

Australia B20 2014

Approach and program for B20 Australia 2014

(as approved by Australia Leadership Group, based on advice from Bain & Company, Boston Consulting Group and McKinsey & Company)

**Robert Milliner, B20 Australia Sherpa, September 2013
(updated December 2013 to reflect announced decisions)**

This document addresses a number of key questions leading up to the Australia B20 2014

1) What are the key topics for the Australian B20 to focus on, given the G20 agenda and global conditions?

Slides 3-10

2) What taskforces should the Australian B20 support?
What existing taskforces do they draw from?

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3) How will the taskforces be structured? How to manage the interdependencies between taskforces?

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Progress on key topics needs to be balanced with ensuring impact and maintaining relevance

Eras of the B20



B20 so far

- 5 summits, 4 years, 5 different host countries, ~440 recommendations to the G20 leaders
- Main focus on initiating a dialogue between business and government leaders (shaped by the GFC)
- Set up and experiment with format and processes
- Develop and investigate potential themes
- Now faces questions about effectiveness and future role

B20 objectives going forward

- Deliver and sustain impact from prior years, while 'refocusing' the B20 to ensure continued relevance and impact
- Focus on most important issues—tackle 2-4 this year
- Address implementation of prior years' recommendations
- Innovate processes and format to overcome barriers to impact this year, while laying the foundation for future impact

As a starting point, the Australian B20 LG has reflected on learning from past B20s and aspirations for G20 2014

LEARNINGS FROM PRIOR B20S (INCLUDING RUSSIA)

- **Strike a balance between prioritising among topics without disrupting** continuity or impact (both substance and form)
- **Move away from “one size fits all” approach** to topics, e.g.
 - Every topic has a taskforce
 - Bias to add new recommendations
- **Engage a broader section of B20 leaders globally**, e.g.
 - Asia, BRIC economies (versus an overrepresentation of EU/NA business leaders and/or host country leaders)
- **Ensure the right parties are consulted** at the right point in time, but that trade-offs (between the priorities of different parties) are made to ensure the discussion progresses, e.g.
 - B20 leaders, other business groups, government, G20 member countries, World Economic Forum, private sector, ...

ASPIRATIONS FOR G20 2014

- Appetite to **focus on**
 - Job creation
 - Economic growth
 - Trade
 - Structural reforms to enable one or more of the above (e.g., education, infrastructure, regulatory)
- Focus on a set of **fewer, simpler messages** that are easily understood by stakeholders (recognising the need to mitigate the risk of oversimplifying)
- Need to proactively take action to **avoid being ‘overshadowed’ by other events** in 2013/2014
- **Provide clarity on what the Australian B20 will stand for**
- Avoid “platitudes” and **develop concrete outcomes** to guide the G20

We asked what would success look like and agreed 3 primary goals

High level vision of success

1 Achieve a breakthrough on 2-4 priority topics

2 Continue to drive to impact on prior years' recommendations on other topics

3 Boost engagement of business leaders with the B20 and G20

Example indicators of success

Impact on priority topics

- Top recommendations on main Australian B20 priority topics embedded into G20 announcements
- Clear commitments made public by both B20 and G20 leaders
- Several G20 leaders mention B20 recommendations in their communication

Impact over time

- Continued progress on some of the recommendations developed during prior B20 summits

Attendance

- 5-7 top CEOs and leaders of business associations from each B20 country contributing and participating in the B20
- 15 heads of state attending major B20 events

To achieve this a number of elements in the B20 approach will be emphasised to drive for greater impact during 2014

Content

- Focus on topics that are the most substantial obstacles to global growth
- Identify topics where the G20 can have substantive impact and the B20 can provide unique insights/voice of business
- Improve relevance and practicality of recommendations
- Link topics to Australian priorities (where relevant)

People

- Increase diversity of participation (greater 'global' flavour) and engagement from the business community
- Increase syndication with government and G20 stakeholders

Process

- Increase transparency of topic consideration and proposals to both B20 community and general public
- Take steps to ensure momentum across years with governments

