

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 218

Topic: Population Figures

Hansard Page: Written

Senator BERNARDI asked:

1. The Intergenerational Report (IGR) states that if Australia had a population growth rate of 0.8 per cent (due to lower net migration and fertility rates) which is lower than the projected 1.2 per cent per annum growth rate, real GDP growth would fall and workforce participation would be less. Does this mean that the Government will attempt to keep the annual population growth rate above 0.8 per cent in coming years?
2. The IGR projects that Australia's total fertility rate will fall to 1.9 per cent in 2013 and will continue at that rate right up to 2050. How was this figure determined? What indicated that the rate would remain at 1.9 per cent for the next 35+ years?
3. The Intergenerational Report will now be released every three years – so is it correct to say that Treasury expects the next IGR to be released in 2013?

Answer 1

The population projections contained in the IGR are based on an assumption that current long-run trends in fertility and mortality rates and the level of net overseas migration could continue. Trends are based on long-run averages, not a projection forward of current levels. The IGR does not set out forecasts and it does not specify a target or try to anticipate future government policy.

Answer 2

From a low of 1.73 in 2003-04, the Total Fertility Rate (TFR) has been gradually increasing, reaching 1.98 in 2008-09. While it is difficult to disentangle what has caused the rise in TFR, key reasons include sustained economic growth and some catch up of delays in fertility by younger women.

The IGR projects the TFR to fall slightly to 1.9 by 2013 from its recent historical peak of almost 2.0 and stay at that level for the remainder of the projection period. The TFR was assumed to fall slightly as projections from a recent historical peak are misleading unless there are policy reasons to consider that a peak will be maintained.

Answer 3

According to the *Charter of Budget Honesty Act 1998*, the Treasurer is to publicly release and table intergenerational reports within 5 years of the public release of the preceding report. The Government has previously committed to release an IGR every three years.