



Parliamentary
Budget Office

Australia's ageing population

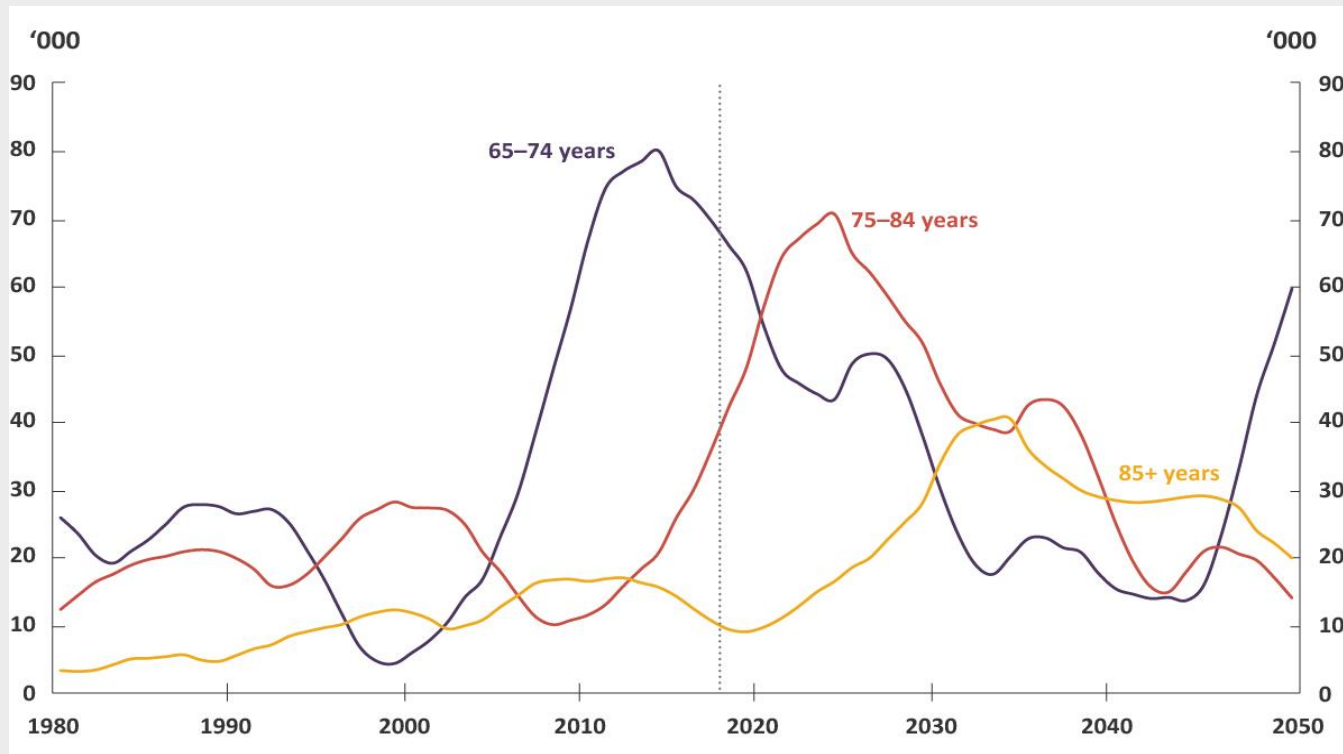
Understanding the fiscal impacts over the next decade

Linda Ward
First Assistant Parliamentary Budget Officer

Fiscal pressure will come in waves...

