



Australian Government
Centre for Population

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2022-23 Budget: **AUSTRALIA'S FUTURE POPULATION**



Recovering population growth after COVID-19

Population growth is forecast to increase to 0.7 per cent in 2021-22, peaking at 1.4 per cent in 2024-25 before slowing to 1.2 per cent over the medium-term

Australia's population growth fell sharply to 0.2 per cent in 2020-21 as international border restrictions were implemented to contain the COVID-19 pandemic. This was the slowest growth in over a century.

Border restrictions were an integral part of the Australian Government's pandemic response to slow the entry of COVID-19 into our community. As a result, Australia's COVID-19 mortality has remained low, at 219 COVID-19 deaths per million. This rate is less than one-tenth of those in the US (2,900 per million) and UK (2,390 per million).¹

Although uncertainty remains, early data indicate that Australia's fertility rate has not been adversely affected by the pandemic.

Border restrictions significantly lowered overseas migration during the pandemic, but early data since borders began to re-open in late 2021 are promising and indicate higher travel volumes than previously expected.

Overview of the 2022-23 Budget forecasts

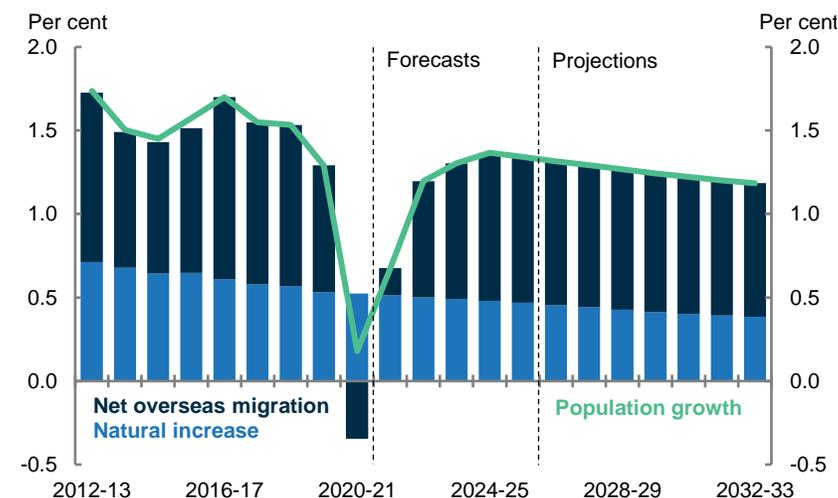
Australia's population growth is forecast to increase from 0.2 per cent in 2020-21 to 0.7 per cent in 2021-22 (Figure 1). As travel returns to pre-pandemic conditions, population growth is projected to increase to 1.4 per cent by 2024-25 and then gradually decline to 1.2 per cent by the end of the medium-term in 2032-33. These growth rates are similar to those expected prior to the COVID-19 pandemic. However, losses in migration during the pandemic will lead to our population being smaller and older than forecast before the pandemic.

¹ Our World in Data, Coronavirus (COVID-19) Deaths, as at 17 March 2022: <https://ourworldindata.org/covid-deaths>

The population is now expected to grow faster than projected in the 2021-22 MYEFO and 2021 Population Statement. Despite a delay caused by the Omicron variant, international borders have opened and travel has resumed at a higher level than expected.

Despite the easing of international and domestic restrictions, significant uncertainty remains around the evolution of COVID-19 and the extent to which future migration patterns are affected.

Figure 1: Population growth, 2012-13 to 2032-33



Net overseas migration

In the years leading up to the pandemic, migration was the largest contributor to Australia's population growth. Net overseas migration (NOM) is a subset of overseas arrivals and departures – it only captures those people whose country of residence changes in the relevant period.