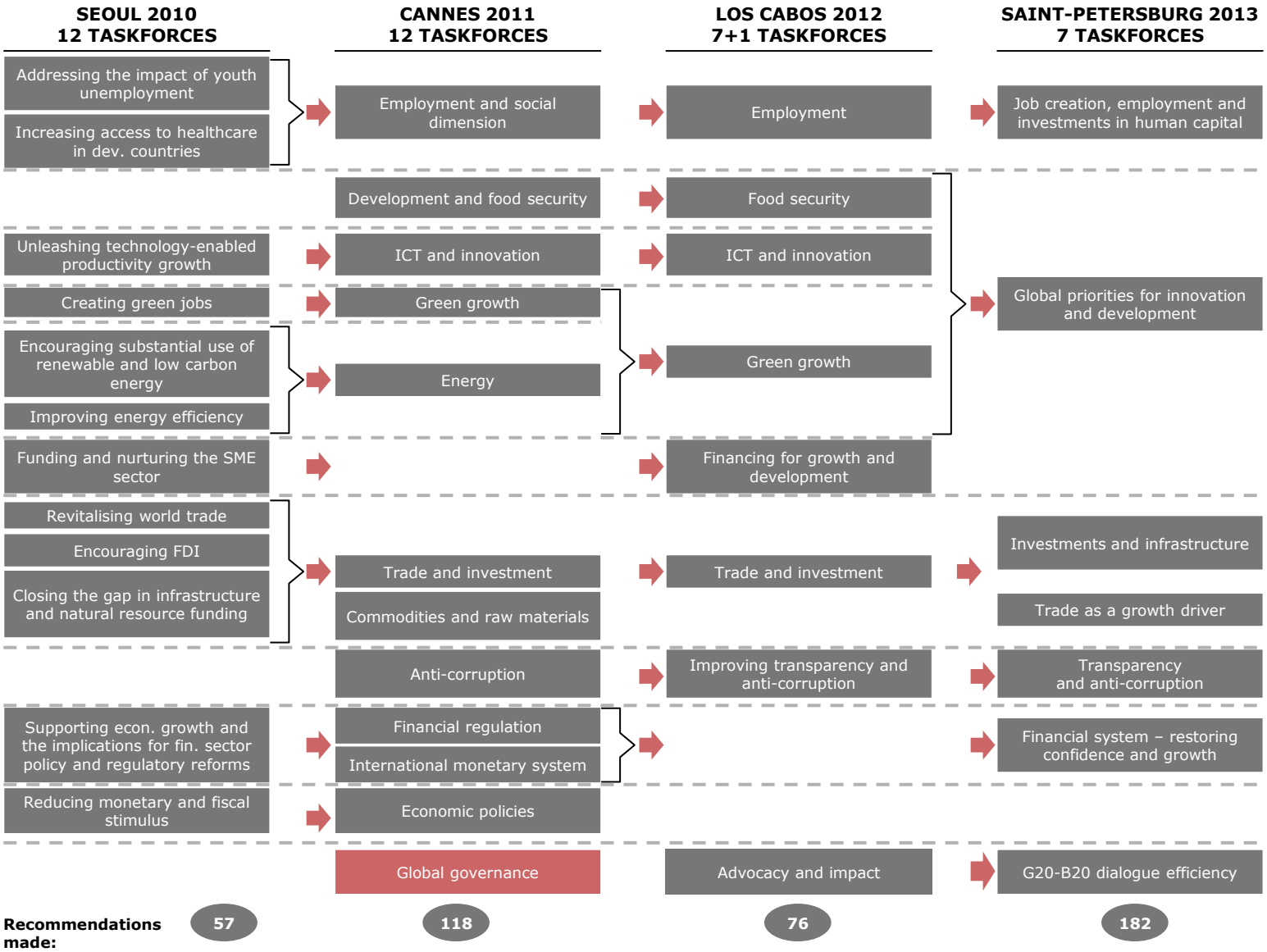
Measurement of impact

- Investigate economic impact rather than merely adoption rate
- Identify success factors/failure modes for highest/lowest impact recommendations

In considering the topics and approach for 2014 we have articulated five design principles

- Prioritize topics to pursue based on the current global economic and political environment and allocate resources accordingly (e.g., incremental research and analysis). Be willing to not engage knowledge partners to conduct further research or recommendation development
- Tailor the approach to each topic to drive impact (versus approaching all topics in the same way), and be willing to have only a few taskforces along with other approaches (e.g., roundtables, panel discussions, seminars)
- Capitalise on the unique aspects of convening the G20 and B20 and avoid this event from becoming just like other multi-lateral events or lobbying fora
- Plan B20 meeting cadence, format, timetable and venues to maximise senior business leader engagement, including holding events outside of Australia
- Actively manage and encourage 'work on B20 priorities' to occur before and after formal B20 events in Australia—in individual B20 countries, at other multi-lateral events (e.g. WEF and World Bank meetings), etc.

We have considered the topics discussed in previous B20s against these design principles



Recommendations made: **57**

118

76

182

Australian G20 priorities on key drivers for growth point to a focus on trade, investment, financial systems and human capital

NATURE OF THE GLOBAL PROBLEM	EXAMPLE BARRIERS TO GROWTH	POTENTIAL 2014 B20 TOPICS
<p>Weak demand in many economies (outweighing demand growth)</p>	<p>Governments reducing public spending (e.g., EU, US)</p> <p>Corporations are sitting on large amounts of cash</p> <p>Weak consumer demand in developed economies; investment-led growth model in China</p>	<p><i>'Investment & infrastructure'</i></p>
<p>Major frictional costs in the global economy that result in mis-allocation of resources</p>	<p>Direct barriers to trade e.g., tariffs and preferential trading agreements</p> <p>Indirect barriers to trade e.g., interventionist policies, inefficient administration, poor infrastructure</p> <p>Restrictions on capital flows e.g., high risk regulatory environment and country-specific structural issues</p> <p>Concerns over macro-economic stability</p> <p>Restrictions on labour</p>	<p><i>'Trade'</i></p> <p><i>'Financial Systems'</i></p>
<p>Large underlying supply constraints and slowing productivity growth in the global economy</p>	<p>Inability to full leverage innovation and entrepreneurship</p> <p>Insufficient investment in education, skills and training</p>	<p><i>'Human capital'</i></p>

In launching the B20 Leadership Group, the Prime Minister highlighted that Australia's agenda will:

- "...deliver on the **G20's core goal of promoting economic prosperity and jobs** and will seek to **strengthen the G20's dialogue with the private sector.**
- ...It will also be an avenue... **to support growth and jobs for Australians....**
- We expect the **Australian B20 will play an important role in working with the wider business community to develop pragmatic and practical suggestions** for the G20 agenda."

On a global scale, there is enormous value in addressing these topics but will also require business commitment

Gap between demand and investment in infrastructure

Gap of approximately US\$1–1.5 trillion annually in infrastructure investment, which could generate \$1.5–3 trillion in additional economic activity each year

- Based on global demand for investment in areas such as energy, transportation, water, waste and social infrastructure

Gains from removing barriers to trade

Tariffs

Increase global GDP by 0.7% or US\$400 billion

- Based on eliminating all existing tariffs on trade in goods

Non-tariff barriers

Increase global GDP by 4.7% or US\$2.6 trillion

- Assumes all countries achieve halfway global best practice in border administration and transport and communications infrastructure