Rate of increase in older age groups

Annual increase in the number of people by age group



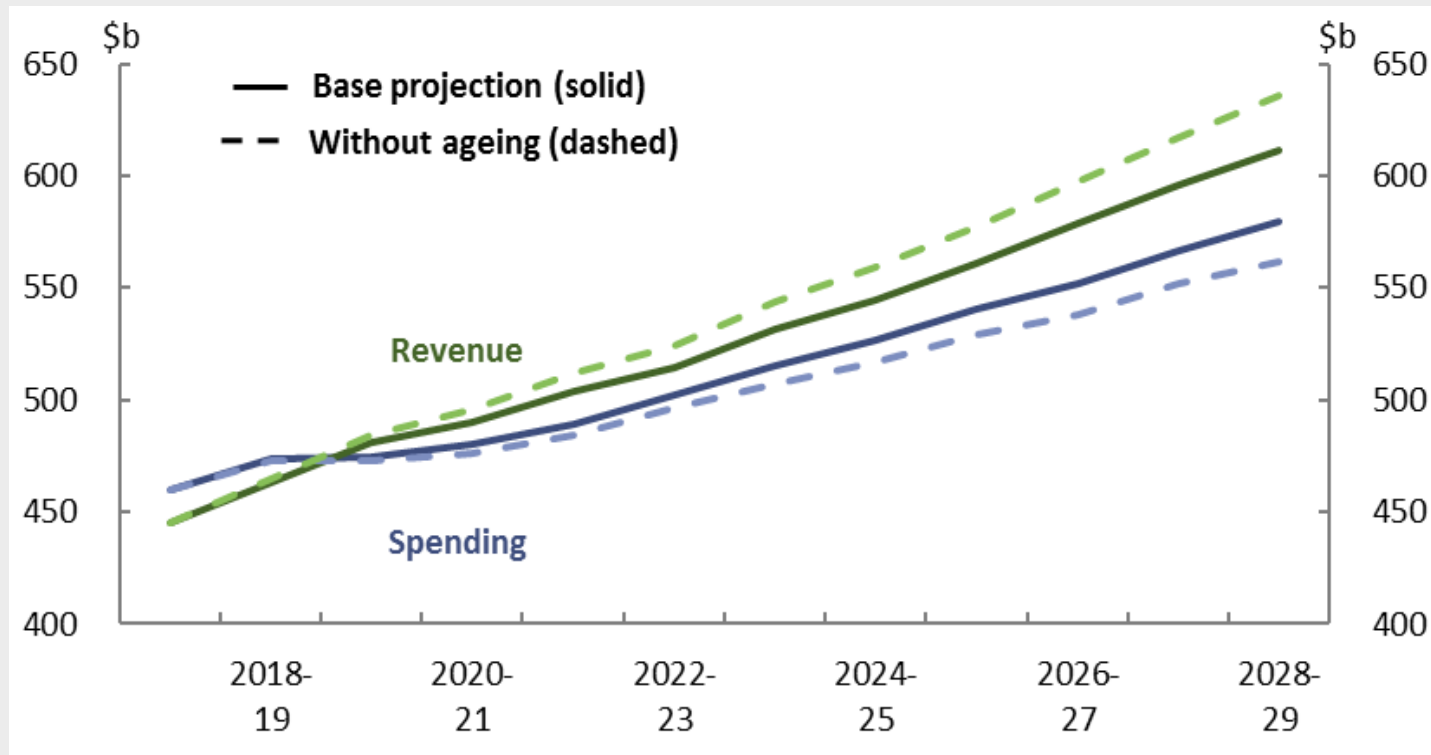
Note: All population projection charts use series B of the Australian Bureau of Statistics' population projections unless noted otherwise. Lines are smoothed using a moving average. Dotted line indicates the break between historical and projected results.

Source: ABS, 2018.

...building over the next decade...

Projections of revenue and spending

2017–18 dollars



Source: 2018–19 Budget and PBO analysis.

...to an annual cost to the budget greater than Medicare.