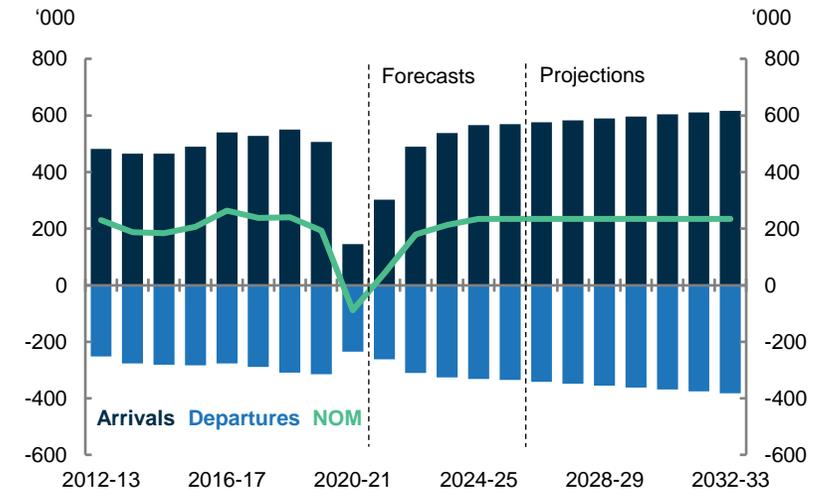
The introduction of international border restrictions led to the first net outflow of migrants from Australia since just after World War II. NOM decreased from a net *inflow* of 193,000 people in 2019-20 to a net *outflow* of 90,000 people in 2020-21 (Figure 2). NOM is now forecast to increase to a net *inflow* of 41,000 people in 2021-22, 180,000 in 2022-23, and 213,000 in 2023-24. From 2024-25 onwards, NOM is forecast to return to pre-COVID-19 trends and remain steady at 235,000 people for the remaining projections period.

The forecast for NOM in 2021-22 has been revised upwards by 82,000 people since the 2021-22 MYEFO. This upgrade is mainly due to higher-than-expected arrivals since the border reopened on 15 December 2021, with arrivals in early 2022 exceeding 11,000 people per day (Figure 3, on page 3).

The Omicron variant, which entered Australia shortly before the MYEFO forecasts were prepared, does not seem to have substantially affected the recovery of inbound international travel. Since borders re-opened in mid-December there have been more than 130,000 international student arrivals to Australia.

New grants of offshore visas, most notably for working holiday makers, have also significantly increased, further supporting the upgraded outlook for NOM.

