

Speaking notes – Chris Munn
3rd Annual African G20 Conference
2 December 2014

Distinguished guests, ladies and gentleman.

Firstly, I would like to thank our great friends and partners, our joint hosts today, the South African Institute for International Affairs and the University of Pretoria, for the invitation to speak at this event this morning on behalf of the Australian Government.

The G20 Summit for 2014 may have passed its newsworthy use-by-date by a few weeks, but the discussion around the significance of the Summit outcomes should be ongoing. Before I go too much further I would like to come clean and note that I am not a G20 expert and I will probably not be able to answer questions seeking detail beyond what is contained in this presentation. I do however want to advise that the G20 official website was updated yesterday with many new documents and I urge those interested to visit that site – www.g20.org.

As such, I commend SAIIA and UP for their initiative in again hosting this, the Third Annual African G20 Conference.

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The meeting of G20 leaders was the most influential and significant gathering that has ever been held in Australia.

At the beginning of our Presidency we set ourselves one overarching goal

- it wasn't to lift global growth
- it wasn't to achieve a commitment on infrastructure
- nor was it to stop tax avoidance.

It was to deliver a three page Leaders' Communique.

Ladies and gentleman, from Australia's perspective: G20 mission accomplished. A three-page communique was negotiated and delivered as promised.

Jokes aside, we judged that a succinct, clear and targeted message from Leaders on what they have actually committed to was important in terms of accountability and public engagement with the G20 – in effect, this was an 'unofficial' fourth theme of our Presidency.

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Many of you will be aware that Australia's Presidency in 2014 was focused on:

- promoting stronger economic growth and employment outcomes, including through private sector partnerships
- making the global economy more resilient to deal with future shocks, and
- strengthening global institutions to ensure they reflect the new realities of the global economy.

We were able to deliver on each of these objectives.

A focused and disciplined agenda proved key to ensuring that the G20 membership was able to achieve real, practical outcomes this year, rather than risk dissipating its energy across a broad spectrum of issues.

G20 Leaders agreed to take action to increase global growth by at least two per cent over the next five years, on top of business as usual.

Members will take measures to make the global economy more resilient to future shocks and to protect business and consumer interests.

We agreed to establish a Global Infrastructure Hub in Sydney to increase global investment in infrastructure.

Leaders also agreed to ensure that bilateral, regional and plurilateral trade agreements are transparent and complement one another.

G20 members, along with OECD members, committed to action on tax avoidance.

G20 countries will reduce the gap in workforce participation rates between men and women by 25 per cent by 2025.

We will help eradicate poverty by reducing the cost of remittances, investing in food systems and supporting the UN to agree an ambitious post-2015 development agenda.

G20 Leaders will work together to ensure access to affordable and reliable energy for all.

Leaders articulated their support for UN-led processes, including the post-2015 development agenda and the UN Framework Convention on Climate Change.

Leaders also discussed practical measures to tackle the Ebola outbreak in Guinea, Liberia and Sierra Leone.

Overall, the G20 Summit in Australia shifted gear from responding to crises and events, to setting a proactive agenda for growth for the future.

Now allow me to run through some of the key outcomes from the Brisbane Summit in a little more depth.

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### **G20 outcome on global growth**

If fully implemented, the combined commitments of G20 countries will equate to 2.1 per cent economic growth.

I repeat, this is a commitment for new and additional growth, over and above business as usual trends.

If G20 governments stick to our guns and aims for, and more importantly deliver this additional growth, this is estimated to inject an additional \$2 trillion into the world economy and create millions of jobs.

The Brisbane Action Plan sets out over 800 reforms to achieve this growth.

The reforms are focused on expanding trade, improving competition, reducing unnecessary regulation, investing in infrastructure and increasing female participation in the labour force.

The benefits of these reforms will be felt worldwide, not just in G20 nations. They are estimated to boost GDP growth in non-G20 nations by over 0.5 per cent by 2018.

The Action Plan, including each country's individual growth strategies, is publicly available so that the world can see what we are committing to.

It is worth noting that this was the first time the G20 had agreed to such a measurable target.

Australia, as President, was eager to see the G20 make a public and measurable commitment like this to go some way in entrenching greater accountability in the G20 institution.

A clear, agreed goal articulated in February by Finance Ministers and Central Bank Governors also galvanized cooperative and active work by all members through the year.

International organisations – the IMF and OECD particularly – will continue to monitor progress towards the target and to estimate the impact of countries' measures. The G20 membership will also hold each other to account through peer review and regular reporting to ensure that commitments are actioned and delivered.

As respected and knowledgeable academics, journalists, leaders of civil society organisations and experts in many fields, I encourage you all to do your part to help hold G20 countries to account.

