3 June 2025

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

Via email: policydevelopment@apra.gov.au

Dear Sir/Madam

SUBMISSION: Governance Review – Discussion Paper

The Board of REI Superannuation 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 6th June 2025.

The board is supportive of the need to maintain the highest of governance standards in the best interests of the members and the performance of REI Superannuation. In fact, REI Superannuation already complies with the majority of the proposals contained in the discussion paper. As APRA would be aware REI Super does not operate under the equal representation model but rather a mixture of independent Directors in the roles of Chair, Deputy Chair and Chair of the Investment committee. The remaining Directors are member elected from within the industry with a wide range of skill sets. We do not have any union relationships or Union appointed Directors on our board.

There is one proposal, however, that the board is concerned 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 (i.e., the board of directors) is best placed to determine the right construct and structure of the board and its subsidiaries.

Specifically, REI Superannuation does not agree with Proposal 8. Please see below our 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.

REI Superannuation currently has 9 board members. This requirement 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.

[redacted]

In addition, the proposal underestimates the benefits of having stability at the board and ensuring that the board has access to the deep organisational knowledge that comes with an appropriate tenure.

Having longer tenure 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, 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 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 board for the times that they are most needed (i.e., when there is stress in a company and/or the system).

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

Yours faithfully

[redacted]

Chair
Board of Directors
REI Superannuation Pty Ltd

[redacted]