Figure 2: Net overseas migration, 2012-13 to 2032-33

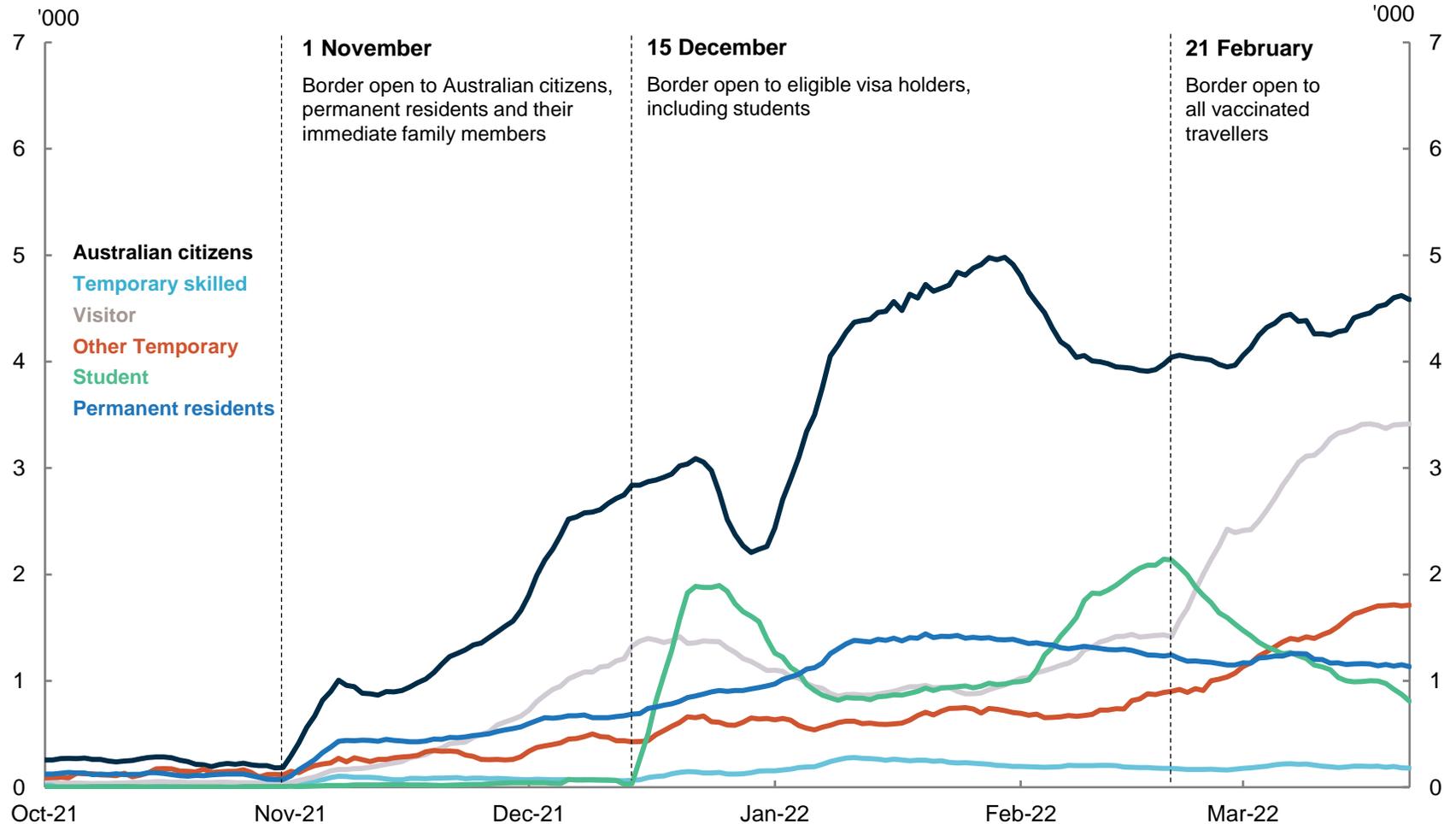


The outlook for migration is stronger than in the 2021-22 MYEFO due to higher-than-expected arrivals since the international border reopened

Net overseas migration (continued)

Overseas arrivals are recovering faster than previously expected

Figure 3: International passenger daily air arrivals, rolling 7-day average, 1 October 2021 to 22 March 2022

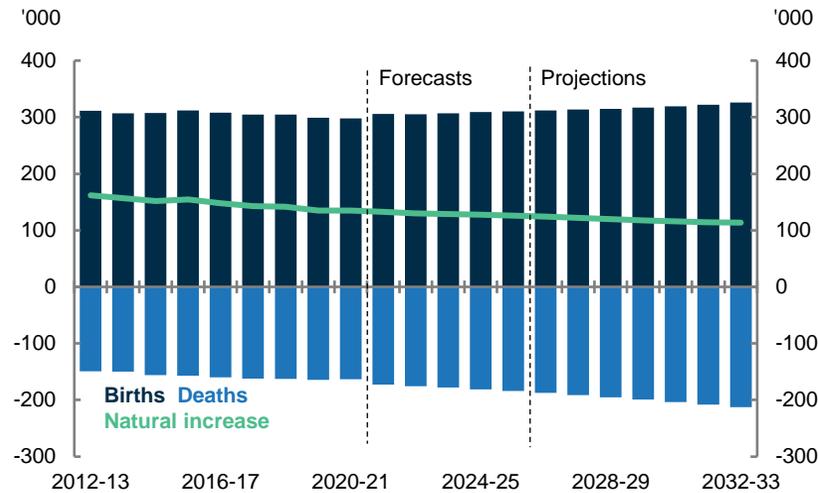


Early data suggest that Australia's fertility rate has not been adversely affected by the COVID-19 pandemic

Natural increase

Natural increase (births minus deaths) is expected to remain broadly steady across the forecast period at around 0.5 per cent of the population, but fall to 0.4 per cent by 2032-33 (Figure 4).

Figure 4: Natural increase, 2012-13 to 2032-33



Fertility

Early data suggest that the COVID-19 pandemic will not have an adverse impact on Australia's fertility rate. The ABS noted that their preliminary data may be affected by longer than usual registration delays, particularly in Victoria in 2021 and the second half of 2020 due to activity restrictions and lockdowns. That said, early data for births in Victorian hospitals suggest there has not been a decline in births over this period.

The 2022-23 Budget assumes COVID-19 will not have an adverse impact on Australia's total fertility rate. The fertility rate is assumed to be 1.66 babies per woman in 2021-22 and then fall to 1.62 babies per woman by 2030-31 and remain there thereafter (Figure 5), reflecting a long running trend of families having fewer children and doing so later in life.

While the ABS's reported total fertility rate for 2020-21 was 1.62 babies per woman, lower than the Centre's assumption, it is based on birth registrations and is currently preliminary. The ABS is expected to revise this number as more data becomes available to reflect birth occurrences.

Despite the declining fertility rate, births are forecast to increase from 298,000 in 2020-21 to 310,000 in 2025-26, and to 326,000 by 2032-33, as the number of women of childbearing age continues to increase.

