

Dr Martin Parkinson PSM
Secretary to the Treasury
Treasury Building
Langton Crescent, Parkes ACT 2600

Dear Dr Parkinson,

We have pleasure in presenting to you the Treasury Forecasting Review (attached). With the last major review completed in 2005, the intention of this Review is to undertake an up-to-date 'health check' of the Treasury's economic and revenue forecasting processes and associated performance. The Advisory Panel considers that those objectives have been achieved.

The report was prepared by the Secretariat established within the Treasury for that purpose. The Review does not include the 2012-13 Budget forecasts since outcomes for 2012-13 are not yet available. The Secretariat has authored the report and is responsible for the data, analysis and commentary in the report. The Advisory Panel has played an oversight role, including providing comments and suggestions to the Secretariat on the scope and content of the report.

In addition, the Advisory Panel has prepared the Executive Summary which includes a number of recommendations and suggestions for further improving the Treasury's forecasting processes going forward. The Advisory Panel considers that these suggestions may assist the Treasury in meeting the considerable forecasting challenges that arise during times of heightened economic uncertainty and volatility.

The members of the Advisory Panel would like to thank you for the opportunity of contributing to this Review. We would also like to thank the members of the Secretariat for their co-operative and unfailingly helpful approach throughout to the various discussions about forecasting methodologies, assessments of the quality of the forecasts and the governance arrangements for producing the forecasts, and for their willingness to either debate or take on board the Advisory Panel's suggestions.

The Advisory Panel considers that periodic reviews of the Treasury's forecasting methodology and record involving external advisers are to be commended and reflect positively on the Treasury.

Yours sincerely




Dr David Chessell (Chair)



Mr Peter Crone



Dr Malcolm Edey



Dr Lynne Williams

Advisory Panel to the Review of Treasury Macroeconomic and Revenue Forecasting

