

Tabled, by leave,

Penny Sharpe

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Clerk of the Parliaments

**STATE INSURANCE AND CARE GOVERNANCE AMENDMENT (ICNSW BOARD) BILL 2023**

**STATEMENT OF PUBLIC INTEREST**

**Need: Why is the policy needed based on factual evidence and stakeholder input?**

Icare is constituted by the *State Insurance and Care Governance Act 2015* which also provides for the composition of the board of directors who have oversight and management of icare to exercise its functions.

These two new directors nominated by employer and employee bodies will help bring diversity to the icare board. They will bring practical, real-life perspectives on those standards icare needs to meet in the efficient, transparent and accountable conduct of its operations.

Over time these appointments have the potential to help build confidence amongst New South Wales' employers and employees.

The Government is committed to upholding diversity on the icare board.

This amendment will ensure representation of employee and employer perspectives on the icare board which must be factored into its deliberations and decision-making going forward.

**Objectives: What is the policy's objective couched in terms of the public interest?**

The objective of this bill is to ensure the views of two key stakeholders are included in board deliberations and decision-making.

This is a vital first step to strengthening board oversight of icare and its operations.

Businesses across the State, and their employees, are directly affected by icare's important work. It is for this reason that these key groups must be represented at the highest level in icare and have a real say in its future direction and performance.

**Options: What alternative policies and mechanisms were considered in advance of the bill?**

The bill amends the current board composition noted under the SICG Act by replacing two existing non-executive directors with two nominee directors.

Alternative policies considered included expanding the board by two additional directors or finding suitable candidates through an open nominations process.

**Analysis: What were the pros/cons and benefits/costs of each option considered?**

Expanding the board to eleven directors would increase director fees payable by icare. An expansion of the icare board to 11 directors presented real potential risks to board performance and its capacity to make decisions. This option would risk creating a large or unwieldy board not conducive to effective discussion and decision-making.

An open or broad-based nominations process would have created risks regarding the legitimacy of representation of employer and employee bodies. It would have placed the Government in an invidious position of having to test the respective merits of different individuals based on their self-reported capacity to represent employer and employee bodies.

**Pathway: What is the timetable and what are the steps for the policy's rollout and who will administer it?**

The new bill allows for a 12-month transition period from the date of proclamation for the Minister to appoint the two new nominee directors.

Guidelines will be developed by NSW Treasury which will clearly set out the nomination process and selection process to ensure transparency and fairness, the required eligibility criteria and a clear process that is transparent and accountable.

In practice a staged approach is expected to ensure that the Minister may balance the need for renewal and diversity of views on the icare board with the need for some continuity and stability while giving effect to the key or primary objectives of this bill.

**Consultation: Were the views of affected stakeholders sought and considered in making the policy?**

Limited consultation has been undertaken to support the development of this bill due, in large part, to the narrow scope of the proposed changes.

It is expected that NSW Treasury will collaborate and work closely with icare's board and governance team to manage transition.