



New South Wales

State Insurance and Care Governance Amendment (Investment Management) Bill 2015

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

This Bill is cognate with the *Treasury Corporation Amendment Bill 2015*.

Overview of Bill

The object of this Bill is to amend the *State Insurance and Care Governance Act 2015* (the **Principal Act**) to make provision with respect to investment and management of certain workers compensation, motor accidents and sporting injuries scheme funds.

The amendments made by this Bill:

- (a) provide for the Treasurer (with the approval of the Minister administering the legislation establishing the scheme funds) to order the authority responsible for the administration of a scheme fund to appoint an investment manager approved by the Treasurer to provide investment management services in relation to the fund subject to any terms and conditions specified in the order and consistently with the investment strategies determined by Insurance and Care NSW (**ICNSW**), and
- (b) enable the Minister to declare prudential standards, or reporting and auditing requirements, in relation to scheme funds and to require ICNSW and the authorities responsible for the administration of the scheme funds to comply with them.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Schedule 1 Amendment of State Insurance and Care Governance Act 2015 No 19

Schedule 1 inserts Division 4 into Part 2 (proposed sections 16A–16C) of the Principal Act to make the amendments described in the Overview to the Bill.

Proposed section 16A inserts definitions for the proposed Division, including a definition of *investment management services*.

Proposed section 16B enables the Treasurer, by order, to require the investment of the whole or any part of a scheme fund to be managed by one or more investment managers approved by the Treasurer (*mandated investment managers*). The order of the Treasurer may be given only with the approval of the Minister administering the relevant legislation that established the scheme fund. The order of the Treasurer may be given subject to terms and conditions set out or described in the order.

Under the proposed section, the terms and conditions, may, for example, relate to any or all of the following matters:

- (a) the kind and extent of investment management services to be provided,
- (b) the period during which the scheme funds are to be managed by the mandated investment manager,
- (c) the engagement by the mandated investment manager of another person to provide custodial services and the kind and extent of such custodial services,
- (d) the circumstances in which the agreement or arrangement may be varied or terminated.

A mandated investment manager (or an investment manager engaged by a mandated investment manager) may invest the whole or part of the scheme fund concerned in any investment authorised by the relevant legislation. That investment must be subject to any terms and conditions of the Treasurer's approval and investment strategies for the scheme fund determined by ICNSW.

Proposed section 16C provides for the Minister to declare that specified prudential standards, or reporting and auditing requirements, apply to ICNSW and the responsible authorities in the exercise of specified functions relating to scheme funds.