

Passed by both Houses



New South Wales

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

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I certify that this public bill, which originated in the Legislative Assembly, has finally passed the Legislative Council and the Legislative Assembly of New South Wales.

*Clerk of the Legislative Assembly.
Legislative Assembly,
Sydney,*

, 2015



New South Wales

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

Act No , 2015

An Act to amend the *State Insurance and Care Governance Act 2015* in relation to the investment of certain funds established under the workers compensation, motor accidents and sporting injuries legislation.

I have examined this bill and find it to correspond in all respects with the bill as finally passed by both Houses.

Assistant Speaker of the Legislative Assembly.

The Legislature of New South Wales enacts:

1 Name of Act

This Act is the *State Insurance and Care Governance Amendment (Investment Management) Act 2015*.

2 Commencement

This Act commences on a day or days to be appointed by proclamation.

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

Part 2, Division 4

Insert at the end of Part 2:

Division 4 **Investment management of scheme funds**

16A **Definitions**

In this Division:

investment management services include (but are not limited to) the following:

- (a) managing investments for the whole or part of a scheme fund,
- (b) advising on investments and investment strategies and other related strategies for the whole or part of a scheme fund,
- (c) services in relation to the custody of the assets and securities of the whole or part of a scheme fund.

investment manager means a person who provides investment management services for a scheme fund or part of a scheme fund, and includes any other person engaged by that person to provide all or any of those services.

scheme fund means a fund referred to in section 12 (4).

scheme fund investment strategy means an investment strategy for a scheme fund determined by ICNSW under section 12.

16B **Investment managers for scheme funds**

- (1) The Treasurer may, by order in writing given to the authority responsible for administering a scheme fund, require:
 - (a) the investment of the whole or any part of the scheme fund to be managed by one or more investment managers approved by the Treasurer (a *mandated investment manager*), and
 - (b) the responsible authority to enter into an agreement or arrangement with any such mandated investment manager with respect to investment management services for the whole or part of the scheme fund subject to the terms and conditions set out or described in the order.
- (2) Subsection (1) does not prevent the responsible authority from entering into an agreement or arrangement containing additional terms or conditions that are not inconsistent with the terms and conditions set out or described in the order or any scheme fund investment strategy.
- (3) The Treasurer must consult with the responsible authority and the proposed mandated investment manager before giving an order under this section.
- (4) The order may be given only with the approval of the Minister administering the provisions of the Act under which the scheme fund concerned is established (the *relevant Act*).
- (5) The terms and conditions must not be inconsistent with any scheme fund investment strategy for the scheme fund or the relevant Act.
- (6) A mandated investment manager (or an investment manager engaged by the mandated investment manager to provide relevant services):

- (a) may invest the whole or part of the scheme fund concerned only in any investment that is authorised or permitted by or under the relevant Act or any other applicable legislation, and
 - (b) must carry out the investment management services concerned subject to the applicable terms and conditions and consistently with any relevant scheme fund investment strategy.
- (7) An order under this section takes effect on the day specified in the order.

16C Prudential standards or reporting and auditing requirements

- (1) The Minister may, by order published in the Gazette, declare that prudential standards, or reporting and auditing requirements, specified or described in the order are standards or requirements that apply to an authority responsible for the administration of a scheme fund and ICNSW in the exercise of any functions in relation to that fund described in the order.
- (2) Before making an order under this section, the Minister is to consult ICNSW on the proposed standards or requirements.
- (3) An order under this section takes effect on the day specified in the order.
- (4) A responsible authority, ICNSW and any person carrying out a function on behalf of the responsible authority must comply with any standard or requirement applied under this section to the exercise of a function in relation to a scheme fund.