

Media Release

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Predictions, projections and population increases

How accurate are the numbers – and processes that produce them – that are used to inform and plan for Australia’s future population needs?

Senior Research Fellow Rafal Chomik at the ARC Centre of Excellence in Population Ageing Research (CEPAR*) considered the demographic projections by entities including the Federal Treasury and the Australian Bureau of Statistics, which shape perceptions of future growth, and policy direction and decisions.

In a new CEPAR fact sheet [A visual history of demographic projections in Australia](#), Chomik examined figures and trends from 1945 to the most recent Treasury projections in the 2015 Intergenerational Report (IGR). Accurate reporting and application of this demographic data has implications for Australia’s capacity to plan for, and meet, the future costs of our population, including the ageing cohort.

“Differences between projections and a comparison to outcomes can serve as a guide to users of publicly available demographic data. This is especially relevant as the Australian Treasury, unlike its other OECD counterparts, sets its own demographic assumptions for long-term fiscal reporting rather than using those produced by an independent national statistics office,” he said.

The fact sheet also explains how many analyses about the future made by government agencies are only projections and should be treated with caution.

- **A projection is** a hypothetical exercise that asks: what will be the outcome if given assumptions hold?
- **A forecast is** a speculative exercise that attempts to predict the future using the most realistic assumptions possible.

“There is a historical tendency in Australia to underestimate population growth, for example. This was most recently seen in the 2015 IGR, where the total population expected in 2050 was revised upward to 38 million from the 2002 IGR projection of 26 million,” said Chomik.

Chomik also considers how key components such as fertility, migration and life expectancy are expressed, how key turning points are liable to affect trend-based projections, and how assumptions can show bias that distorts the reality of consistent rises in life expectancy and population ageing.

*CEPAR is a unique, independent, ARC-funded research centre bringing together academia, government and industry to address one of the major social challenges of this century.

Factsheet available at: <http://cepar.edu.au/fact-sheets.aspx>

Media contact Grainne Murphy: T 02 9385 7107 or M: 0427 564 973