Economic opportunity in Europe's unemployed youth

Potential value of €153 billion per annum or 1.2% of European GDP

- Based on the economic loss from disengaged young people in Europe in 2011

Source: 'Bridging the Gap: Meeting the Infrastructure Challenge with Public-Private Partnerships', BCG, February 2013 BCG Analysis, Lin and Doemland (2012) "Beyond Keynesianism – Global Infrastructure Investments in Times of Crisis." World Bank Policy Research Working Paper 5940; Auerbach & Gorodnichenko (2012) "Measuring the Output Responses to Fiscal Policy," American Economic Journal: Economic Policy 4(2): 1-27; Romp and de Haan (2005) "Public Capital and Economic Growth: A Critical Survey" IIEB Papers 10(1): 40-71; Enabling Trade: Valuing Growth Opportunities, World Economic Forum in Collaboration with Bain and the World Bank., February 2013; Press Release, 22 October 2012, Eurofound

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Based on these priorities and opportunity to develop themes further, we distinguish between areas for further work and advocacy

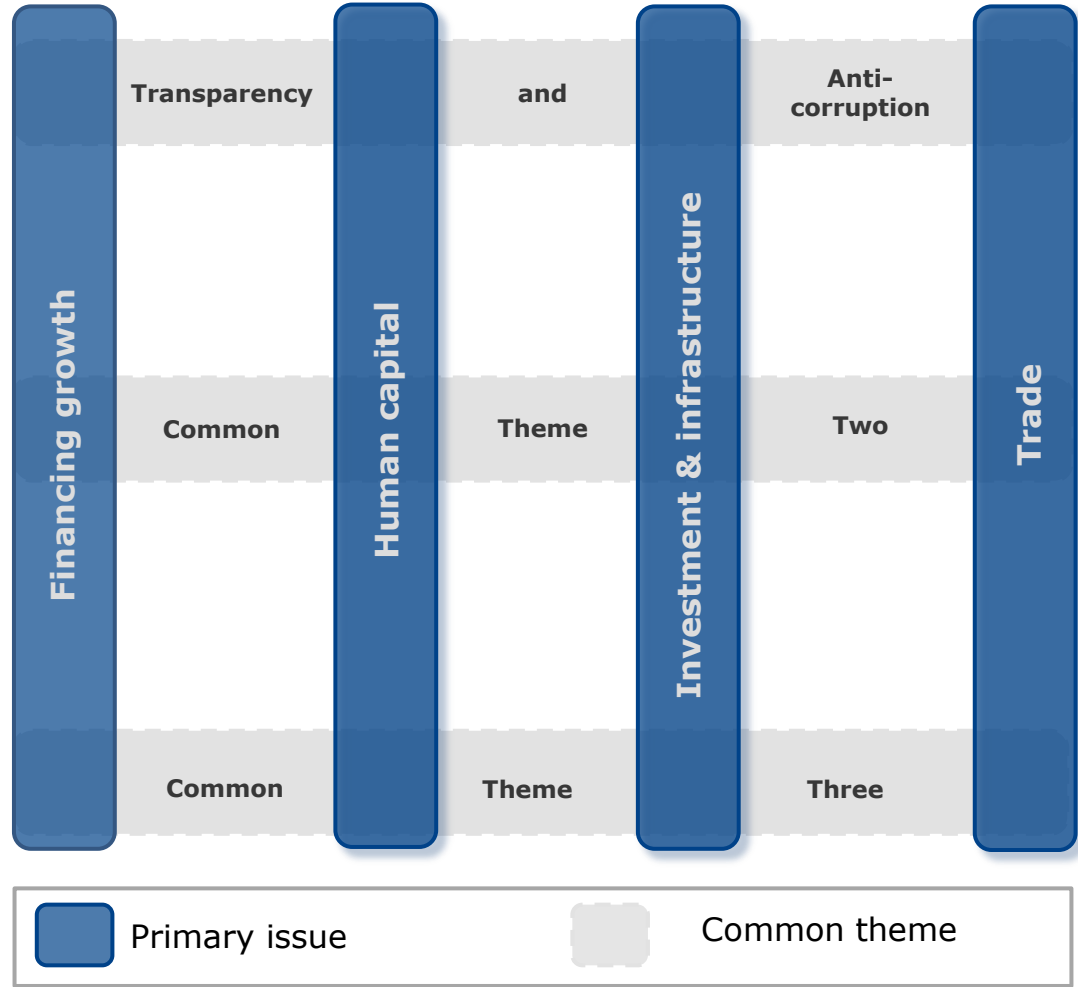
	LEVEL OF ALIGNMENT WITH G20 PRIORITIES	IMPACT FROM PRIOR YEARS	LEVEL OF EXCITEMENT/ENTHUSIASM OF B20	COMMITMENTS
1 Human Capital	●	◐	●	Rework to possible new recommendations
2 Investment & Infrastructure	●	◑	●	Rework to possible new recommendations
3 Trade	●	◐	●	Drive to impact/Rework to new recommendations if 2013 proposals not implemented by G20
4 Financial Systems	●	◐	◑	Drive to impact, with a clear focus on the financial system as an enabler of growth
Innovation and development	◐	◑	◑	Drive to impact
Transparency and anti-corruption	◑	◑	◑	Drive to impact/implementation
G20-B20 dialogue efficiency	◐	●	◐	Address how to ensure multi-year impact; look at different processes to ensure impact

