

NSW SELF INSURANCE CORPORATION AMENDMENT BILL 2013

Bill introduced on motion by Mr Mike Baird, read a first time and printed.

Second Reading

Mr MIKE BAIRD (Manly—Treasurer, and Minister for Industrial Relations) [3.23 p.m.]: I move:

That this bill be now read a second time.

It is my privilege to introduce the NSW Self Insurance Corporation Amendment Bill 2013. The bill will enable the NSW Self Insurance Corporation [SICorp] to provide principal arranged construction insurance to non-government contractors for certain major capital works projects undertaken by or on behalf of the State or an authority of the State. Principal arranged insurance provides substantial benefits to government over insurance arranged by the contractor. The NSW Self Insurance Corporation will be able to provide the same level of cover at a significantly lower cost compared with individual private contractors insuring themselves directly in the market. The NSW Self Insurance Corporation already manages most of the State's liabilities and extending these arrangements to include principal arranged insurance is a sound and sensible decision.

Principal arranged insurance will be provided through a newly established Construction Risks Insurance Fund, which will be administered by the NSW Self Insurance Corporation. It will be available where the State or an authority of the State is the principal—that is, where it is a party to the contract or is a member of a partnership, joint venture or other arrangement. The Construction Risks Insurance Fund will allow the NSW Self Insurance Corporation to provide insurance to protect the State's interests and liabilities when undertaking major capital works projects. The NSW Self Insurance Corporation will reinsure appropriate parts of the risks into the international reinsurance market, as it does under current practices.

The bill also confirms that the NSW Self Insurance Corporation may provide protection on an individual basis to eligible State officials for claims made against them in connection with the exercise of their functions. The New South Wales Treasury Managed Fund provides protection for the State and State authorities in relation to liabilities incurred by State officials. The fund is not insurance and individuals, typically directors and officers of State authorities, have expressed concern about the enforceability of the cover provided to them. It is proposed that an indemnity will be provided by the NSW Self Insurance Corporation that is enforceable by the official against the NSW Self Insurance Corporation. The NSW Self Insurance Corporation's obligation under the indemnity will be managed through the Self Insurance Fund.

The New South Wales Government encourages community members to participate in the important roles of directors and officers of State agencies. Historically, these individuals have always been protected, but more adequate arrangements are needed to enable the NSW Self Insurance Corporation to confirm the protection that is available to these individuals. This is

an important clarification and provides a level of certainty to eligible State officials. This change will not in any way alter the cover that directors and officers of New South Wales Treasury Managed Fund agencies have received since the inception of the fund in 1989. The New South Wales Government's action to address these matters provides greater certainty to eligible State officials and non-government participants who are working closely with government. I commend the bill to the House.

Debate adjourned on motion by Mr Michael Daley and set down as an order of the day for a future day.