Figure 5: Projected total fertility rate, 1982-83 to 2032-33



Australia's mortality has not been negatively affected by the COVID-19 pandemic

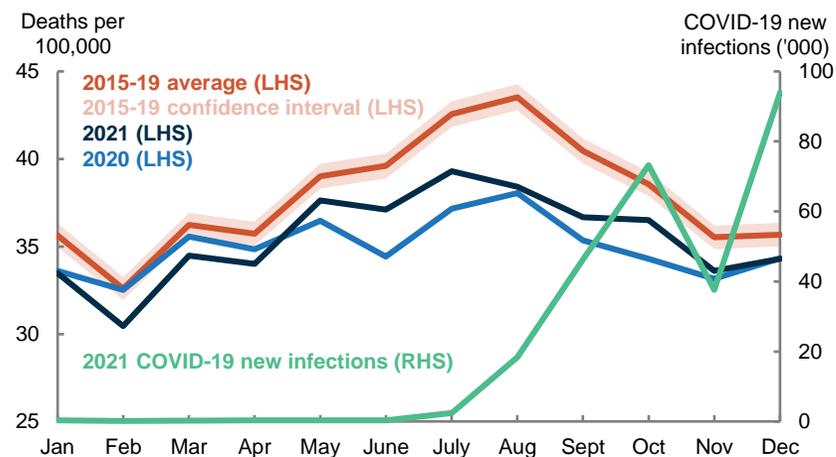
Natural increase (continued)

Mortality

Australia has experienced a comparatively low number of COVID-19-related deaths to date due to high vaccination coverage and early measures to limit transmission. This has continued despite increases in new COVID-19 infections in 2021, and is in contrast to many other countries where high levels of excess deaths have been recorded.

Standardised death rates – which account for the population size and age structure – during the pandemic were below the 2015-19 average (Figure 6). This suggests that, even though there was an increase in total deaths in 2021, this was due to a larger and older population rather than an increase in mortality.

Figure 6: 2020, 2021 and 2015-19 monthly standardised death rates and 2021 COVID-19 infections



In the 2022-23 Budget, Australia's future mortality is assumed not to be affected by the COVID-19 pandemic and the effect of mortality on population growth is expected to continue as normal. Future mortality rates are assumed to continue to improve at the annualised rate observed over the last three decades.

Ongoing monitoring is required to fully understand the longer-term health and mortality implications of COVID-19. There could be longer term impacts from potential future outbreaks, the uncertain impact of people deferring medical treatment due to the pandemic, and any long-term health impacts to survivors of the virus that are still unknown.

Life expectancies are assumed to improve over time but at a decreasing rate. Life expectancies are projected to increase from their current levels of 81.2 years for males and 85.3 years for females to 83.5 years and 87 years respectively by 2032-33.

Total deaths are forecast to rise gradually from 163,000 in 2020-21 to 184,000 in 2025-26, and again to 213,000 by 2032-33, in line with the increasing size and ageing of the Australian population.

State and territory populations and interstate migration

Population growth forecasts have been upgraded across the states and territories, driven by higher expected overseas migration

State and territory populations

Population growth forecasts for all the states and territories have been upgraded in 2021-22 since the 2021-22 MYEFO. This is mostly due to higher NOM throughout Australia.

During the pandemic, population growth slowed the most in Victoria, a state that has historically received a larger share of their population growth from NOM. The other states, notably Queensland, experienced smaller declines in growth (Table 1). These states' growth was supported by net interstate migration, with many people who typically would have moved to Victoria or New South Wales deciding to remain in their existing state. Natural increase is projected to decline slightly in most states and territories over the forecast period due to population ageing.

Table 1: State and territory population growth (per cent)

	2020-21	2021-22(f)	2022-23(f)	2023-24(f)	2024-25(f)	2025-26(f)
AUS	0.2	0.7	1.2	1.3	1.4	1.3
NSW	0.3	0.2	0.8	1.1	1.1	1.1
VIC	-0.7	0.4	1.4	1.8	1.9	1.8
QLD	0.9	1.3	1.5	1.3	1.4	1.3
SA	0.2	0.9	1.0	0.8	0.9	0.9
WA	0.7	1.1	1.4	1.3	1.3	1.3
TAS	0.2	1.0	0.9	0.7	0.8	0.8
NT	0.0	1.1	0.9	0.5	0.8	0.8
ACT	0.2	0.6	0.9	1.0	1.5	1.5

Interstate migration

The COVID-19 pandemic has led to fewer people moving interstate in Australia, with a 9 per cent drop in the number of interstate moves from 2018-19 (404,000) to 2019-20 (369,000). While preliminary estimates of the number of interstate moves in 2020-21 showed an 8 per cent increase to 398,000 moves, this increase was driven by increased numbers of people updating their Medicare address data during the mass COVID-19 vaccination program. It is likely that this spike in the interstate migration estimates does not accurately reflect the occurrence of interstate movements across 2020-21.

