gateway Operators, was created to share threat information.
- GNGB has run quarterly Cyber Forums in 2022 attended by members, Gateway Operators and others in the Superannuation industry interested in understanding the changing landscape of Cyber and its impact on Superannuation. Topics in 2022 included Cyber at War, Multi-Factor

Authentication Round Table, Quantum Computing and Cryptography, with a final session to be held before the end of 2022.

To better understand the emerging threat landscape and potential impacts on GNGB and the STN, an independent threat assessment of the STN was conducted in 2022. The findings of the threat assessment support the GNGB's work in identifying and assessing potential STN threats, including defining the risk and ensuring there are controls to combat the threat.

### **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 Chief 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 2022 the engagement is a hybrid of virtual and face to face.

GNGB has actively participated in a number of government consultations in the 2021/2022 financial year with a view to influencing policy that may impact GNGB and our stakeholders, including:

- Critical Infrastructure reforms including the *Security of Critical Infrastructure Act 2018* (SOCI Act) amendments, particularly in relation to the Data Servicing and Processing Sector, whereby correspondence with the Minister indicated the STN as a Critical Infrastructure Asset
- Input into the National Data Strategy providing support for a consistent baseline of cyber security controls across the economy including greater collaboration between industry and government to enable greater protections
- Advocating for good practice and standardised approach with the ATO in relation to STN concerns regarding the impact of Successor Fund Transfers (SFTs) and Digital Certificate exchanges
- Advocacy with the Australian Competition and Consumer Commission (ACCC) in relation to the governance framework of the STN and how this may be useful when considering Open Finance, particularly within Superannuation.

### **Board Renewal and Development**

The composition of the GNGB, comprising representatives of the Association of Superannuation Funds of Australia (ASFA), Association of Industry Superannuation Trustees (AIST), Digital Service Providers Australia New Zealand (DSPANZ), formerly the 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 Cyber 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 2022 a Governance Committee was established to provide oversight and review

of GNGBs governance, risk, control and compliance framework and its financial management and reporting obligations, providing recommendations to the Board based on their reviews.

The Board conducts an annual assessment of its performance to drive continuous improvement of its governance framework, and early in 2022 undertook facilitated Strategy Planning day to consolidate a platform for 2023 strategic initiatives. The Board has undertaken training sessions this year on directors and officers Insurance together with an overview of financial obligations. 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.

In the 2021/22 Financial Year, I am pleased to welcome Bianca Richardson as a new Director to GNGB's Board, nominated by the FSC. I am also pleased to welcome back two Directors who have been reappointed for a subsequent term, Mark Hudson, nominated by Gateway Operators, and Melissa Birks, nominated by the AIST.

### **Financial management**

The Board was pleased to receive the annual audit of the GNGB's annual financial statements which identified no qualifications or area of concern. The audit demonstrated that that GNGB's financial management of funds from the APRA levy and Gateway Operator 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 my fellow Directors of the GNGB Board in exercising their duties and responsibilities and to thank them for their support and significant contribution to the governance of the GNGB.

Thank you to GNGB's Chief Executive Officer, Michelle Bower, and Operations Support Manager, Mary Costello. It is a privilege to work with Michelle and Mary, who continue to work tirelessly in progressing implementation of GNGB's strategic priorities, providing support for the Board and Gateway Operators, facilitating continuous improvement of policies, procedures, systems and processes, and championing the work and achievements of GNGB among key stakeholders and the broader superannuation ecosystem.

Finally, and importantly, I would like to acknowledge the ongoing support of all our stakeholders without whom our work would not be possible. Thank you to our Co-Sponsors and the Gateway Operators for their ongoing participation in the STN, their commitment to continuous improvement of the Network for the benefit of superannuation members.

**Jan McClelland AM, Chair**