What is the intergenerational report?

The Australian Government’s intergenerational report (IGR) is produced under the Charter of Budget Honesty Act 1998 and assesses the long-term sustainability of current Government policies. It is a requirement of the Act that an IGR is to be produced every five years. The reports focus on the implications of demographic change for economic growth and assess the financial implications of continuing current policies and trends over the next four decades.
Australia’s demographic challenges affect economic growth and long-term fiscal sustainability. The Government’s fiscal sustainability has improved since the first intergenerational report in 2002.

Making progress

The first intergenerational report (IGR1) in 2002 showed Australia faced substantial future challenges from demographic change.

This is the second intergenerational report (IGR2). It shows that the Australian Government’s long-term fiscal sustainability has improved since IGR1. We face the future from sound foundations as a result of strong policy frameworks, robust economic growth and a strong fiscal position.

The fiscal gap — the difference between government spending and revenue collected — now is projected to be around 3½ per cent of Gross Domestic Product (GDP) in 2046-47. In IGR1, the fiscal gap was projected to be 5 per cent of GDP after 40 years in 2041-42.

Demographic and other factors will continue to pose substantial challenges for economic growth and long-term fiscal sustainability.

The projections in IGR2 show that over the next 40 years:

- the population will continue to increase in size but with a higher proportion of older people;
- economic growth per person will slow as the proportion of the population of traditional working age falls; and
- substantial fiscal pressures will emerge due to projected increases in spending, particularly in the areas of health, age pensions and aged care.

Long-term fiscal sustainability has improved, but pressures remain.
Australia has a strong economy and steadily rising living standards. This provides a sound foundation to create policies with current and future benefits.

Building on a sound foundation

Australia faces intergenerational challenges from a sound foundation. While many OECD countries share our demographic challenges, Australia is in a stronger position to meet them than most.

Australia’s population is not ageing as fast as many others, and steady progress in reform has seen the economy experience uninterrupted economic growth for more than a decade. Recently, terms of trade improvements — increases in the price of exports relative to imports — have contributed to Australia’s strong economic position.

In the five years since IGR1, the Australian Government has strengthened its fiscal position by accumulating surpluses, eliminating net debt and establishing the Future Fund to provision for unfunded liabilities.

Reforms to support future growth include reductions in personal tax from rate cuts and threshold increases, workplace relations changes, changes to income support arrangements along with programmes to help people enter the labour force, and improvements to the superannuation system.

These reforms improve incentives to work and the flexibility of the labour market, strengthen our economy and improve living standards. These are intergenerational policies — policies with benefits for current and future generations. They aim to improve prospects for economic growth and better manage spending pressures.

Australian living standards, real GDP per person, have risen more rapidly than the OECD average.
Today’s policies underpin living standards now and in the future. Reforms undertaken now will help balance the needs of current and future generations.

Ongoing reform

Currently, the proportion of 15-64 year olds in the population is higher than it has been for 40 years and higher than it is projected to be for the next 40 years — it is a demographic ‘sweet spot’. The demographic change from these workers retiring is projected to detract from economic growth in the future.

Reforms are underway to improve human capital, reduce unnecessary regulation, boost competition in energy, transport and infrastructure and increase the sustainability of our water resources.

Progress from these reforms will help improve economic growth prospects and better manage spending pressures. But the reform task remains ongoing.

Policy changes aim to improve the growth prospects and living standards for current and future generations. Further steps taken early will reduce the need for large adjustments later.

Our policies also will need to help us manage and adjust to other long-term trends, including pressures on our natural resources, global climate change, international security issues and globalisation.

By identifying and implementing a path of reform, we can continue to make progress on intergenerational challenges. This ability to adapt to change is a key factor in Australia’s continued success.
While Australia’s population continues to grow, the number of older people is projected to grow more quickly.

An ageing population

Australia’s population is projected to grow over the next 40 years, although at a slower rate than in the past. Australia’s population also is projected to continue to age.

The updated projections in IGR2 show that by 2047, Australia’s total population will be 28.5 million, 38 per cent larger than June 2006.