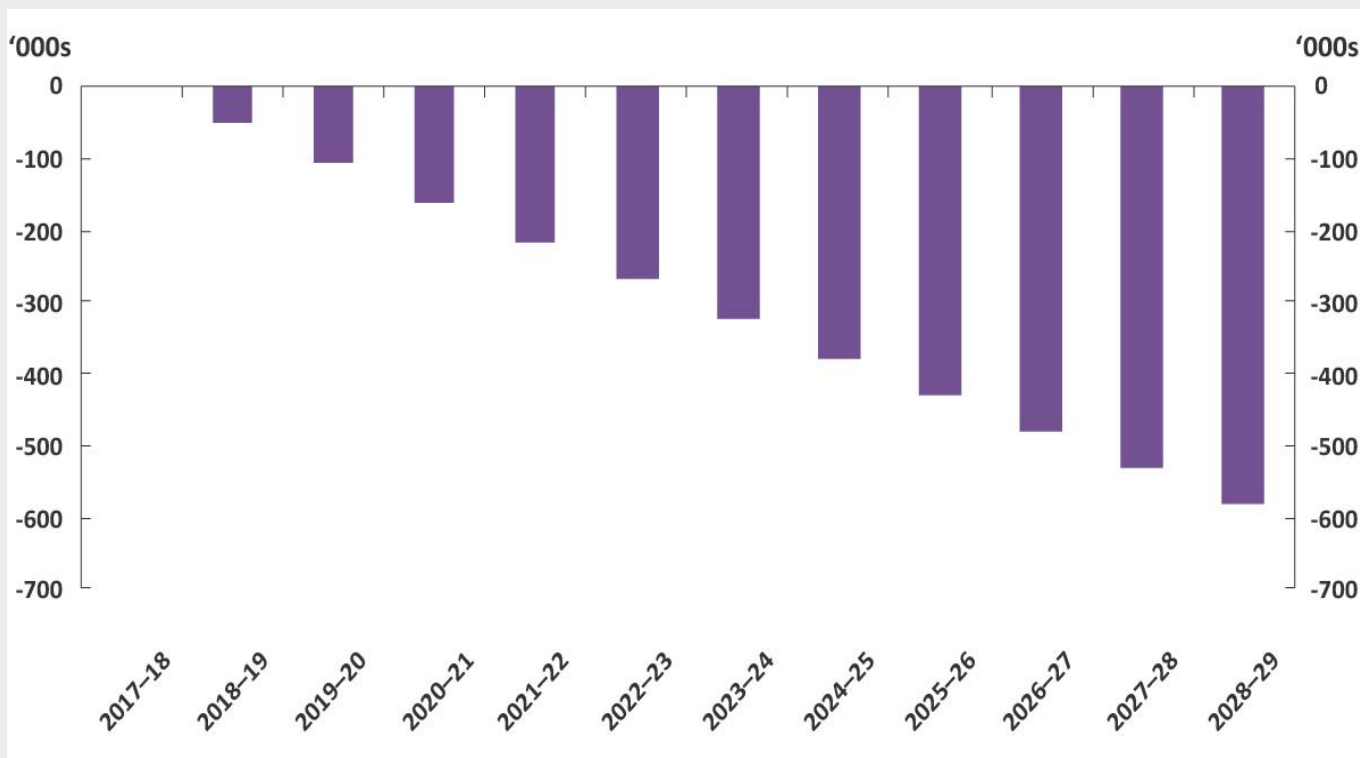
Projected impact of ageing on the budget balance in 2028–29
2017–18 dollars



Note: An increase in spending is presented as a negative because it decreases the budget balance.
Source: 2018–19 Budget and PBO analysis.