The pandemic is affecting internal migration in ways that we have never seen before, and it is too early to tell if these trends will persist in the longer term*. The national level of interstate migration is assumed to fall slightly in 2021-22, to increase by 6 per cent in 2022-23, and to increase by a further 6 per cent in 2023-24, to return to a pre-pandemic level of around 400,000 annual national interstate moves.

The state and territory lockdowns and border closures that were implemented to help reduce the spread of COVID-19 are expected to influence patterns of internal migration, especially in Victoria and New South Wales where the level of interstate migration is forecast to fall to historic lows in 2021-22. Queensland is expected to welcome record high inflows of new residents, and South Australia and Western Australia are also forecast to receive a net inflow of residents in 2021-22 after years of outflows of interstate migrants.

* For more information refer to 'Migration between cities and regions: A quick guide to COVID-19 impacts': www.population.gov.au/research/research-migration-between-cities-and-regions-a-quick-guide-to-covid-19-impacts

Overview of latest population statistics

All projections are inherently uncertain, and events are unlikely to unfold precisely as predicted. The past two years have been characterised by significantly increased uncertainty as a result of the COVID-19 pandemic. Projections are updated as new data becomes available, and as key assumptions change (such as the timing of changes to border restrictions).

Key ABS data releases since the 2021-22 MYEFO and 2021 Population Statement include:

National, state and territory population, ABS, September 2021

- The Estimated Resident Population (ERP) of Australia was 25.8 million at 30 September 2021. Population growth for the year ending September 2021 was 0.3 per cent (68,900 people), down from 0.8 per cent for the year ending September 2020.
- Quarterly NOM was -19,900, the sixth consecutive quarter of negative NOM. NOM was -67,300 over the year ending September 2021. Natural increase over the year ending September 2021 was relatively stable.
- Annual population growth fell in all states and territories compared to the previous year, but remained positive in most. Victoria recorded the lowest growth at -0.5 per cent for the year ending September 2021 after its sixth consecutive quarter of negative net overseas and interstate migration. Queensland had the highest growth rate at 1.1 per cent, with net interstate migration being the major contributor to population growth.

Regional population, ABS, 2020-21

- In the 12 months to June 2021, the combined population of capital cities declined for the first time on record. Population growth fell to -0.1 per cent from an average of 1.8 per cent over the decade prior to the pandemic.
- This was driven by large net outflows of 85,000 overseas migrants from capital cities, along with record internal migration with regional areas gaining 49,000 people from capital cities in 2020-21, up from 30,000 in 2019-20.
- Natural increase (births less deaths) was largely unchanged from the previous year.

Provisional mortality statistics, ABS, January 2020 – December 2021

- There were 149,500 doctor certified deaths in 2021. This is 5.7 per cent more than the 2015-19 average and 5.0 per cent more than in 2020.
- The age-standardised death rate (SDR) for 2021 was 431 deaths per 100,000 people. This was higher than the SDR for 2020 (425) but lower than the average for 2015-19 (459).
- There were 192 doctor-certified deaths due to COVID-19 that occurred in December 2021, this compares to 235 deaths in November, and 394 deaths in October.
- Doctor certified deaths due to respiratory diseases, ischaemic heart disease and cerebrovascular diseases were below historical averages in 2021.



More information on population

The Centre for Population

Population change affects every aspect of Australians' lives. It is important to understand how Australia's population is changing and the implications of these changes. The Centre for Population strives to understand and communicate the nuances of population change.

The latest data, research and analysis can be found at www.population.gov.au.

Relevant Centre for Population publications

- [2022-23 Budget Paper 1](#) – The assumptions underpinning the Budget 2022-23 NOM forecasts are based on Box 2.1: *Key COVID-19 related assumptions underpinning the economic forecasts*.
- [2022-23 Budget Paper 3](#) – The population forecasts and their underlying assumptions are contained in Appendix A on page 113.
- [Population Statement 2021](#) – The Statement analyses the past year of population change and updates the projections of Australia's population to 2031-32.
- [Profile of Australia's population](#) – This snapshot was authored by the Centre for Population and appears in the Australian Institute of Health and Welfare's Australia's Welfare 2021 report. It provides an overview of Australia's population growth and trends.
- [Interactive population dashboards](#) – The Centre for Population's interactive data dashboard series shows how the population has been changing, including at the local government area and SA2 levels.



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