At the same time, the proportion of people aged 65 and over is projected to nearly double to 25 per cent of the population. The proportion aged 85 or over is projected to triple to 5.6 per cent of the population.

The pace of ageing of the population is projected to quicken after 2010, as the baby boomer generation starts to reach age 65.

While the number of people of traditional working age (15 to 64 years) is projected to slightly increase, their proportion in the population is projected to fall.

In 2007 there are 5 people of working age to support every person aged 65 and over. By 2047, there will only be 2.4 people of working age supporting each person aged 65 and over.
Demographic change is driven by changes in fertility, life expectancy and immigration. The ageing of the population will alter fundamentally the structure of Australia’s population.

Changing population structure

The factors underlying Australia’s demographic change are fertility, mortality and migration.

**Fertility**

Australia’s current total fertility rate, at 1.8 births per woman, has increased slightly since 2001 and is higher than many other OECD countries.

By 2047, the total fertility rate is projected to fall to 1.7, remaining below the population replacement rate.

**Mortality**

Mortality rates continue to fall, leading to increased life expectancies for both men and women. Our life expectancies now are among the highest in the world.

Over the period 1901-10 to 2003-05, life expectancy at birth increased from 55.2 to 78.5 years for men and from 58.8 to 83.3 years for women.

Men born in 2047 are projected to live an average of 6.9 years longer than those born in 2007, and women an average of 6 years longer.

**Migration**

Australia’s net overseas migration has increased from an average of around 90,000 to 110,000 over the past 10 years. This helps to reduce population ageing.

However, falling fertility and mortality rates are projected to have a greater impact, leading to an overall rise in the average age of the population.

The overall age structure of Australia’s population will change.
Intergenerational report projections of economic growth are constructed from trends in population, labour force participation and productivity.

Economic growth and the 3Ps: population, participation and productivity

In the intergenerational report, the projections for real GDP and real GDP per person are constructed by looking at the ‘3Ps’:

- **Population** refers to the population aged 15 and over;
- **Participation** refers to the average number of hours worked in the labour force by each working age person; and
- **Productivity** refers to the average output produced per hour worked.

Projections for each component are determined by a range of demographic and economic assumptions.

The population structure is influenced over time by fertility, mortality and migration.

The contribution to economic output from labour force participation depends on the interaction between the labour force participation rates of men and women by age, the hours they work, and the unemployment rate.

Changes in the population structure significantly affect participation because employment and hours worked vary substantially by age and between men and women.

Productivity reflects the efficiency with which labour, capital and natural resources are organised to produce outputs. It is measured here as labour productivity.
Economic growth is projected to slow due to demographic changes. Lifting the drivers of growth — population of working age, labour force participation rates and productivity — will improve future growth prospects.

Ageing and economic growth

Over the next 40 years, living standards are projected to continue to rise. However, the rate will be slower than over the past 40 years, due to demographic changes.

IGR2 projects that over the next 40 years, the average rate of growth in real GDP per person will slow from 2.1 per cent over the past 40 years to 1.6 per cent per year. Growth in GDP also will slow.

Population growth is projected to slow in the next 40 years. In addition, as the baby boomer generation retires, the proportion of people of traditional working age will fall. As a result, the labour force participation rate for the whole group aged 15 and over will fall.

In the longer run, the unemployment rate is assumed to be 5 per cent, unchanged from IGR1.

Average hours worked, which are influenced by the working preferences and opportunities for men and women of different ages, also are projected to decline gradually over the next 40 years.

Labour productivity growth is assumed to remain at its long-term average of 1¼ per cent per over the next 40 years.

Reforms to lift population, participation and productivity will contribute to improving growth prospects over the next 40 years.
The drivers of economic growth can be improved. Australia’s labour force participation rates are increasing.

Improving labour force participation rates

Recent increases in labour force participation rates have improved Australia’s growth prospects.

Labour force participation rates for women and older workers have continued to rise.

The participation rate for people aged 15 and over rose from 60.7 per cent in 1978-79 to 64.5 per cent in 2005-06.