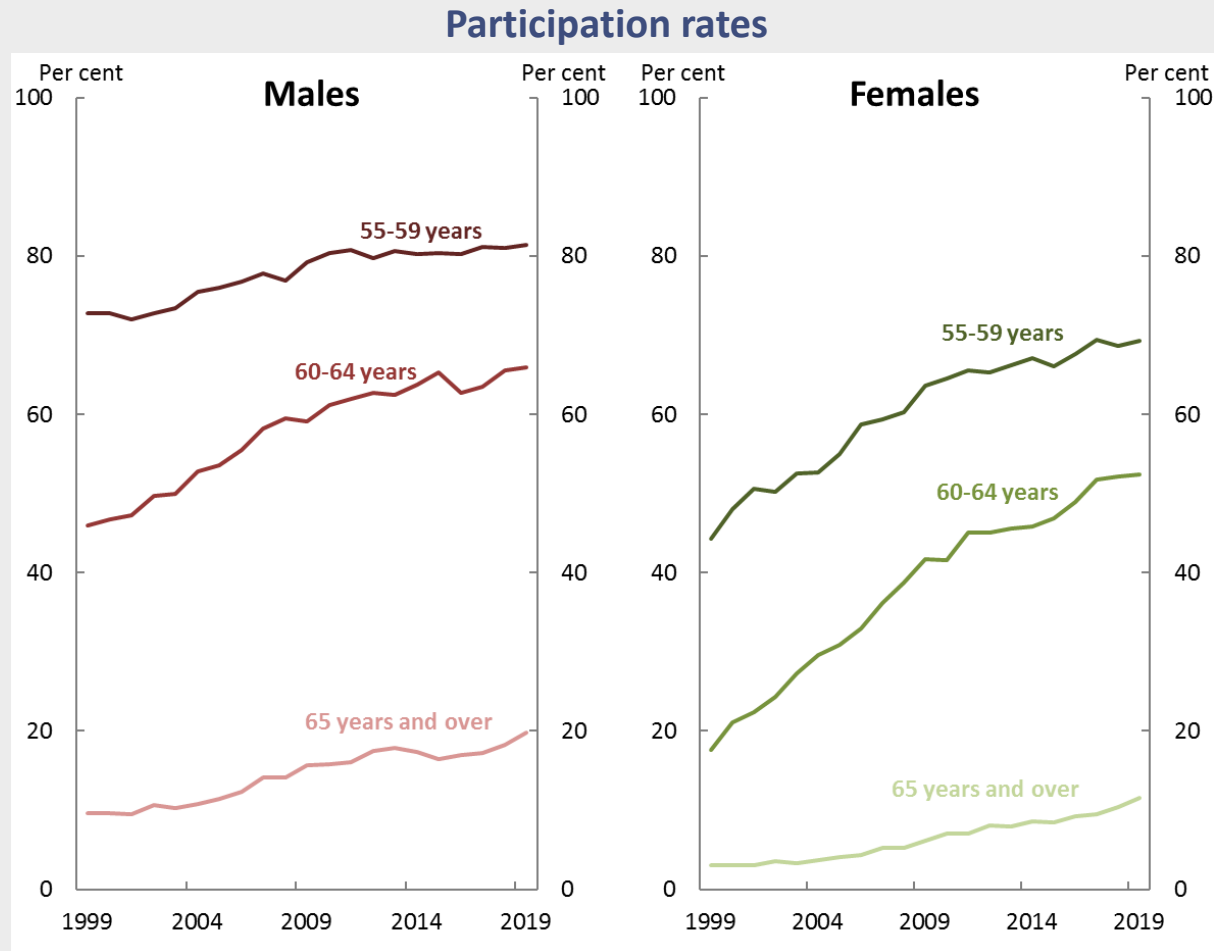
Slowing labour force growth reduces revenue...

Projected change in the labour force size due to ageing
Numbers of workers



Source: 2018-19 Budget and PBO analysis.

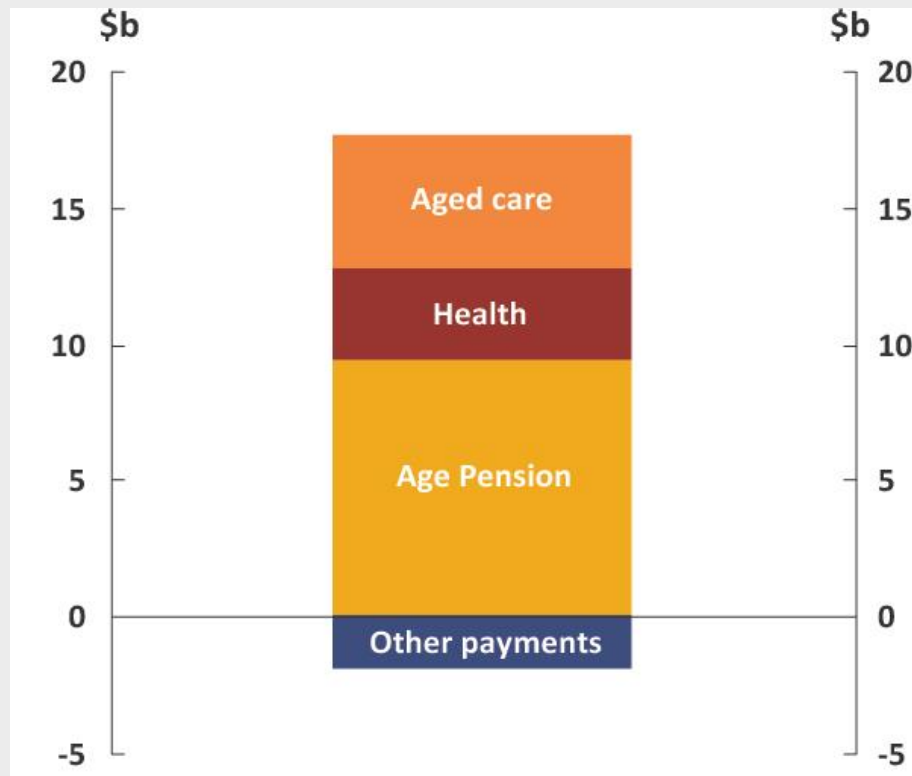
...although participation by older workers has been trending upwards.



