

Productivity Commission

Inquiry into First Home Ownership

This is a very brief submission.

I am a real estate agent with a business located at Daisy Hill in Brisbane's southern suburbs.

My points are as follows.

1. Cancel the current First Home Owners Grant.
2. Allow first home owners to fully deduct all interest costs on their housing loan.
3. Maximum deduction to say \$20,000 per annum but should be indexed.
4. Applies only on their first loan.
5. Ceases immediately there is any change to the first loan excluding changes in interest rate, i.e. cannot refinance or alter loan in any way.
6. First home owners would tend to stay in their first home longer & not "trade up" as much thereby reducing pressure on prices.
7. Disallow negative gearing for investors.
8. As approximately 25% to 30% of properties are owned by investors & first home buyers represent a similar figure it should be relatively revenue neutral.
9. Tenants would tend to move out of renting & into home ownership.
10. Investors would still buy investment properties over the longer term despite possible short term selling due to tax change.
11. Genuine long term investors should not be buying just because of an artificial tax haven.

Thank you

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