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G20 outcome on infrastructure

Infrastructure investment was a major priority for several G20 members in 2014 – including South Africa – given it directly underpins growth and development.

In Brisbane, Leaders agreed to establish a new **Global Infrastructure Hub**.

The Hub will support the implementation of a multi-year program of work to increase investment in infrastructure known as the *G20 Global Infrastructure Initiative*.

The *Global Infrastructure Initiative* was endorsed by Leaders and includes:

- a knowledge-sharing network
- work to address key gaps in data
- implementation of an agreed set of voluntary leading practices to promote and prioritise quality investment, including model project documentation
- capacity building work with officials
- and creation of a consolidated database of infrastructure projects to help match potential investors and projects.

Demand for infrastructure investment over the next decade will outstrip the funding capacity of governments, so private sector involvement is crucial.

The new Hub will facilitate collaboration between the private sector, governments, development banks and international organisations.

It will help countries improve investment climates, grow project pipelines and match investors with projects.

All countries, not just G20 members, will be able to work with the Hub, and access and contribute to the information it gathers.

The Hub will be set-up in Sydney with an initial four-year mandate. It will operate as an open platform, welcoming participation from non-G20 countries.

A multi-year agenda and an enabling organisation like the Global Infrastructure Hub will ensure continuity on infrastructure across Presidencies.

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## **G20 outcome on employment**

Addressing the high levels of unemployment was also a recurrent theme within the growth agenda this year.

This year, Leaders agreed to take appropriate steps to **reduce the gap in the labour force participation rates between men and women in G20 countries by 25 per cent by 2025.**

If achieved, this would bring over 100 million women into the labour force – a substantial figure, but importantly would represent 100 million new jobs, rather than the replacement of 100 million men with women.

More women at work will further increase global growth and deliver financial independence to millions.

It will also help reduce poverty and inequality.

The OECD estimates a boost to women's participation of this scale would increase the GDP of G20 countries by between 1.2 and 1.6 per cent – and add around \$1 trillion to the global economy.

Increasing women's participation can help mitigate the impact of ageing populations.

It also makes the best use of the world's most underutilised resource: the workplace capacity of women.

The actions G20 countries will take will vary from country to country, but could focus on access to education and child care, maternity leave, female entrepreneurs, financial literacy and business finance.

Across the world, the strength and capacity of 865 million women is seriously under-utilised in contributing to economic growth.

Empowering women economically is not only the right thing to do, it is the smart thing to do.

Leaders also agreed to create a new G20 employment working group to drive a multi-year agenda on jobs, including targeting youth unemployment as a high priority.

Countries have also each prepared individual employment plans which outline measures to improve employment outcomes – particularly for women and youth – through education and skills development, incentives and employment programs.

Again, these employment plans are publicly available.

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G20 outcome on energy

Another first for the G20 – the Brisbane Summit was the first time G20 Leaders had a session dedicated to global energy issues.

The G20 brings together most of the world's biggest energy producers and consumers, so energy's inclusion on the agenda is logical given strong and well-functioning energy markets are important to us all.

Leaders endorsed **G20 Principles on Energy Collaboration** and the **G20 Energy Efficiency Action Plan**. Together these will help deliver access to affordable and reliable energy for all, as well as make energy institutions more inclusive, enhance energy security and support sustainable growth and development. We will also phase out inefficient fossil fuel subsidies.

We have identified six areas for global action: heavy vehicles, appliances linked to networks, buildings, industrial processes, more efficient electricity generation and access to finance.

G20 Energy Ministers will meet for the first time next year to take this work forward.

This landmark discussion on energy marks the start of a G20 conversation that will help address the world's energy needs, thus supporting growth and jobs.

Leaders also expressed support for strong and effective action on **climate change** within the UNFCCC processes.

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## **G20 outcome on tax and transparency**

Brisbane also saw substantial, practical outcomes on **taxation**.

Leaders committed to finalising the G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan in 2015, strongly endorsing the basic principle that tax should be paid where value is created.

Forty four countries from the G20 and the OECD are committed to BEPS reform.

This will bring international tax rules into the 21<sup>st</sup> century.

These reforms should help to remove some of the complications in the tax systems created by the huge growth of highly mobile global expatriate professionals ensure countries receive the taxes they

are due; revenue which can then be used to provide services to citizens.

G20 leaders also endorsed a Common Reporting Standard for the automatic exchange of information to ensure the fairness of the international tax system and prevent cross border tax evasion.

More than 90 jurisdictions will begin automatic exchange of tax information in 2017 or 2018.

This will give tax authorities around the world the information they need to identify tax cheats and enforce tax laws.