Source: ABS, 2019.

Spending pressures stem from three key areas

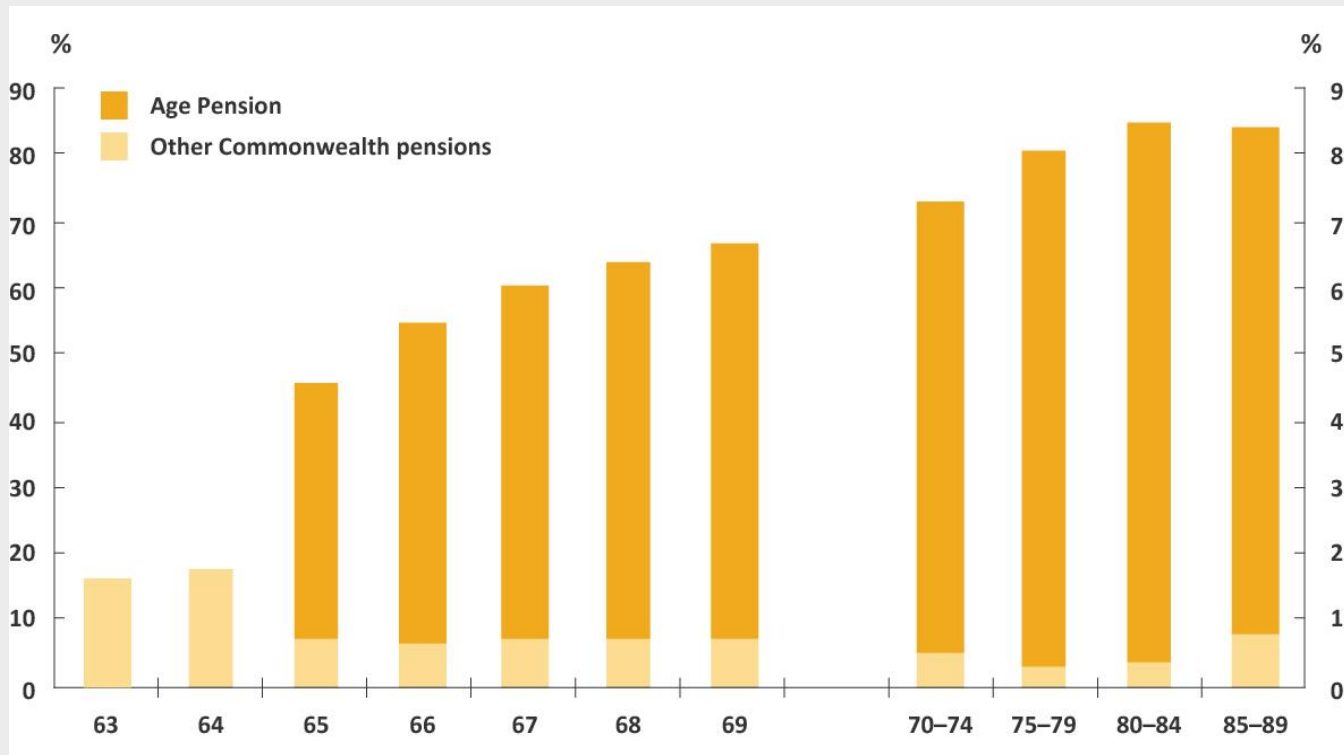
Impact of ageing on spending in 2028–29
2017–18 dollars



Source: 2018–19 Budget and PBO analysis.

