



MEDIA RELEASE

Financial Markets an Integral Part of COVID-19 Economic Recovery

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In its [Pre-Budget submission](#) to the Federal Government, the Australian Financial Markets Association (AFMA) has called for action to support the vital role of financial markets in the economic recovery from the COVID-19 pandemic.

AFMA has put forward a set of practical initiatives for the Government to take to:

- Ensure the needs of domestic business for high quality, cost-effective financing and risk management services can be met efficiently in Australia, and
- Enable Australia to lift its game as a competitive international financial centre, which would generate employment, income and tax revenue here.

AFMA's recommendations focus on improving the operation of our tax and regulatory system. They are generally inexpensive to implement but would deliver significant economic benefits.

AFMA's CEO, David Lynch, commented "The Government should work with the industry on a strategic development plan for the financial markets sector that promotes cost effective services, competition and international competitiveness. The plan should foster taxation and regulation outcomes for firms in the sector that are balanced, clear and predictable.

"One result of the global economic downturn caused by COVID-19 is greater competition between countries to attract mobile financial services businesses and the jobs they provide. This heightens the need for the Government to act now to enhance our competitiveness, especially as we have significant ground to make up in the race to fully capitalise on the advantages we have as a business location."

AFMA argues that, as a first step, the Government should use the Budget to implement decade-old recommendations from the Johnson Report into Australia as a Financial Centre, including:

- Eliminating non-resident interest withholding tax on borrowings by financial institutions;
- Ending the 'LIBOR-cap' on deductible interest expense for cross-border intra-branch funding;
- Committing to maintain an effective OBU tax regime, or equivalent, as required to support the competitiveness of Australia as a location for international financial centre business.

AFMA also suggested a range of measures to improve regulatory policy and its implementation, so the outcomes for business contribute more to meeting the Government's economic growth objectives.

Notes for Editors:

The Australian Financial Markets Association (AFMA) is an industry association that promotes efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. AFMA member firms perform a range of important roles within these markets, including financial intermediation and market making.

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