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Preparatory Process for the third International Conference on Financing for Development

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Substantive informal session on domestic public finance

**Statement by Peter Versegi
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I would like to thank both co-chairs on this week's discussion. The use of experts in interactive dialogues has been very much appreciated and the contribution from representatives from capital has really enriched the discussions.

As I am taking the floor for the first time this week, I will reflect briefly on yesterday's discussion as well as on today's deliberations.

First; I would like to reaffirm that Australia is fully committed to working with colleagues to achieve a balanced and ambitious outcome from the Financing for Development Conference – one that reflects the changes in the development finance landscape, and which outlines how we work together to mobilise and use effectively, all sources of finance available for sustainable development.

In this respect, the report of the Intergovernmental Committee of Experts on Sustainable Development Financing provides a valuable bridge to help take us from Monterrey to where we need to be in Addis next year. This Report was a product of many experts, 2/3rds of whom were from developing countries who gave serious time and commitment to their work.

Reflecting on the evidence, the Expert's report identified the centrality of domestic resources to finance sustainable development. As we know, domestic resources provide the bedrock on which governments can plan their expenditure and are key to a country's financial autonomy.

In addition, a well-administered tax system is important to state-building and as Professor Kohli and others have mentioned this morning, sends a message about the overall quality of governance in a country.

As we have heard from the panellists this morning, there are opportunities in which to boost domestic resource mobilisation through smarter design of tax systems, strengthening tax administration and through enhancing international tax cooperation.

This is a complicated and technical space, as highlighted this morning by Mr Mosioma as well as our colleague from Chile. But assisting countries to build revenue capacity and effective tax systems that are fit-for-purpose for their national context can make a significant difference. And ODA has a role to play to achieve this.

We know too that tax systems have not kept pace with the changes in the global economy. Australia recognises the acute consequences tax avoidance and evasion have for developing countries. As the current President of the G20, we have focused on supporting developing countries to participate in, and benefit from its international tax agenda.

As outlined by Mr Capellano from Argentina this morning, the G20 has undertaken important work on addressing tax base erosion and profit shifting and enhancing tax transparency through the automatic exchange of financial account information. This work has the potential to make billions of dollars available to developing countries to finance their own development.

As many around the room have recognised, raising domestic resources is only one part of the equation. Finance needs to be harnessed in an effective way by policies and investment towards productive, sustainable development outcomes. This lies at the heart of the legitimacy of states to demand revenue of its citizens as one of our panelists remarked this morning.

We have heard some interesting examples this afternoon of efforts to enhance the effectiveness of spending by addressing governance, promoting gender sensitive budgeting and more innovative public procurement. We would be keen to reflect upon these issues and discuss further.

More broadly, Australia is keen to work with others to identify concrete actions that we can commit to across the FfD agenda, but in particular on domestic resource mobilisation – given its centrality to building countries' financial autonomy – and to promote the effective use of resources.