**SMART Presentation**

• Participants; Patrick O’Callaghan, Tina Rampino, John Mangan

**Introduction- John Mangan**

• A foundation principal of The Australian Institute of Business and Economics is to develop a suite of economic model beginning with impact and resource allocation modelling through job specific input output models and modern forms of CGE.

• Later develops will be in macro models and time series forecasting

• In one sense these take on an applied/ consulting/ framework and are revenue raises for AIBE with special attention to The Public Service (as well as the private sector)

• The UQ School of Economics has a long history of modelling and policy development especially in a regional setting) for the Federal and Queensland Governments

• However, another important mission of AIBE to initiate and assist others in the Faculty and the University to engage in economic research

• CGE and IO are dated techniques, - very popular in the Public and private sector but unlikely to generate much in the way of high-quality publications or generate much interest from early career academics

• So from the onset, we determined to develop ways to extend these techniques in ways that would improve their applicability and also embrace the developing school of industrial organisation which embeds input output techniques into macro models to better understand the determinants of short-run macroeconomic shocks

• This is part is inspired by the work of Baqaee and Farhi and of Engin Atalay in a series of articles including “How Important are Sectoral Shocks. In this paper he examines the role of micro shocks at the firm or industry level in explaining short-term macroeconomic fluctuations.

• He concludes that industry-specific shocks are substantially more important than previously thought, accounting for at least half of aggregate volatility.

• This and other contributions in this area shift the role of properly constituted IO and CGE models from short term resource allocation and impact models to providing greater insight into the macro economic working of a State or National economy over time.

• It also creates avenues for novel academic research

• But how could this be achieved -?

• At present impact modelling at the aggregate level is dominated by CGE models and at the region or sub region levels by non-linear IO- Within CGE modelling the Centre of Policy Studies (COPS) located at Victoria University have a dominant position in the market- due mainly to brand loyalty and the preponderance of COPS trained staff in most State Treasury’s. Cops also has sophisticated marketing arem

• The AIBE model sets out, initially not to compete directly with COPs but to establish a more modern, data rich and flexible model that will offer ADVANTAGES OVER cops SUCH AS being able to deal with uncertainty, has a better defined regional focus and which is able to help bridge the gap between resource allocation ( micro models) and macro for casting models

**Inspiration, Innovation and Methodology - Patrick**

• Articles that have helped develop ideas- Atalay etc

• Innovations – uncertainty, double solver, regionalisation, more disaggregated dats

• Preview of model- (like you showed me or substitute)

• Future developments- interaction with School of Economics

**Data innovations and new data sources – Tina**

• Blade

• Other regional data

• Partnership with ABS

• Interest from State Government departments