

C.N.C. Pty Ltd.

A.C.N. 010 069 986
45 SHAKESPEARE STREET
COORPAROO Q 4151
PHONE: (07) 3397 6397

Trading as COORPAROO NURSING CENTRE

9th November, 1998

Mr R. M. O'Shea
69 Ewer Street
CARINDALE QLD 4152
Phone: (07) 3395 1722
Fax: (07) 3395 4422

Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sir,

I refer to the Productivity Commission Position Paper on Nursing Home Subsidies, but in the first instance I would like to take this opportunity to sincerely complement the Commission upon their report to date.

Obviously in this situation no plans can be drawn up, no approach adopted which will have 100% support in all States for all Sectors, but I am certain assuming the final report remains on the same or similar track, the support for most if not all the report will be very high. However we have to appreciate the Government will have the final say.

Dealing specifically with the section "Input Tax Supplementation, Page 50 & 51", I make the following comments.

Prior to the previous Labour Government losing the election, the Private Sector were considerably disadvantaged compared to the Church & Charitable Sector on the subject of 507 million dollar grants, input taxes as detailed on Page 50 & 51 as well as income tax liability etc. However strange as it may seem this was not a major disability to the Private Sector.

The Department checked we met the existing standards mainly care of residents, fire safety etc for which we received adequate funding and in better years we were able to update certain furniture and fittings and some minimal capital expenditure on the building.

However with the introduction of Accreditation and Certification requirements, the requirements themselves being based on a "level playing field" across all States and Sectors.

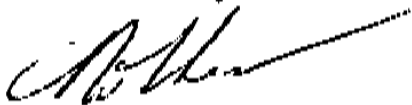
It would therefore be desirable for all Private Enterprise Nursing Homes to receive funding for costs incurred solely by that Sector., either by an approach similar to the Payroll Tax funding adjustment or more fairly by having the Nursing Homes submit claims to cover the exact cost incurred and paid.

Whilst I have to agree income tax is based on the surplus of income over expenditure, never the less, large expenditure on Capital items can cause considerable financial problems when the tax bill arrives.

My proposal for a solution to this problem is for accelerated depreciation be allowed on Capital expenditure and if necessary and in particular on Capital expenditure that is aimed at complying with future certification requirements.

I would like to draw to your attention that the Bentleys " Nursing Home Infrastructure Survey Results" is now completed and may be of advantage to the Commission to obtain a copy.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. M. O'Shea', with a long, sweeping horizontal stroke extending to the right.

MR R. M. O'SHEA
MANAGING DIRECTOR