Over this period, a fall in men’s labour force participation (from 78.5 per cent to 72.1 per cent) has been more than offset by a strong rise in women’s participation (from 43.5 per cent to 57.2 per cent).

Projected participation rate increases will help offset the impact of population ageing.

Over the next 40 years, participation rates for men and women of all age groups are projected to stabilise or rise.

Although the participation rate for people aged 15-64 is projected to continue to rise, the ageing of the population means a greater proportion of people will be over 64. People in this group are most likely not to work or to work part time.

As a result, the ageing effect means the total participation rate, traditionally measured in terms of people aged 15 and over, is projected to fall.

Encouraging greater labour force participation continues to be important for improving economic growth and living standards.

Working age Australians are participating more, although total labour force participation rates are projected to fall.
Steady economic growth has delivered improvements in living standards. Future improvements depend on greater participation and productivity to reduce the effect of demographic changes.

Rising living standards depend on steady economic growth and ongoing reform

Over time, Australia’s economic growth has fluctuated due to economic cycles and demographic change. Our economic history and projected outlook are shown in the chart below in terms of combinations of productivity and labour force participation.

The economic recessions and recoveries through the 1980s and the early 1990s are shown by the sideways movements in the line in the chart. Increasing unemployment during recessions is reflected in movements to the left in the chart.

The strong economic growth in the decade from 1995 is due to increasing productivity and participation (shown by the line’s movement up and to the right in the chart).

Participation increases have continued in the past few years, assisted by reforms in this area. However, the effects of the baby boomers retiring are projected to begin early next decade as shown by the line’s change of direction in the chart. Participation falls as the ageing of the population affects participation rates and hours worked. Real GDP per hour worked rises because of the assumption of continuous growth in productivity. Cyclical and other factors are not included in the projections.

Improvements in living standards can be made from steady economic growth through rising participation and productivity. The projections reveal the demographic challenge for economic growth and the need for ongoing reform.

Swings in economic activity have hindered economic growth in the past. Demography will detract from, rather than add to, growth in the future.
Australia’s strong fiscal position will be challenged as the population ages. We need to balance current and future government spending needs, and continue to manage spending pressures.

Improving our long-term fiscal position

Sound budget management since 1996 has resulted in Australia’s current financial position being strong by both historical and international standards.

Even so, government spending is projected to increase as the population ages, if adjustments are not made.

Health, age pensions and aged care are projected to account for most of the increase. These areas are sensitive to demographic change.

Factors other than ageing, such as technological change, also are projected to increase costs.

In the absence of policy changes, government spending is projected to exceed revenue, leading to rising debt.

Net debt is projected to re-emerge by the mid-2030s, and rise rapidly.

Ongoing management of these spending pressures will be required to slow the growth in spending.

We will need to prioritise spending carefully and consider future needs and pressures when making spending decisions now.
Aggregate spending is projected to rise ...

leading to future deficits in the absence of policy changes ...

in turn leading to increased debt in the future.
Australians can look forward to continued improvements in health care and technology. As we plan to enjoy the benefits, we also should prepare to meet the costs.

A sustainable health care system

Australia’s health system is world class. It is one reason for the high living standards and long life expectancies of Australians.

Health expenditure is projected to nearly double as a proportion of GDP over the next 40 years.

This is partially due to the ageing of the population, although non-demographic factors have an even greater effect.

The largest projected spending pressure in health is the Pharmaceutical Benefits Scheme (PBS). Since 2002, the Government has put in place a range of measures to better control government spending on the PBS.

Recent reforms will reduce the cost to consumers and the government of many generic medicines and provide ‘headroom’ for listing of future drugs.

Even with these reforms, spending on the PBS is projected to rise.

We need to continue to prepare for the health care we want in the future, and ensure that health spending is as efficient and effective as possible.

For example, promotion of healthier lifestyles can prevent many health problems and reduce overall health costs over time.
Higher education levels contribute to higher living standards. We need to continue to maximise access to education and training.

Continuing high standards of education

Successive generations of Australians have become more highly educated, reflecting increased demands for a skilled labour force and people’s desire to be educated. The level of an individual’s educational attainment and skills is a key determinant of their participation in the labour force. Improving educational attainment and skills also contributes to lifting productivity.