Increasing numbers of people access the age pension from age 65...

Take-up of a pension by older Australians in 2017



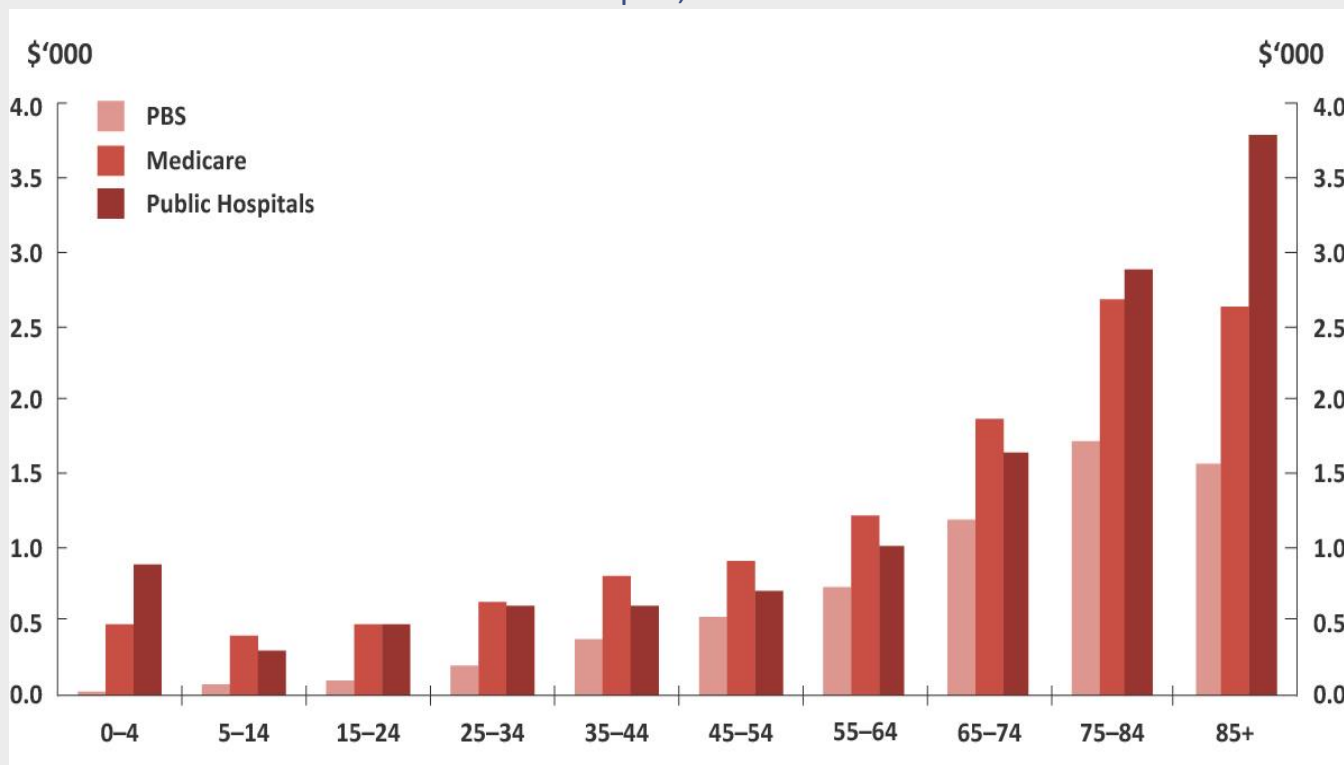
Note: Other Commonwealth pensions include the Carer Payment, Disability Support Pension and Department of Veterans' Affairs (DVA) means-tested pensions.

Source: DVA administrative data

... and health costs build as people reach their 70s.

