

TERMS OF REFERENCE

Review of Treasury Macroeconomic and Revenue Forecasting

Background

Treasury's forecasting of the macroeconomy and revenues operates in an environment of continuous evaluation and development. The forecasts are regularly subjected to internal review and to external review as part of the quarterly Joint Economic Forecasting Group (JEFG) meetings with relevant agencies. However, from time to time, it is valuable to formally take stock of the Department's forecasting capability and performance. This was most recently done in 2005 for both macroeconomic and revenue forecasting, and it is timely to again take stock.

Scope

The review will assess the quality of Treasury forecasting of the macroeconomy and revenue by examining the appropriateness of forecasting methodologies and comparing forecast accuracy with other forecasters both in Australia and overseas.

Governance

The review will be undertaken by a team within Treasury, overseen by an independent external Reference Group with relevant expertise.

Timing

Three months.

Reporting

A summary of the Review will be published later in the year.

