6 June 2025

General Manager
Policy Development
Policy and Advice Division
Australian Prudential Regulation Authority

Via email: policydevelopment@apra.gov.au

SUBMISSION: Governance Review – Discussion Paper

The Board of GMHBA has decided to take the unusual step of making this submission in response to the Governance Review – Discussion Paper issued by APRA and seeking submissions by 6 June 2025.

The Board is fully supportive of the need to maintain the highest governance standards in the best interests of the members and the performance of GMHBA. In fact, GMHBA already complies with the majority of the proposals contained in the discussion paper.

The Board is, however, concerned with one of the proposals that is too prescriptive and does not allow entities the flexibility to implement the governance arrangements that are in the best interests of members. It is our opinion that those charged with the governance of the entity (ie, the Board of directors) is best placed to determine the right construct and structure of the Board and its subsidiaries.

Specifically, GMHBA does not agree with Proposal 8. Please see below the specifics of our response:

Proposal 8 – Director tenure and board renewal

As expressed in the discussion paper APRA standards already require boards to have a formal policy on board renewal, and the associated guidance states that APRA expects there to be limited circumstances in which tenure limits beyond 12 years would be appropriate. The Board is of the view that this is an adequate standard and guidance.

We do not believe that it is in the best interests of members to constrain board membership to 10 years.

GMHBA currently has 8 board members with varying tenure. Retirement requirements are set out in the Constitution. A ten year maximum tenure limit would result in recruitment of a new board members almost every year, adding cost to members (through recruitment and induction requirements) and, in our opinion, not result in improved outcomes for members.

In addition, the proposal underestimates the benefits of having stability at the board.

Having longer tenured directors on the board is of great value in times of market disruption and stress as they have invariably experienced those events before. Additionally, the corporate history of why certain decisions had been made, understanding and analysis of any mistakes made, and strategies pursued is of real value.

Having a mix of tenures across time is essential. This mix, combined with a discipline around application of a skills matrix when appointing new directors and reviewing board performance, together with APRA's intention of taking a closer interest in board appointments should help achieve better skilled boards and also underpin more experienced boards for the times that they are most needed (ie, when there is stress in a company and/or the system).

The Board of GMHBA believe that, mostly, APRA already has at its disposal the tools, alongside the various powers of ASIC, with which to drive the improvements in the standards of governance it seeks to achieve.

Yours sincerely

[redacted]

[redacted]
Chair
Board of Directors
GMHBA Limited