Health care costs

Per capita, 2017–18



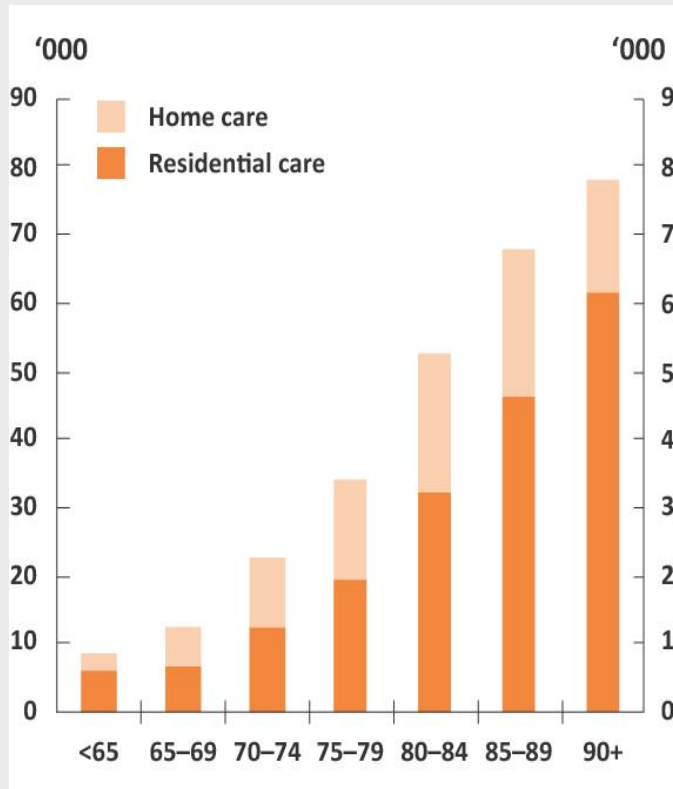
Source: Department of Health administrative data; Department of Human Services, 2018.

Public hospitals data is the approximate cost to the Commonwealth in 2017–18 based on historical actual data.

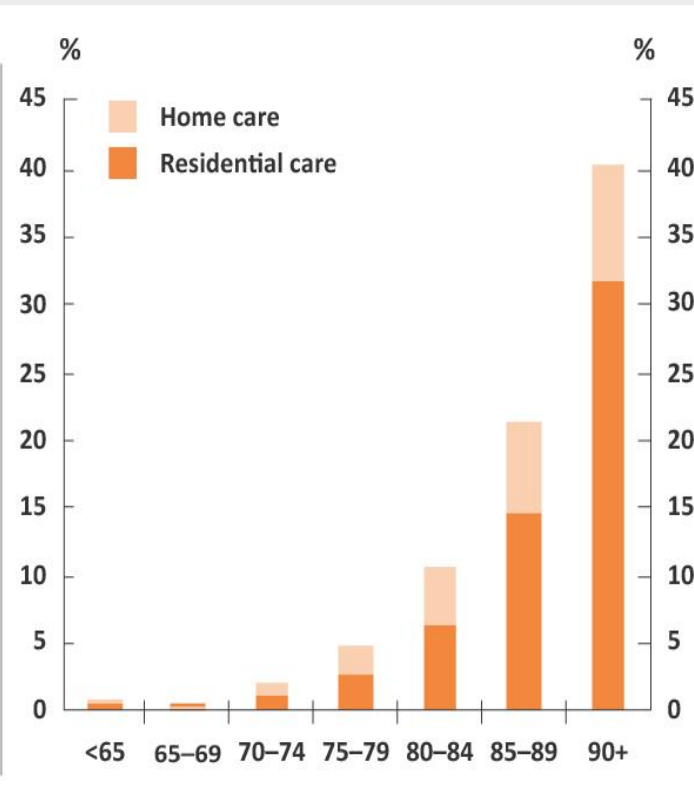
Aged care costs increase with age and infirmity

Aged care

a. Population in aged care in 2018



b. Proportion of population in aged care by age group



Note: These charts do not include recipients of the Commonwealth Home Support Program as data is not available by age, so these charts may understate use of home-based care.
Source: Australian Institute of Health and Welfare, 2018

Thank you

PO Box 6010
Parliament House
CANBERRA ACT 2600

Phone: (02) 6277 9500

Email: pbo@pbo.gov.au