

Opening Statement to the Senate Economics Committee
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Senators, thank you for inviting us to attend today.

Before we commence, we would like to take this opportunity to provide a brief outline of our engagement and the key findings of our review.

In 2024, APRA informed Cbus of certain licence conditions they were imposing on Cbus which included a condition of licence that Cbus engage an independent expert to review two specific aspects of Cbus operations:

First, to review whether Cbus is, and has been, compliant with the relevant prudential standards and statutory framework concerning fitness and propriety in relation to the Directors of Cbus, specifically those who were Directors as of 13 August 2024 and those who were Directors at the time of our review, including 3 nominated directors of Cbus.

Second, to review the adequacy of Cbus' policies and procedures in relation to Best Financial Interest Duty with respect to 9 specified payments to CFMEU.

As a result, of this directive from APRA, following a competitive process, we were appointed as the independent expert reviewer. Our engagement was with Cbus and approved by APRA.

We commenced this work in September 2024.

It is important to note that we did not conduct a legal review nor was it a holistic governance review.

Our review had, as its intent, to be constructive to ensure that any findings were implementable and aligned with the requirements of the Act and prudential standards.

In relation to the Fit and Proper test, our review involved performing the fit and proper assessment of the existing and nominated directors to determine if the Directors remain and/or should be considered fit and proper.

We concluded that the current and nominated directors were Fit and Proper under the standard however we identified 8 recommendations to uplift their processes for assessing Fit and Proper.

In relation to Best Financial Interests Duty our review focussed on the processes and procedures to meet the BFID requirements. In conducting this work, it is useful to note the distinction between processes that align with BFID requirements in the SIS Act and actual outcomes.

In relation to BFID, our review concluded that Cbus needed to make improvements in the design and operation of its BFID arrangements. We identified 18 recommendations to uplift the governance, policies and procedures in relation to BFID.

We outlined in our report that we were unable to conclude whether the Expenditure Decisions for these 9 payments we reviewed were made in the

best financial interests of member. This is not to state whether ultimately decisions were made in the best financial interests of members or not – simply that the documentation was insufficient to allow for the decision to be concluded clearly.

There are important issues regarding governance of superannuation and we have tried to apply three tests: improving transparency, driving consistency across policies and procedures, and improving rigour of analysis.

Cbus and APRA were regularly briefed on the progress of our review.

Cbus have agreed with all of our recommendations and have developed a remediation action plan, approved by APRA, to implement those recommendations.

We thank you for your consideration of our report.