



G20 priorities for 2014

A view from the chartered
accountancy profession



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ICAEW is a world leading professional membership organisation that promotes, develops and supports over 142,000 chartered accountants worldwide.

G20 2014 Summit in Brisbane

Despite a modest return to growth in a number of major economies, countries around the world remain fragile and vulnerable to sudden shocks.

The greatest opportunity for the G20 in 2014 is to support the global economy towards sustainable and measured growth. This means implementing policies that support investment and infrastructure, while strengthening economic resilience through reforms like those around international tax rules.

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Growth through investment in infrastructure

A central pillar of sustainable growth is long-term investment in infrastructure. On average, most infrastructure projects have a 30-year lifecycle and therefore require a longer outlook than short-term investments. The IMF says money spent wisely on essential infrastructure has a multiplier effect on jobs and growth that far exceeds the core investment. A business park or export zone, with access to skilled workers and a growing market, will provide a springboard to economic growth rather than be a barrier to it.

Despite this, international best practice on strategic planning, private-public partnerships and project management skills remain undeveloped. ICAEW believes that large inflows of capital for core infrastructure projects should be subject to better and more efficient financial management. This is achievable by helping policymakers understand better the long-term impact of large-scale investments, and the needs of private sector counterparts in the investment community.

Our recommendations

Agree a framework for private investment

Since 2008 there has been a growing funding gap for infrastructure projects. As banks have pulled out of infrastructure projects, the international community must work together to encourage investment from new investors. This requires a framework which promotes a better understanding between public and private partners, and ensures that capital investment is going to the right places. This is a process chartered accountants are well suited to support through their analysis of costs, risks and long-term returns.

Promote accountability through skills

There has been criticism of so-called 'bridges to nowhere' in both emerging and advanced economies. The burgeoning global demand for infrastructure must not lead to bad investment decisions and 'white-elephant' projects. Large-scale infrastructure works involve complex financial and community planning. For them to be successful, they require strong project management skills and transparent and accountable leadership.

Financial reporting achieves long-term value

To boost private investment, investors need to be incentivised by the long-term value of projects. Transparent and reliable financial reporting provides information to monitor short-term and long-term performance. Integrated reporting can capture the non-financial costs and benefits of a project and helps ensure investment is directed wisely. Chartered accountants enable an understanding of the long-term value of a project, helping to promote a more sustainable investment environment.

Economic resilience through structural reform

Structural changes to international regulations are as important to the stability of the global economy as sustainable growth. Last year in St Petersburg, G20 leaders agreed to take forward the OECD Action Plan aimed at updating tax rules in a way that reflects the reality of the modern economy. Progress in combatting tax evasion and avoidance was a major outcome from both the G8 and G20 summits in 2013, and Australia must maintain the momentum at this year's summit to ensure the resilience of the global economy.