

A stylized map of Southeast Asia and Oceania in shades of grey, set against a white background with a red top border. The map shows the outlines of the Indonesian archipelago, the Philippines, and parts of Australia and New Zealand.

capacity building  
能力建设  
peningkatan kemampuan

regional leadership  
地区领导地位  
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# **Global economic outlook 2013 and its impact toward accountancy profession worldwide and Indonesia**

**Presentation to  
The Indonesian Institute of Accountants  
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**Andrew Stringer, Director Asia**



**Institute of  
Chartered Accountants  
Australia**



**Global Accounting Alliance**

# Global economic outlook



- Soft economic conditions
- Global growth forecasts recently lowered
  - 2012 – 3.25%
  - 2013 – 3.50%
- Projected growth varies significantly from region to region

# Global economic outlook



- Euro zone
  - Some improvement in financial markets
  - But indicators of business activity continue to deteriorate
  - Conditions weakest in Greece, Italy, Portugal and Spain
- USA
  - Remains world's largest economy – GDP of \$15 trillion
  - Recovery at modest pace – 2.5% growth
  - Forward indicators of investment remain weak
  - Danger of 'fiscal cliff' – expiry of tax cuts, post GFC stimulus measures and automatic spending cuts
  - Could reduce growth by 3-4% if no legislative intervention

# Regional economic outlook



- Strong compared to Europe and USA
- Some continued improvement in business confidence



# Regional economic outlook

	GDP (\$ billion)	2012 GDP growth	Population (million)
USA	15,000	2.5%	312
China	7,300	7.4%	1,300
India	1,850	5.3%	1,200
Australia	1,370	3.1%	23
Indonesia	847	6.2%	242
Thailand	346	3.3%	70
Malaysia	280	5.2%	29


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# **Demand for accountants**



- Remains strong worldwide
  - Ability to attract and retain staff is problematic
  - Emerging areas – sustainability, integrated reporting will have a large impact
  - More and more staff will have to be recruited from non traditional areas
- 

# Australia and Indonesia



- Indonesia
  - Increasingly skilled workforce
  - Not as dependent on exports as many of its neighbours (domestic consumption)
  - Exports coal, oil and gas, agricultural products, electrical appliances
  - Energy producer
  - Rich in natural resources
  - Opportunities in infrastructure spending
- Australia
  - Primary production – agriculture
  - Mineral resources
  - Manufacturing
  - Heavily reliant on exports
  - Tourism



# Demand for accountants

IFAC member bodies				
Numbers of members				
	GDP (\$ billion)	Population (million)	2012 GDP growth	Number of members ('000)
Australia	1,370	23	3.1%	200
Indonesia	847	242	6.2%	10

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# What does this mean?

IFAC member bodies				
Numbers of members				
	GDP (\$ billion)	Population (million)	2012 GDP growth	Number of members ('000)
Australia	1,370	23	3.1%	200
Indonesia	847	242	6.2%	10

If growth rates hold as they are, the Indonesian economy will

- Be a trillion dollar economy by 2015
- Overtake Australia's in size in just **16** years ie in 2029

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# Implications?

The figures suggest:

- Indonesia could need at least another 190,000 professional accountants in next 16 years
- Economic growth will be inhibited without sufficient professional accountants
- From where will they come?



# Possibilities




- Co-ordinated planning – government, education, accounting bodies
- Assistance from development agencies
- Input and assistance from other bodies in the region



# Possible steps



- Identify what the capacity needs are
  - What are the competencies that are needed?
  - Identify where the “pinch” points are eg
    - Secondary and tertiary school curriculum
    - School places (secondary)
    - Capacity of the tertiary educational bodies (universities and colleges)
  - An integrated plan
- 

# International Federation of Accountants



- Sustainable economic development – in both developed and emerging economies – depends on:
  - A strong financial infrastructure
  - Standards
  - Regulation
  - Human capacity
- Promoting and facilitating development of the accountancy profession around the world a key part of IFAC's mission

# Environmental and sustainability factors



- Demand for accountants will be influenced by emerging areas of reporting
- Integrated reporting
- Emissions reporting



# Regulatory settings



- We all know about importance of infrastructure in economic development (transport, airports, airports, electricity, water etc)
- But what about “soft infrastructure”
- Legal and regulatory environment?
- Possibly as important, if not more important than infrastructure you can see and touch



# Regulatory settings



- Capital markets
- Ability to raise funds
- Legal and regulatory framework
- Absence of appropriate settings means providers of capital will demand a risk premium lenders = higher cost of capital
- And reduced ability to attract foreign investment

- Collectively we face some interesting challenges

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# Thank you



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