



The Hon Jillian Skinner MP

Minister for Health

Minister for Medical Research

H14/7924

13 FEB 2014

Mr Jonathan O'Dea MP
Member for Davidson
Suite 8A
12 Tryon Road
LINDFIELD NSW 2070

Receiver
18 FEB 2014
Davidson

Dear Mr O'Dea

I am writing in relation to your comments in the Sydney Morning Herald of 4 February 2014 concerning recommendations that have been made by the Auditor-General about funds held by NSW Health entities in special purpose accounts.

As background, Local Health Districts and the Sydney Children's Hospitals Network hold restricted cash assets, including donations, legacies and bequests as well as proceeds from fundraising activities and doctor's private earnings, that are held in special purpose accounts. The vast majority of these funds have restrictions placed on their use and by their very nature, can only be applied for the purpose for which they were received. For instance, an individual may make a donation toward the purchase of specific equipment for a particular ward in a nominated hospital, or for research into a certain category of disease, such as heart disease. Likewise, proceeds from fundraising activities can only be used for the purpose for which the fundraising activity was held. There is therefore, little discretion other than complying with the conditions of the funds and, in that sense, wholesale diversion of these funds for general purposes, as was reported in the Sydney Morning Herald article, is not permitted.

I note that in the Public Accounts Committee Report on the Follow Up of the Auditor-General's 2012 Financial Audit Reports, the Committee commends the work that NSW Health has undertaken to transfer appropriate funds to the Public Contribution Trust Fund. The Auditor-General also acknowledged this work in his 2013 Report to Parliament. As monies held in the Public Contribution Trust Fund are not recurrent in nature, they cannot be used for activities that require an ongoing source of funds and are generally used for capital works purposes or for buying equipment.

The NSW Ministry of Health is committed to implementing the Auditor-General's recommendations and is continuing to work with Health entities to establish standardised management and recording of information across the State to ensure these funds are used as they were intended.

Yours sincerely

Jillian Skinner MP