Driving for impact takes precedence over breadth of discussion

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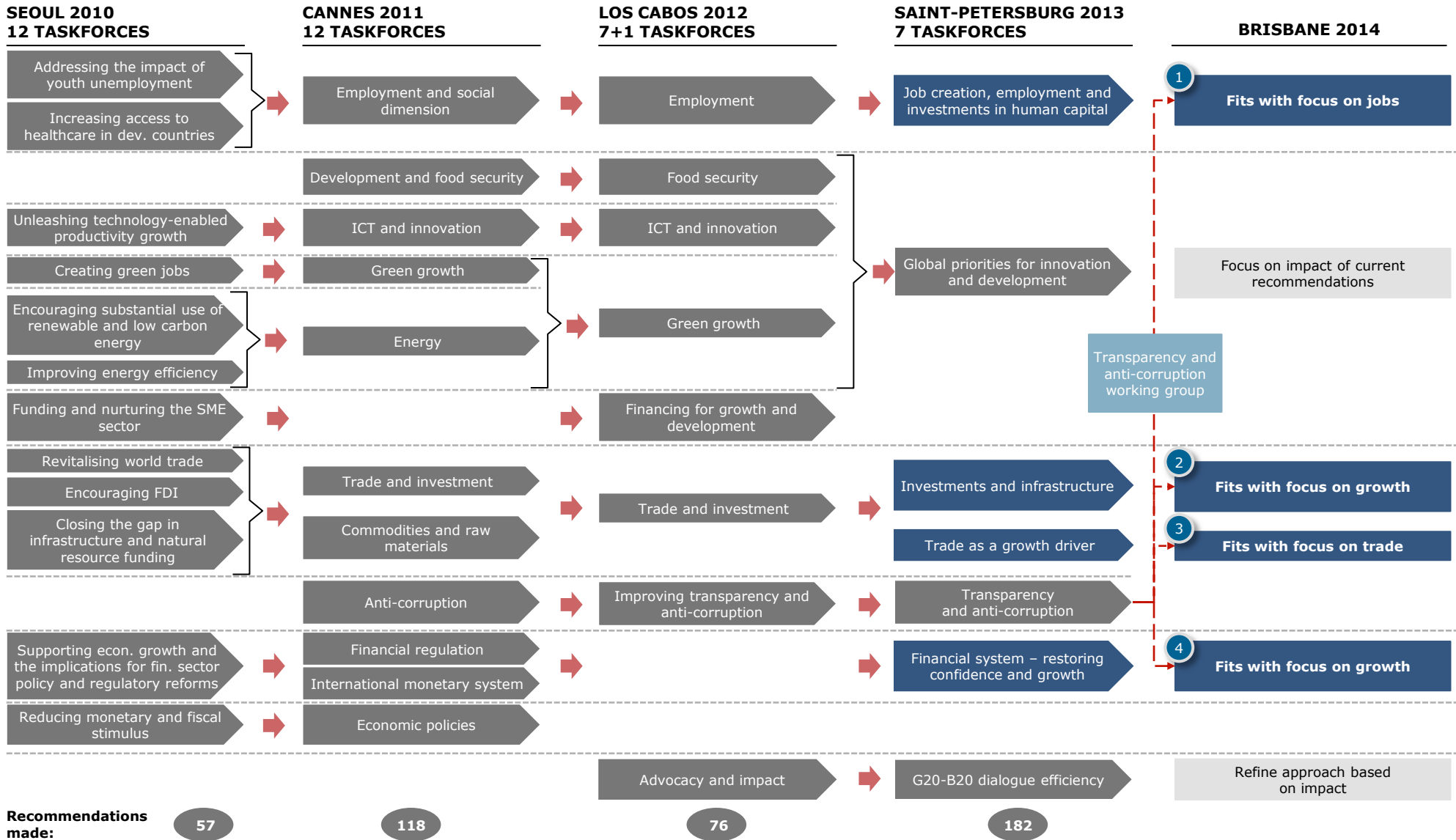
ILLUSTRATIVE

- There is an inevitable tension between '**focus with impact**' and the **breadth of issues** that could be legitimately canvassed. **e.g.**, sustainability, transparency & anti-corruption, digital economy, cybercrime, food & energy security
- We have made a choice in driving for impact by focusing on **financing growth, human capital, investment & infrastructure** and **trade**, as the **primary issues for growth**, instead of placing all issues up for discussion
- We will consider **transparency & anti-corruption** as a common theme of the four primary topics and will encourage the consideration of other common themes



In conclusion: Australian B20 will look to build on 4 existing streams, while continuing to drive to impact on the other 3 streams

