

MEDIA RELEASE

24 July 2014

AUSTRALIA'S AGEING POPULATION POSES RISKS FOR BUDGETS

Australia's public and private economy-wide deficit could blow out to more than \$400 billion by 2050 due to the nation's ageing population, a new report has found.

The report by the ARC Centre of Excellence in Population Ageing Research (CEPAR) provides the first National Transfer Accounts (NTA) measure for Australia, based on figures from 2009-10.

NTA measures how each age group produces, consumes, shares, and saves resources in the economy, and gives an insight into how a country's demographics will affect its economy and finances.

"The fiscal imbalance indicated in the 2009-10 NTA is not sustainable as the Australian population ages," said Professor Peter McDonald, CEPAR Deputy Director and Professor of Demography based at the Australian National University's Crawford School of Public Policy.

"If the projected deficit by 2050 is not addressed by falls in per-capita consumption, increases in labour force participation and in the productivity of labour and capital are essential."

The report gives details results of the NTA for 2003-04, and for 2009-10. It found Australia was running an economy-wide deficit of \$166 billion in 2009-10.

That would blow out to around \$400 billion by 2050 in 2009-10 dollar terms, Professor McDonald said.

He said the results for 2009-10 would have been worse without the shift over the past decade of many older Australians continuing to work.

The study sheds further light on Australia's ageing population.

It shows that Australians aged 25 to 57 years are net providers to those who are younger and older.

The older age group who are net receivers, aged 58 years and over, will grow in number by 137 per cent by 2050 while the net providers age group will grow by only 59 per cent.

"These trends put considerable pressure on Australia's capacity to meet the future costs of its ageing population," Professor McDonald said.

The report was launched at a [public lecture](#) at the ANU 10am on Thursday, July 24.

The NTA Report is available [here](#)

For interviews please contact Professor Peter McDonald: T: 02 6125 2129 or M: 0400 252 149