



Australian Government
Productivity Commission

Recent Trends in Australian Fertility

Productivity Commission
Staff Working Paper

July 2008

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The views expressed in this
paper are those of the staff
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Foreword

The fertility of Australia's population — how many children women have on average — is an important determinant of this country's demographic future. As the debate surrounding population ageing and its economic and fiscal impacts has intensified, so too has interest in fertility from a policy perspective. This interest is buoyed by the significance that many people in our society have always placed on children and childbearing.

For these reasons, the long-run decline in fertility in Australia, and its more recent partial revival, have attracted considerable public attention. This staff working paper explores what has happened to fertility levels in Australia and why. It also considers what may happen in the future and assesses whether we should be worried by current fertility rates.

The report finds that there are strong grounds for avoiding very low fertility. However, at existing aggregate levels, fertility appears to be in a 'safe' zone and should not be of significant policy concern in Australia. Indeed, policy measures directed specifically at promoting fertility above current levels could have unanticipated adverse impacts. That said, there are policies that incidentally affect fertility, but which are premised on other considerations, and may be worthwhile regardless of their impact on Australia's fertility levels.

This staff working paper is part of a stream of Productivity Commission research that originates from the Commission's 2005 study for CoAG on the *Economic Implications of the Ageing of Australia's Population*. The Commission is also currently engaged in a separate public inquiry into the design and impacts of paid parental leave in Australia, which will issue a draft report in September.

Gary Banks AO
Chairman

July 2008

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Abbreviations and explanations

Abbreviations

ABS	Australian Bureau of Statistics
ADS	Australian Demographic Statistics
AIHW	Australian Institute of Health and Welfare
ASFR	Age specific fertility rate
CCB	Child Care Benefit
CCTR	Child Care Tax Rebate
CFR	Completed fertility rate
FACSIA	Department of Family, Community Services and Indigenous Affairs
FTA	Family Tax Allowance
FTB(A)	Family Tax Benefit (Part A)
FTB(B)	Family Tax Benefit (Part B)
HILDA	Household Income and Labour Dynamics in Australia Survey
IGR	Intergenerational Report
NPDC	National Perinatal Data Collection
OECD	Organisation for Economic Co-operation and Development
PC	Productivity Commission
SEIFA	Socio-Economic Indexes for Areas
TFR	Total fertility rate

Explanations

Age cohort	A group of people born during the same year.
Age-specific birth rate	The number of live births at each age of mother per 1000 females of that age.
Anticipation	Bringing forward births that a woman would otherwise have had later. If completed fertility rates are held constant, this shifts the distribution of age-specific birth rates to younger ages.
Baby Bonus	One-off payment on birth or adoption of a child.
Completed fertility rate	The average number of births a cohort of females have borne over their reproductive lifetimes.
Crude birth rate	The crude birth rate is the number of live births registered during the calendar year per 1000 estimated resident population at 30 June of that year.
Maternity Allowance	One-off payment on the birth or adoption of a child (now renamed the Baby Bonus).
Nuptial birth	A nuptial birth is the birth of a child born of parents who are legally married at the time of the child's birth.
Parity	The number of children a woman has had to date.
Postponement	Delaying births that a woman would otherwise have had earlier. If completed fertility rates are held constant, this shifts the distribution of age-specific birth rates to older ages.
Quantum effect	An increase in the completed fertility rate (as compared with tempo effects that shift the timing, but not necessarily the average number, of births).
Recuperation	Women having more children at later ages because they postponed children at earlier ages.
Replacement fertility	Replacement level fertility is the number of babies a female would need to have over her reproductive life to replace herself and her partner. Replacement fertility is estimated at around 2.1 babies per female. It is the level of fertility that would achieve long run zero population growth were there to be no net overseas migration.

continued

Tempo effect	Changes in the timing, rather than the ultimate number, of lifetime births. Tempo includes postponement, anticipation and recuperation.
Total fertility rate	The sum of age-specific fertility rates. It represents the number of children a female would bear during her lifetime if she experienced current age-specific fertility rates at each age of her reproductive life. (It will differ from the crude birth rate because the age-specific rates are not weighted to reflect the population shares of women in various age groups.)