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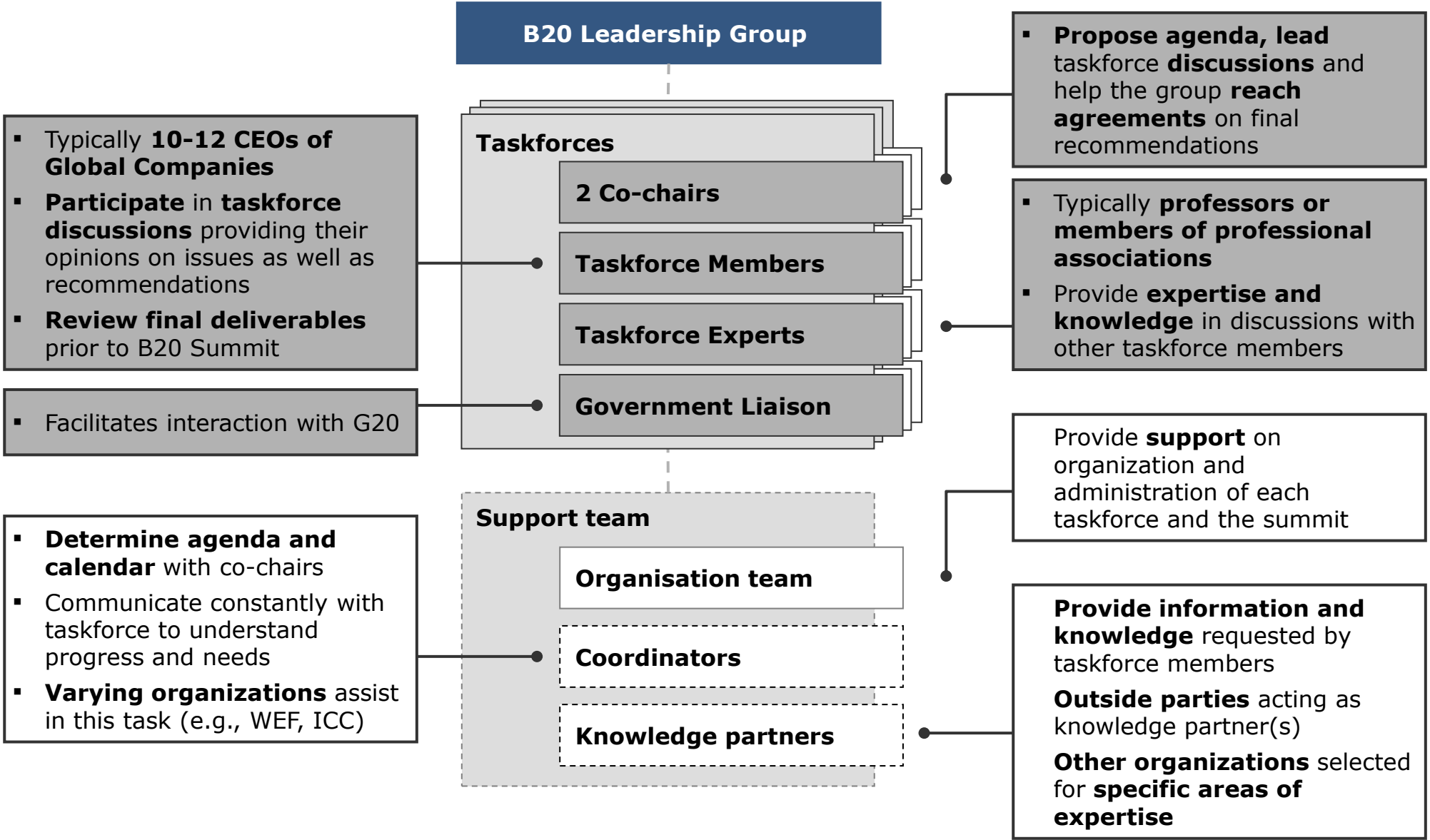
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In earlier summits, a taskforce or working group of CEOs, experts and business association leaders tackled priority topics



Looking ahead to next year, we considered a range of options for how to scope and organise the work of the Australian B20

**Low
change**

**High
change**

"STATUS QUO"

- Each topic is assigned to a taskforce, following the model established in prior summits
- Recommendation development is the primary goal of each taskforce, to be included in 'greenbook' communiques to G20 leaders



- Unlikely to help 'reboot' the B20 to ensure continued relevance and impact
- All topics treated the same, does not address how to implement prior years' recommendations

"PORTFOLIO APPROACH"

- Screened against the external political and economic context, taskforces are deployed for a only a prioritized set of topics
- For topics not assigned a taskforce, the focus is on advocacy and implementation of the recommendations from prior summits



- Considers external environment to work on specific topics that are 'ripe' or timely for G20/B20 dialogue
- Maintains a degree of continuity across both topics and approach

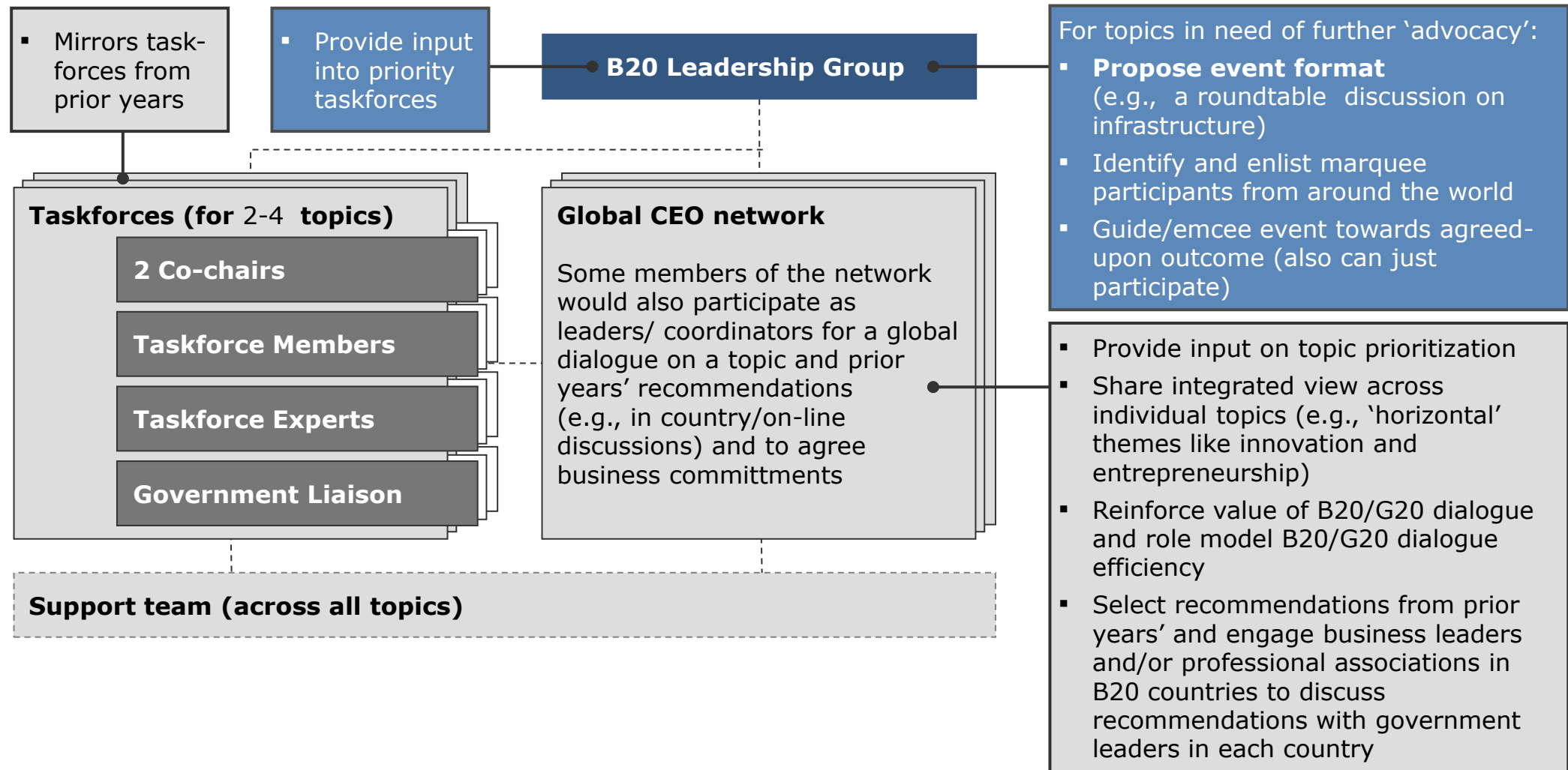
"BREAK FROM THE PAST"