Australian Government spending on education is estimated to be 1.85 per cent of GDP in 2006-07. Education spending is projected to increase per person, but the proportion of the population in the principal age group for education (5-24 years) is falling. This is a consequence of falling fertility rates.

Therefore spending in proportion to GDP will marginally decline. This is partly offset by increased Australian Government spending as a result of the continuing trend for students to move from state to private schools.

In higher education, the Australian Government is the principal source of funding, and the Higher Education Loans Programme also ensures the main beneficiaries of higher education contribute to the cost. This is important in maintaining a sustainable education system, and ensuring Australians can access a tertiary education.

Spending on education is projected to remain fairly steady over the next 40 years

Projected Australian Government education spending - per cent of GDP

- Schools
- Universities
- Vocational & technical education
- Other
- Total

2006-07
2046-47
More Australians will live longer, healthier lives. Aged care and age pension spending will increase as people live longer.

The Australian Government provides considerable support for ageing Australians.

The proportion of people in the population aged 80 and over is expected to almost treble over the next 40 years. This is the group with the greatest need for formal aged care.

Current aged care policies help people to remain in the community for as long as possible. This may become even more important as people remain healthier for longer.

Australian Government spending on aged care is projected to increase as a proportion of GDP from 0.8 per cent in 2006-07 to around 2.0 per cent in 2046-47.

Age pensions are another important aspect of government support.

Spending on age pensions is driven partly by the number of people in the eligible age range. This proportion of the population is expected to double by 2046-47.

However, the increased value of individuals’ superannuation and other private assets and income will partly offset this.

As private contributions increase, this will help to maintain a sustainable system.

Targeting spending to those who need assistance most will allow the Government to maximise the support available for older Australians.

Spending for older Australians projected to rise

<table>
<thead>
<tr>
<th></th>
<th>Residential aged care</th>
<th>Community aged care</th>
<th>Age and service pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>1.0</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>2046-47</td>
<td>1.5</td>
<td>0.2</td>
<td>3.6</td>
</tr>
</tbody>
</table>
As people live longer, the way they plan work and retirement may change. Policy frameworks need to provide opportunities for people to plan for their own future.

Superannuation arrangements

Superannuation aims to boost retirement incomes and reduce reliance on the age pensions system.

Reforms have helped to prepare for future demographic pressures by encouraging people to save for their own retirement.

The superannuation guarantee (SG) provides a minimum level of superannuation support for employees.

Additional incentives for voluntary superannuation contributions are provided by tax concessions and the Government matching eligible contributions with a generous co-contribution.

Recent reforms significantly simplify superannuation taxation arrangements, and make benefits paid from a taxed superannuation fund tax-free for people aged 60 and over.

This will increase retirement incomes and strengthen incentives for people to participate longer in the labour force and to save for their retirement over their whole working life.

Over time, the increase in superannuation savings will reduce the proportion of people accessing the full age pension.

These initiatives are an investment to lift the living standards of Australians in retirement.

As more people save for retirement, reliance on age pensions will decrease
Australia’s income support system helps people balance work and family commitments. It also supports other people of labour force age, and encourages participation where possible.

Assisting families and people of working age

The Government provides considerable financial support for families and people of working age.

**Families**

The level of family assistance has increased significantly over recent years.

Payments to assist families include family tax benefits, Child Care Benefit and the baby bonus, with the highest rates of payment going to low-income families.

Key drivers for projecting future expenses for the IGR include the number of children aged 15 and under, the number of births, and women’s labour force participation.

**Labour force age**

Assistance to people of working age includes Newstart Allowance, Youth Allowance, Disability Support Pension and Parenting Payment.

The Government’s recent Welfare to Work reforms recognise many people are able to work part time, and encourages them to do so where practicable.

These policy changes are expected to reduce the number of recipients of the various payments, as people move off payments and into employment.

The impacts of the Welfare to Work reforms are reflected in the projected expenses of working age payments in the IGR.

