

2015 Intergenerational Report

Australia in 2055

Circulated by
The Honourable J. B. Hockey MP
Treasurer of the Commonwealth of Australia

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Treasurer's Foreword

I believe that our best years are ahead of us.

To harness the potential of the future we need to prepare and have a plan that aligns with the demographic challenges and opportunities we face. These important issues are clearly identified in the Intergenerational Report.

The Intergenerational Report is the social compact between the generations – children, grandchildren, parents, grandparents and each other.

We are at a critical juncture in our history. To help us make the right choices, the Intergenerational Report sets out what we need to do if we are to maintain and improve our standards of living.

It is fantastic that Australians are living longer and healthier lives but we need to address these demographic changes. If we don't do something, we risk reducing our available workforce, impacting negatively on growth and prosperity, and our income will come under increasing pressure.

To drive higher levels of prosperity through economic growth, we must increase productivity and participation. If we are to achieve these goals we need to encourage those currently not in the workforce, especially older Australians and women, to enter, re-enter and stay in work, where they choose to do so.

With a growing population that will live longer, the Intergenerational Report shows the growth in the costs of many services, especially in health, that will put pressure on the budget and threaten the sustainability of those services. Every day our spending exceeds Government revenue by more than \$100 million. To make up the shortfall we have to borrow that \$100 million per day.

If the status quo had remained, the growing debt burden projected in the Intergenerational Report would have been a major drag on our prosperity and a threat to services that our community expects – that is not the social compact we want. In response the Government has set out a credible trajectory to once again live within our means, and much progress has been made.

Our economic plan, aligned with the Intergenerational Report, will allow us to focus on the key drivers of economic growth – participation and productivity.

In responding to the Intergenerational Report, the Government will continue to promote growth, jobs and opportunity so that we can relieve the burden on Australians and unlock the immense potential of our future.

J. B. Hockey

Notes

- (a) The following definitions are used in this report:
- ‘real’ means adjusted for the effect of inflation;
 - real growth in spending is calculated by the Consumer Price Index as the deflator; and
 - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.
- (c) References to the ‘States’ include the Territories.
- (d) GDP refers to Gross Domestic Product.
- (e) CPI refers to Consumer Price Index.
- (f) Projections are based on the 2014-15 Mid-Year Economic and Fiscal Outlook, adjusted for the following demographic data update:
- Australian Demographic Statistics, June Quarter 2014, ABS cat. no. 3101.0 (released 18 Dec 2014);
 - Births, Australia, 2013, ABS cat. no. 3301.0 (released 23 Oct 2014); and
 - Deaths, Australia, 2013, ABS cat. no. 3302.0 (released 6 Nov 2014).
- (g) In this report, the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.
- The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.
- (h) 2010 Report refers to the Intergenerational Report 2010.

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