- Rather than develop new recommendations for various topics, the primary focus for all topics is on advocacy and implementation of recommendations from prior summits
- No taskforces setup in 2014 and instead are replaced by other approaches/events

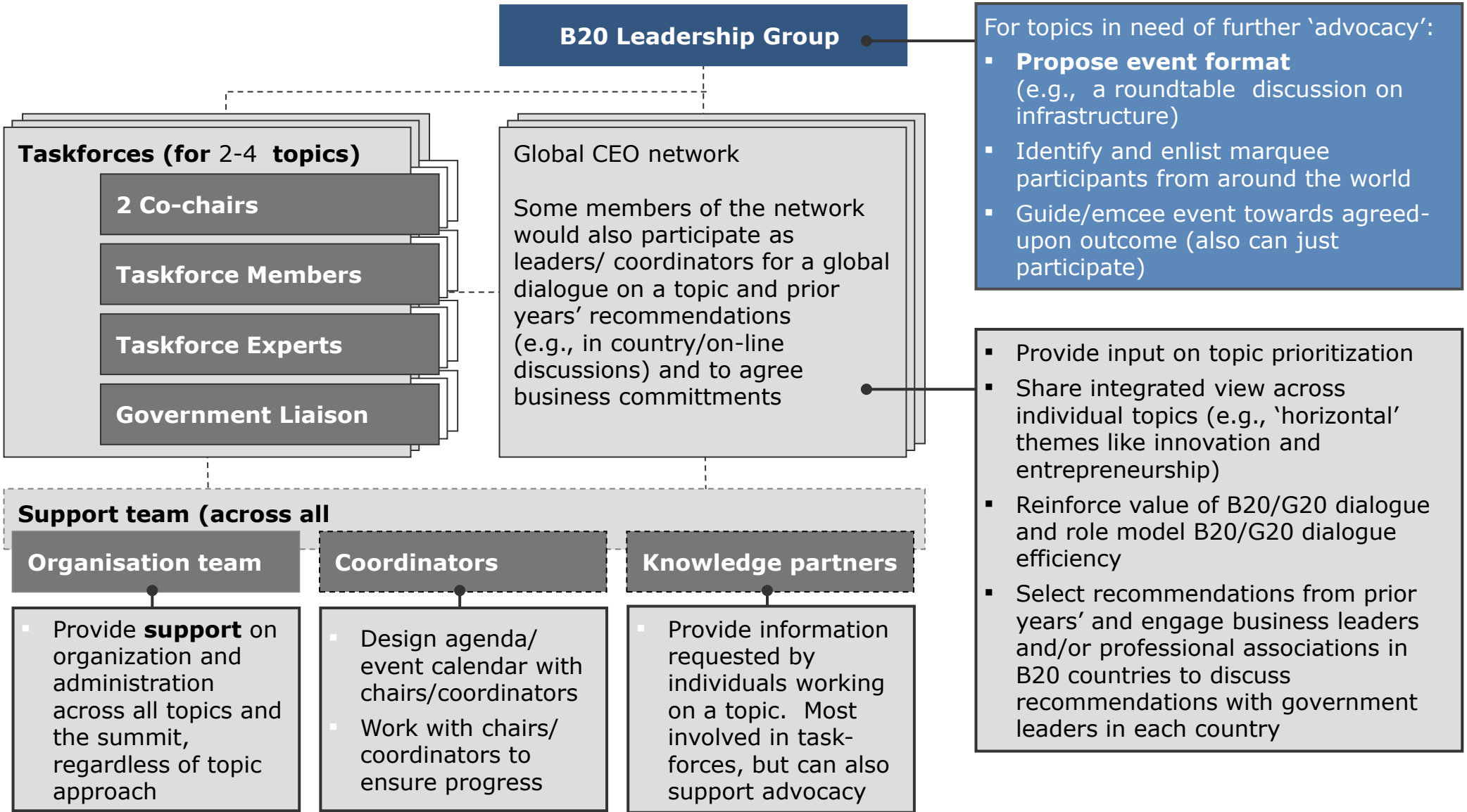


- Maintains topic continuity, but does not capitalize on opportunity presented by current external environment
- May be 'too big' a change in a single year

Applying the design principles will move beyond a taskforce-centric model into more of a 'portfolio approach'...