Acknowledging the particular challenges for developing countries with this agenda, Leaders confirmed that they would work with them to build tax capacity and to the implement the automatic exchange of information.

For example, Australia will partner with the Philippines to pilot the G20 automatic exchange of information roadmap.

The OECD estimates that information exchange arrangements have already yielded \$53 billion in revenue, previously lost or hidden, in around twenty countries.

Leaders also endorsed a new **2015-16 Anti-Corruption Plan** to continue work on ensuring resources and assets are not diverted from economic growth and development.

They also committed to implementing the **G20 High Level Principles on Beneficial Ownership Transparency** as part of efforts to improve the transparency of both the public and private sectors.

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G20 outcome on trade

Prime Minister Abbott noted that Leaders' discussion of trade was one of the most productive sessions of the G20 summit.

G20 leaders were unanimous that expanding global trade will directly benefit people around the world.

All G20 countries committed to trade reforms in their growth strategies, including lowering costs, streamlining customs procedures and reducing regulatory burdens.

We also reaffirmed the G20 standstill commitment to resist and roll-back trade protectionism.

The agreement between the United States and India on implementation of the 'World Trade Organization Agreement on Trade Facilitation' was timely.

The OECD estimates the Agreement on Trade Facilitation will reduce trade costs for WTO members by between 11 and 15 per cent.

This breakthrough goes some way to restoring trust and confidence in the multilateral trading system.

However, Leaders also committed to the implementation of all elements of the Bali Package.

They also agreed to ensure bilateral, regional and plurilateral agreements are transparent and complement one another.

This will help business make the best use of trade agreements.

The trade agenda in the G20 will also be ongoing, with Leaders agreeing to discuss how the world trading system can function better in future years.

The G20 acknowledges the centrality of the WTO, however recognises that, as an institution, the G20 can bring significant political clout to efforts to ensure the world trading system performs more effectively for the benefit of all.

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## **G20 outcome on development**

The G20 is committed to poverty eradication and development.

Leaders agreed to ensure G20 actions contributed to inclusive and sustainable growth in low-income and developing countries.

In 2014 Australia was keen to integrate the G20 development work with the broader growth and resilience agenda.

We are pleased that development has been successfully incorporated into other G20 work – for example, infrastructure, tax and finance work streams.

G20 leaders endorsed practical actions on the G20 development agenda.

For example, G20 countries recommitted to the 2011 goal of reducing the global average cost of transferring remittances to five per cent. In 2014, the average cost is still nearly 8 per cent so there is work to be done in this area.

Leaders supported the **G20 Food Security and Nutrition Framework**, which responds to the food security review commissioned in 2013. Work under the framework aims to strengthen growth by increasing responsible investment in food systems; improve productivity to expand food supply; and increase incomes and quality employment in food systems.

As I mentioned previously, Leaders expressed support for efforts in the UN to agree an ambitious post 2015 development agenda.

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G20 outcome on a more resilient economy

G20 leaders endorsed a range of measures to make the global economy more resilient to future shocks and to protect business and consumer interests.

Australia has focused on four areas to ensure the global economy is better prepared for the conditions that led to the global financial crisis and that the Global Financial Crisis is hopefully never repeated.

The G20 has committed to strengthen financial institutions, addressing the risks of shadow banking and making derivatives markets safer.

We are also considering a proposal to protect taxpayers from having the fund bailouts if 'too big to fail' financial institutions run into difficulty.

This proposal will be subject to public consultation in 2015.

And Leaders urged the United States to ratify the agreed 2010 IMF reforms, and asked the IMF to consider options for next steps to be discussed with Finance Ministers and Central Bank Governors next year if reforms are not ratified by the end of 2014.

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## **Conclusion**

Let me finish here. As you can see, the outcomes of the Brisbane Summit are numerous and substantial.

Yet these commitments from Leaders are not ends in themselves – the work begins, continues and intensifies going forward. Turkey's Presidency will be crucial to sustaining the reform momentum.

Australia will support Turkey as a member of the G20 Troika next year, together with China as the 2016 President. We offer our best wishes to Turkey for what will no doubt be a hectic, but constructive year.

I would also like to once again express the thanks of the Australian Government to South Africa for its work and support for our Presidency in the G20 in 2014. South Africa was a constructive partner in Brisbane and throughout the year, particularly through its work in the Development Working Group.

Lastly, I would also like to acknowledge the valuable contributions of Senegal and Mauritania as the two African observers this year – representing the New Partnership for African Development and the African Union respectively.

With South Africa being the only G20 member on the continent, ensuring the effective participation of the NEPAD and AU

representatives in G20 processes each year is important in bringing issues of broad importance to Africa to the G20 table.

Thank you.