LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 45

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA, SUZANNE ORR MLA

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Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by MR COE MLA:

Chief Minister, Treasury and Economic Development Directorate 2016/17 Annual Report, Economic Management, Output 4.1

In relation to Modelling:

1. Please provide an overview of the data looked at when:
    a. Preparing economic forecasts and;
    b. Preparing revenue forecasts.

2. Are the economic and review forecasts performed entirely by ACT Government employees?
    a. If not:
        i. What external entities are involved?
        ii. What are the value of those contracts?

3. Please outline how the directorate meets its obligations to oversee the ACT's financial relations with the Commonwealth, States and Northern Territory when:
    a. Other areas of the ACT Government cannot been timeframes to provide key data and;
    b. Other areas of the ACT Government cannot provide reliable data?

4. What modelling is undertaken on the ACT economy?
    a. Is this modelling public?
    b. If not, why?

5. Are these processes the same as other jurisdictions?
    a. Is so:
        i. What jurisdictions?

6. Do these processes conform to all industry standards?
    a. If not, what standards do they not conform to?

Mr BARR MLA: The answer to the Member's question is as follows:–

1 Data reviewed in undertaking economic and revenue forecasting includes, but is not limited to, Australian Bureau of Statistics publications, Commonwealth Government Budget papers, Department of Finance Financial Statements, reports and modelling undertaken by other organisations such as NATSEM and Access Economics, academic publications, ACT taxation information, including collections data, modelling, reports, property data and concession payments

information, and a range of data from ACT Government Directorates. In addition, a Business Liaison program provides additional quantitative and qualitative information.

2. Yes.

3. Treasury maintains a general oversight of federal financial relations and the consequential flow of federal funding. Treasury works with other directorates as appropriate to ensure the accuracy and relevance of information provided to the Commonwealth.

   From an operational perspective, Treasury is guided in its task via the provisions of the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR). This includes managing the ACT Government's participation in the Standing Council on Federal Financial Relations (CFFR), Heads of Treasuries and associated forums including Deputy Heads of Treasuries, the GST Administration Sub Committee, the GST Policy & Administration Sub Group and the Heads of Treasuries National Partnership Network.

   Treasury also manages the ACT's participation in the Commonwealth Grants Commission (CGC) processes regarding the distribution of the GST Pool between all States and the two Territories in accordance with the principle of horizontal fiscal equalisation. Again, Treasury liaises with other directorates as appropriate in relation to issues raised by or with the CGC.

   Treasury also manages processes for the reporting of government finances information to the Loan Council and the ABS.

4. Modelling is undertaken to support all estimates and forecasts of the ACT economy. The outcomes of this modelling are published in the Budget and Budget Review. A range of other economic modelling is undertaken in relation to the ACT economy, usually in order to provide advice to the Government on specific policy proposals.

   Details of modelling undertaken by Treasury is typically not publicly released as it forms advice to the Government. In addition, revenue and some economic modelling utilises unit record data, the publication of which would breach privacy provisions.

5. Our understanding is that modelling and forecasting processes in the ACT are broadly comparable with those undertaken in the Commonwealth, States and the Northern Territory.

6. There are no industry standards for modelling and forecasting of the economy or government revenue collections.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature: Andrew Barr   Date: 29.11.2017

By the Treasurer, Andrew Barr MLA