

Tabled, by leave, *Mr Lyden*

**STATE INSURANCE CARE AND GOVERNANCE
(GOVERNANCE ARRANGEMENTS) BILL**
STATEMENT OF PUBLIC INTEREST

15/10/2024

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

The Auditor-General of New South Wales has made recommendations, including in relation to publication of icare's Statement of Business Intent targeted towards greater transparency of icare's performance targets and the challenges facing workers compensation schemes, and lifting Treasury's financial oversight of and engagement with the icare board.

More recently, NSW Treasury has made findings through its operational expenditure review of icare that build on the Auditor-General's recommendations.

NSW Treasury found that appointment of a Treasury official could facilitate an improved understanding between government and the board by providing early guidance and insights into the government operating context to the board. In turn for Treasury, board membership could build a deeper understanding within government of icare's business, its strategic direction, board decision making and broader operating context.

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

This Bill proposes a series of practical changes intended to strengthen and clarify governance roles and responsibilities between the board and management, better support icare to be responsive to government priorities, and reinforce icare's accountability to its stakeholders, including Parliament, government, employers and employees and other policy holders.

As the NSW Government's social insurer, icare plays a key role in creating strong social, financial and economic outcomes across our community. This means it is vital that both government and the wider community can have confidence in icare and its performance to deliver high quality services.

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

Alternative policies considered included: a NSW Treasury official to be an observer at icare board meetings; to retain the Managing Director and appoint a NSW Treasury officer to the board; and for icare to publish its Statement of Business Intent on its website.

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

icare's responsibility for the administration of the NSW Self Insurance Corporation (SICorp) and its primary scheme, the Treasury Managed Fund (TMF) to manage and pool risk on behalf of the NSW Government means that the oversight and performance of this fund is a strategic priority for Government. This means that the oversight and performance of the TMF is a critical priority for the government, warranting close Treasury engagement through membership of the icare board.

Expanding board membership beyond the current 10 members risks making decision-making unwieldy. The option of retaining the Managing Director and reducing the current number of non-executive director was not supported. This is due to the practical challenges of maintaining the breadth and depth of independent skillsets and professional capabilities and experience necessary for a high-quality, well-qualified board.

Tabling of the Statement of Business Intent in Parliament more appropriately recognises the statutory trust in place for the Nominal Insurer to provide workers compensation on behalf of employers and employees in New South Wales.

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

The role of Chief Executive is currently being advertised by icare. The icare board decided to advertise the role specifically as a Chief Executive in anticipation of this legislative change being made.

The appointment of a Treasury officer to the icare board will be managed by NSW Treasury and icare in line with Government policies and procedures.

Going forward, the Minister responsible for icare will be required to table icare's Statement of Business Intent in Parliament, commencing 2025-26 onwards.

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

icare has been consulted in the preparation of this Bill. The Bill supports the role of the NSW Parliamentary Standing Committee for Law and Justice and key stakeholders to oversee icare and its role with respect to its workers compensation and dust diseases schemes.