Demographic change and government policies will affect spending on income support
Caring for the environment will be important both for Australia’s economic growth and the wellbeing of current and future generations. Environmental sustainability is also an intergenerational challenge.

Environmental sustainability

The choices we make about environmental outcomes, like those we make about economic growth, will affect our current and future wellbeing.

Since IGR1, Australian Government spending on the environment has more than doubled. Recent Government initiatives include the $10 billion water package, the Asia-Pacific Partnership on Clean Development and Climate, assistance for alternative energy sources and establishing the Low Emissions Technology Demonstration Fund.

Maintaining the environment and its capacity to contribute to growth is a significant challenge. Concerns include land degradation, salinity, and the issues of water and global climate change.

Improved knowledge of environmental issues has led to a greater capacity to address the problems. However, there is no single policy solution to the diverse range of environmental issues.

Policy approaches include market-based mechanisms as well as budget funding to deliver sustainable outcomes.

While addressing environmental issues can affect economic growth, in many cases it will act to safeguard future economic growth potential. In other cases, such action may provide for both improved environmental and economic outcomes.

Pressure on the environment has increased over time

Note: 1951-2006 (Index 1961 = 100)
Population ageing affects all areas of our economy. Sound policy choices over the coming years will give us more flexibility in the future.

Lifting economic growth and managing spending pressures

Choices made now affect the future. Australians can choose to deal with intergenerational challenges in several ways. Governments can:

- run deficits and increase debt;
- increase taxes now or later;
- develop policies to support stronger economic growth;
- reduce spending growth, and make spending more efficient and effective.

Unless changes are made now, future generations will be left with fewer choices.

Increasing debt is not a long-term solution as interest costs increase rapidly and eventually debt must be repaid.

Tax levels as a share of GDP have been reasonably stable for 30 years. The Government does not support increasing taxes.

The preferred strategy is to improve economic growth and better manage spending pressures to improve the long-term fiscal outlook.

Policies already are in place to improve intergenerational prospects. Further steps taken now will mean that we do not need to compromise living standards to improve our future.

Choices in managing intergenerational challenges

- Run deficits and increase debt ✗
- Increase the tax burden ✗
- Strengthen economic growth ✓
- Better manage spending pressures ✓
Improving intergenerational prospects will require steady, ongoing reform to ensure our policy frameworks remain effective. Reforms are underway to support improvements in economic growth.

Policy improvements underway

Reforms are underway to improve the prospects for economic growth.

For example, the National Reform Agenda (NRA) is a broad-based agenda to improve economic growth through increasing participation and productivity.

Federal and State Governments are working together to improve human capital through lifting skills and improving incentives, reducing unnecessary regulation and boosting competition in energy, transport and infrastructure to promote efficient national markets. These reforms build on the achievements of national competition policy and associated reforms.

Outcomes of policies in place and being developed to improve human capital include:

- reducing the proportion of the working-age population not participating in the workforce due to illness or injury;
- increasing the proportion of young people making a smooth transition from school to work or further study; and
- encouraging and supporting increased workforce participation among key groups.

Fiscal sustainability will be improved by policies that improve participation and productivity and also improve the effectiveness and efficiency of government spending.
Appendix A
IGR2 demographic and economic projections

Table A.1: Australian population history and projections

<table>
<thead>
<tr>
<th>Age range</th>
<th>1967</th>
<th>2007</th>
<th>2017</th>
<th>2027</th>
<th>2037</th>
<th>2047</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>3.5</td>
<td>4.0</td>
<td>4.1</td>
<td>4.2</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>15-64</td>
<td>7.3</td>
<td>14.1</td>
<td>15.2</td>
<td>15.9</td>
<td>16.4</td>
<td>17.0</td>
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<tr>
<td>65-84</td>
<td>0.9</td>
<td>2.4</td>
<td>3.4</td>
<td>4.5</td>
<td>5.3</td>
<td>5.6</td>
</tr>
<tr>
<td>85 and over</td>
<td>0.1</td>
<td>0.4</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>11.8</td>
<td>20.9</td>
<td>23.2</td>
<td>25.3</td>
<td>27.1</td>
<td>28.5</td>
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</table>

