

1. Please select the portfolio(s) your submission relates to:

Treasury

2. Please select the policy area(s) your submission relates to:

Business and Economy

Money and Taxes

3. Please select a wellbeing theme(s) addressed by your submission:

Prosperous

4. What challenge(s) would you like addressed in the 2026-27 NSW Budget, and why?

The financial services sector is one of the major contributors to the NSW economy and a notable driver of economic growth through investment into the state, as well as being a sizeable employment sector. We would like to see Sydney's financial centre become a major regional financial centre and that this ambition be supported by the NSW Government. Currently, the sector lacks appropriate support and policy settings, despite its important contribution to the state. It is also the case that since the pandemic, Sydney's financial centre has received drastically lower and fluctuating rankings on its competitiveness in comparison to our international peers, according to the Global Financial Centre Index. We believe that Sydney's financial centre competitiveness has not recovered from the pandemic in comparison to other competing centres due to positive steps being taken by other centres to enhance their attractiveness. At the same time, leading industry groups continue to highlight that increasing regulatory burden and other settings are harming our competitiveness, productivity and economic growth. The perception of Sydney, and Australia more broadly, as a place to conduct business and deploy capital has fallen and has consistently remained relatively lower since the Hayne Royal Commission due to a lack of appropriate weight given to the resulting impact on both Sydney and Melbourne as destinations for capital.

As governments increasingly look to the private sector to support the energy transition, infrastructure and tax revenue, we encourage the NSW Treasury to harness the productivity and economic growth potential that greater focus and support for Sydney's financial centre could deliver. While the NSW Trade and Investment Strategy recognises Sydney as an economic centre, we encourage government to strengthen its ambition to capitalise on this and grow the centre.

5. What are your ideas to address those challenges?

As expressed above, many other financial centres have risen above Sydney and attracted more business and capital. For example, the City of London Corporation, Seoul Metropolitan Government, and Dubai Government all, through targeted communications and campaigns, actively champion their financial hubs and their cities' offerings to international investors. Sydney's financial centre is currently without a dedicated champion that publicises the attractiveness of Sydney as a financial services centre. With additional funding and resourcing from the budget, we believe Investment NSW would be well placed to greater champion the financial services sector by adding it as one of its focus sectors. At the same time, we encourage the NSW Treasury to engage the City of Sydney in joining these efforts to bolster the city as a financial centre, noting their intent to position Sydney as an attractive place for international talent and investment as part of their economic development strategy 2025-2035.

AFMA and many other leading industry groups attest that more attractive, productive and economically driven policy, regulatory and tax settings are required to drive the growth of Sydney's financial centre. While AFMA recognises that majority of these issues lay with Federal Treasury, we encourage the NSW Treasury to engage the Federal Treasury and the Minister for Financial Services on this important issue. AFMA proposed 9 key reforms to the Treasurer's Economic Reform Roundtable which we provide as supporting evidence to this submission, which we believe would reinvigorate Sydney's financial services sector.

6. Are any programs in this policy area superseded by your proposal/s, or no longer necessary, or now a lower priority?

7. What new or alternate ways would you suggest to fund new, or continuing programs?

8. Please provide the executive summary of your submission:

The financial services sector is one of the major contributors to the NSW economy and a notable driver of economic growth through investment into the state, as well as being a sizeable employment sector. We would like to see Sydney's financial centre journey towards shifting from being a sizeable location to major regional financial centre. With promotion and support the sector can boost economic growth, jobs, productivity, and international investment to the state. Direct Investment NSW to champion the financial services sector by adding it as one of its focus sectors, engaging the City of Sydney to join these efforts, and lobbying federal Treasury to resolve enduring regulatory, legislative and tax reform issues.