

GROWTH THROUGH INVESTMENT IN INFRASTRUCTURE

Monday 20 January 2014, Australian High Commission, London

Background

Australia took over the presidency of the G20 from Russia at the beginning of 2014. The Australian PM, Tony Abbot, stated their main focus is to encourage sustainable global economic growth through boosting private investment in infrastructure around the world. It is important that investors are encouraged to invest their money in infrastructure projects. With expertise in investment finance and the skills involved in infrastructure projects, ICAEW has an important role to play in the G20 process.



ICAEW, in partnership with Prospect, convened a roundtable event at the Australian High Commission in London which brought together senior diplomats and influential business members to discuss Australia's presidency of the G20. Guest speakers included the Australian High Commissioner to the UK, His Excellency Mike Rann; Vernon Soare, ICAEW; and the influential business economist George Magnus.

A framework for private investment

His Excellency Mike Rann made it clear that the Australian Government was working closely with partners in the private sector to discuss how to build a more investment-friendly environment for much needed construction and infrastructure works. A major finding from their consultation with the B20 was that infrastructure plans need to look beyond the short-termism of political cycles and businesses need to have a certain degree of guarantee over future investments. A climate of confidence is critical.



Accountability and skills

George Magnus made the case that large-scale infrastructure works can stimulate more robust economic growth. Other delegates around the table disagreed that infrastructure per se is a good thing for the economy, as white-elephant projects such as 'bridges to nowhere' have no economic benefit. Vernon Soare clarified the issue by mentioning that infrastructure works can only prove successful in yielding economic benefits, if those involved had the required skill-sets.

Financial reporting creates value

Delegates were reminded that despite the recent return to growth in some economies, the recovery process still remains fragile. Delegates were impressed with ICAEW's recommendation that long-term financial reporting can reassure investors and the public about the long-term and wider benefits of infrastructure projects. Integrated reporting also takes into account the public interest by including non-financial aspects such as social and environmental impacts.