Percentage of total population

<table>
<thead>
<tr>
<th>Age range</th>
<th>0-14</th>
<th>15-64</th>
<th>65-84</th>
<th>85 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>29.3</td>
<td>62.2</td>
<td>8.0</td>
<td>0.5</td>
</tr>
<tr>
<td>15-64</td>
<td>19.1</td>
<td>67.4</td>
<td>11.7</td>
<td>1.7</td>
</tr>
<tr>
<td>65-84</td>
<td>17.7</td>
<td>65.6</td>
<td>14.5</td>
<td>2.2</td>
</tr>
<tr>
<td>85 and over</td>
<td>16.7</td>
<td>62.7</td>
<td>17.8</td>
<td>2.7</td>
</tr>
</tbody>
</table>


Chart A1: Australia’s child- and aged-to-working-age ratios

Source: Australian Bureau of Statistics Cat. No. 3201.0, various years; and Treasury projections.
### Table A.2: Growth in economic aggregates\(^{(a)}\)

<table>
<thead>
<tr>
<th>Decade</th>
<th>Population</th>
<th>Labour productivity</th>
<th>Employment</th>
<th>Real GDP</th>
<th>Real GDP per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>2.2</td>
<td>2.9</td>
<td>2.6</td>
<td>5.1</td>
<td>2.8</td>
</tr>
<tr>
<td>1970s</td>
<td>1.3</td>
<td>2.0</td>
<td>1.7</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>1980s</td>
<td>1.5</td>
<td>1.2</td>
<td>2.4</td>
<td>3.4</td>
<td>1.8</td>
</tr>
<tr>
<td>1990s</td>
<td>1.2</td>
<td>2.1</td>
<td>1.2</td>
<td>3.3</td>
<td>2.1</td>
</tr>
<tr>
<td>2000s</td>
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<td>1.5</td>
<td>1.9</td>
<td>3.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2010s</td>
<td>1.0</td>
<td>1.75</td>
<td>0.8</td>
<td>2.6</td>
<td>1.6</td>
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<tr>
<td>2020s</td>
<td>0.8</td>
<td>1.75</td>
<td>0.5</td>
<td>2.3</td>
<td>1.4</td>
</tr>
<tr>
<td>2030s</td>
<td>0.6</td>
<td>1.75</td>
<td>0.4</td>
<td>2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>2040s</td>
<td>0.5</td>
<td>1.75</td>
<td>0.3</td>
<td>2.0</td>
<td>1.6</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Average annual growth rates (per cent).
Source: Australian Bureau of Statistics data; and Treasury projections.
### Table B.1: IGR2 projections of major components of Australian Government spending (per cent of GDP)

<table>
<thead>
<tr>
<th>Component</th>
<th>2006-07</th>
<th>2011-12</th>
<th>2016-17</th>
<th>2026-27</th>
<th>2036-37</th>
<th>2041-42</th>
<th>2046-47</th>
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<tbody>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Benefits Schedule</td>
<td>1.1</td>
<td>1.2</td>
<td>1.2</td>
<td>1.3</td>
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<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Pharmaceutical Benefits Scheme</td>
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<td>0.8</td>
<td>1.0</td>
<td>1.5</td>
<td>2.0</td>
<td>2.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Hospital and health services</td>
<td>1.2</td>
<td>1.2</td>
<td>1.4</td>
<td>1.7</td>
<td>2.0</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Other</td>
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<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total health</strong></td>
<td>3.8</td>
<td>4.0</td>
<td>4.4</td>
<td>5.3</td>
<td>6.3</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>Aged care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential care</td>
<td>0.6</td>
<td>0.6</td>
<td>0.7</td>
<td>0.9</td>
<td>1.2</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Community care</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
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Appendix B

IGR2 projections of Australian Government spending

Table B.2: IGR2 projections of major components of Australian Government spending (real dollars per person 2006-07)

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Appendix C
IGR2 labour force participation rates: history and projections
Appendix C

IGR2 labour force participation rates: history and projections