...which, along with a reoriented support office, will drive the work of the B20 forward in 2014



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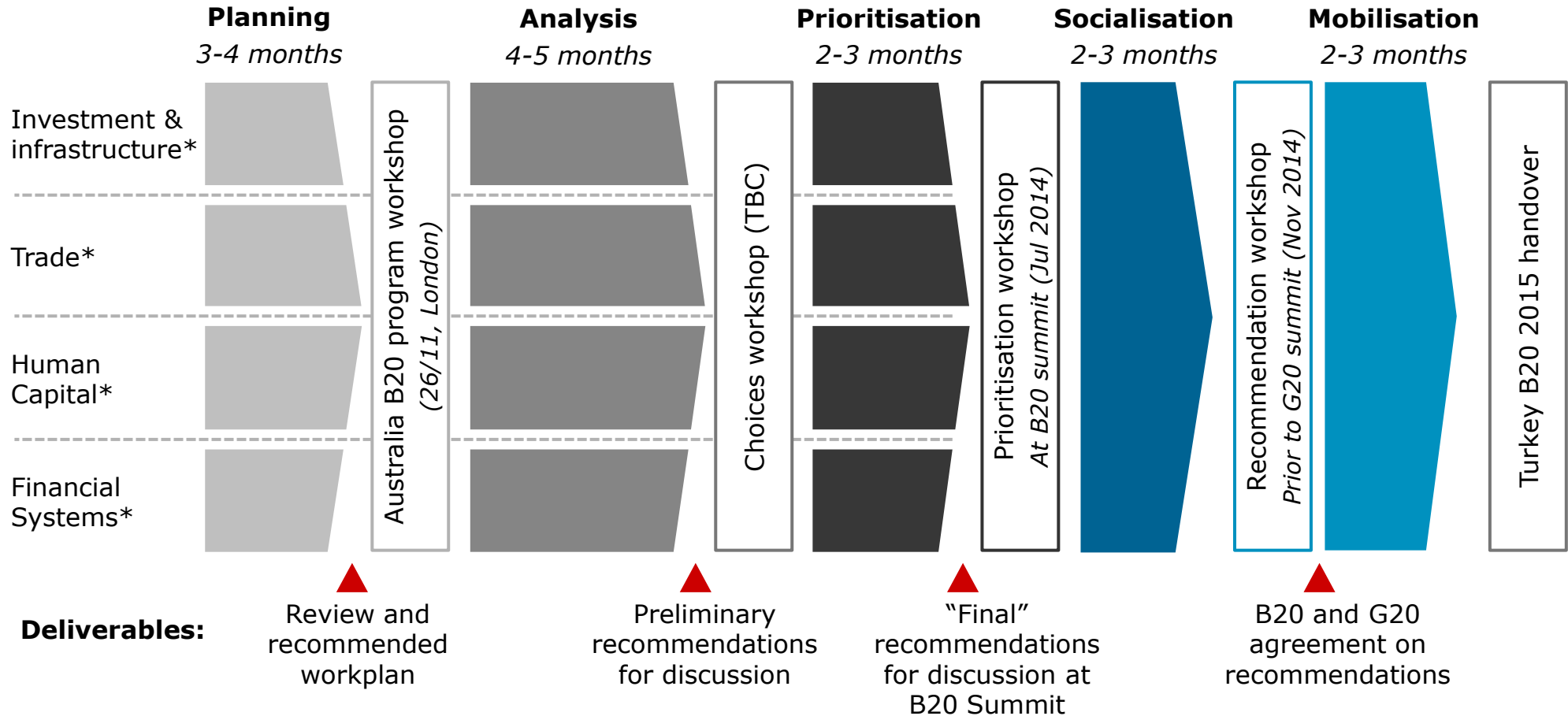
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The approach includes a series of workshops to align, make trade-offs and prioritise across key taskforces

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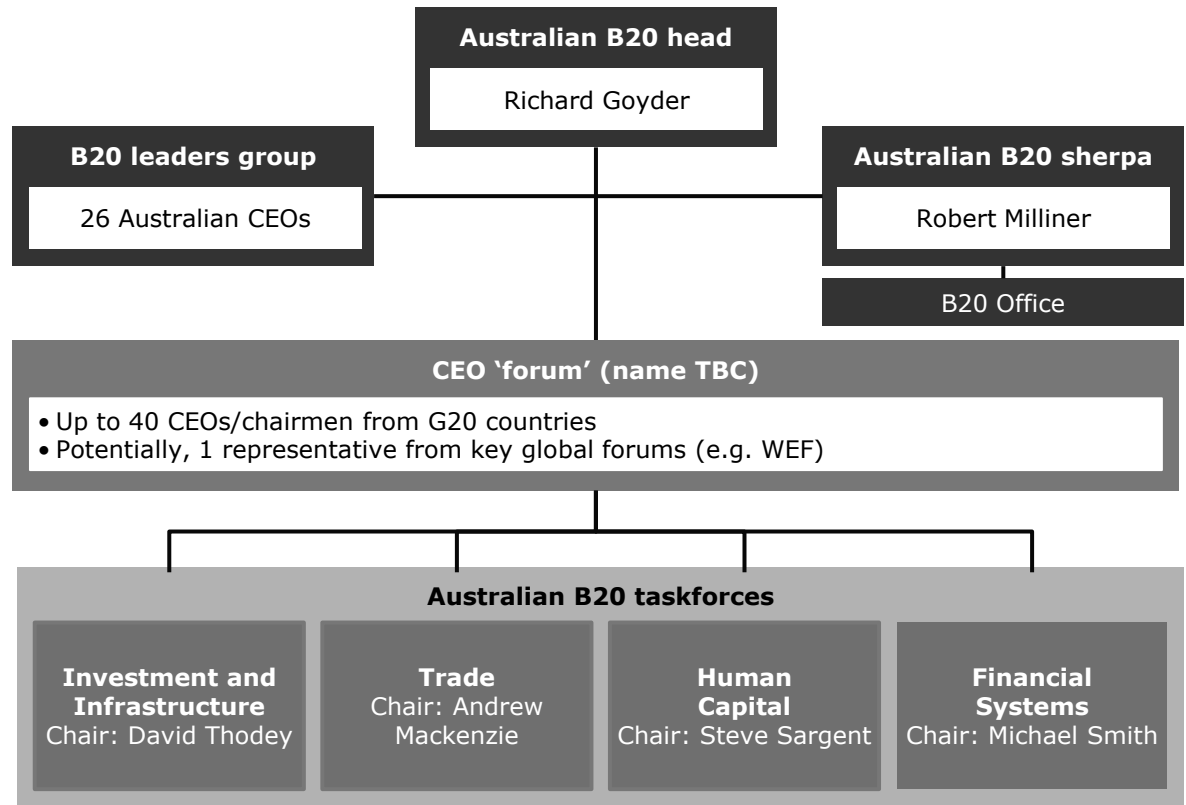
* including transparency and anti-corruption working group

Australia B20 framework

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B20 leaders

- Inform the initial direction and focus areas for the Australian B20
- Sub-set to continue involvement through taskforces



B20 Office

- Program management
- Stakeholder engagement
- Media and communications
- Events

CEO 'forum'

- Drive cross taskforce alignment
- Ensure a global CEO perspective is considered

Taskforces

- Drive the hypothesis and agree recommendations from each taskforce
- Source appropriate input from relevant experts and stakeholders
- Liaise with 2013/2015 B20 taskforces
- Provide thought leadership and analytical support
- Integrate/manage interdependencies
- Facilitate meetings, synthesise recommendations
- Facilitate stakeholder engagement

Other stakeholders

- ICC ,B20 Coalition, IOE, BIAC etc
- Global forums (e.g. WEF, WTO, World Bank, APEC, UNCTD, IMF)
- Australian business forums (e.g. ABA, AICD)
- G20 representatives

Other stakeholders

- Ensure continuity from previous years, and other global initiatives
- Key players to socialise and test recommendations with

Each taskforce consists of:

- Taskforce chair
- 2-5 B20 leaders
- Global representatives
- ...

Supported by dedicated working group:

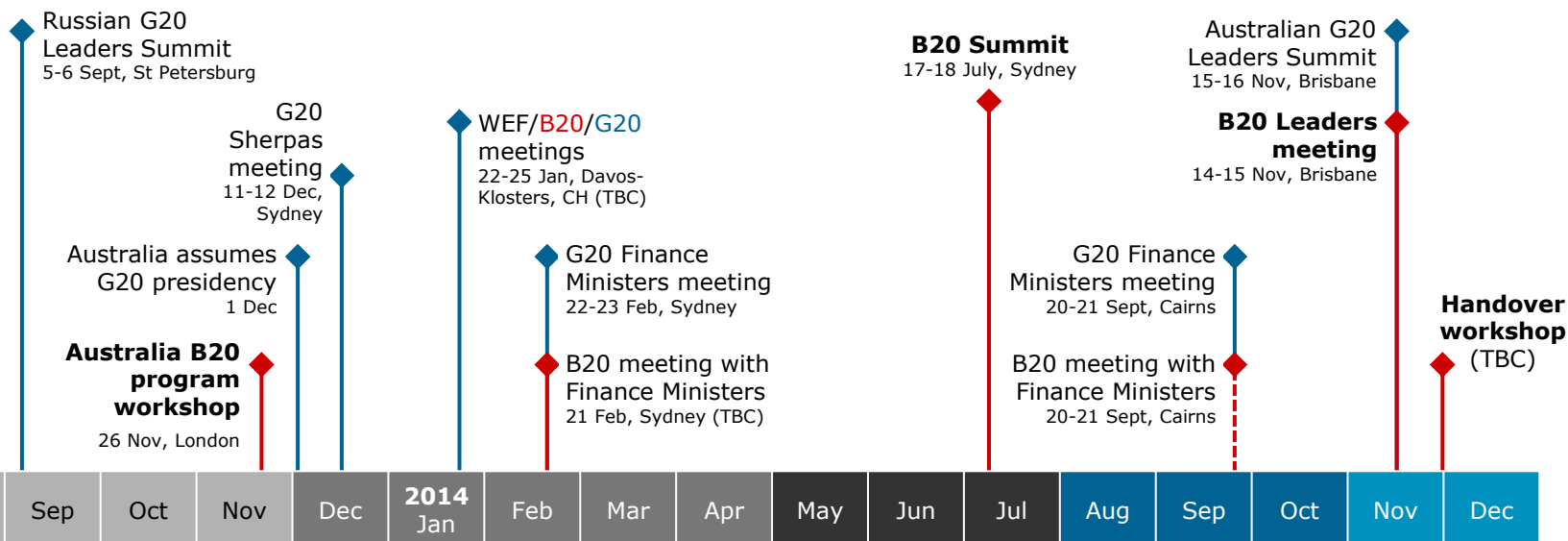
- Seconded reps from B20 leaders
- Project manager
- Advisors
- ...

The preliminary timeline is designed around key milestones and regular meetings (to be confirmed)

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Legend

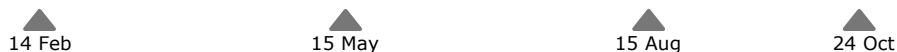
- ◆ B20 Meetings
- ◆ G20 Meetings



Australian B20 leaders meetings (~bi-monthly)



CEO Forum:



Taskforce and working group coordination meetings (monthly, TBC):



IMF and World Bank meetings

IMF and World Bank Spring mtg
12-13 Apr Washington, USA

IMF and World Bank Annual mtg
11-12 Oct, Washington, USA

World Economic Forum

WEF Summer meeting
11-13 Sept, Dalian China, CN

WEF Summit on global agenda
18-20 Nov, Abu Dhabi, UAE

WEF Annual meeting
22-25 Jan, Davos-Klosters, CH

WEF on East Asia
Early Jun, Manila, PH

WEF Summer meeting
Mid Sept, Tianjin, CN

Other meetings

APEC CEO Summit
5-7 Oct 2013, Indonesia

Boao Forum for Asia
Early April, Boao

APEC CEO Summit
Dates TBC, China