

APPENDIX A: PARAMETERS AND FURTHER INFORMATION

This appendix provides information on the parameters used in producing this Budget Paper.

Budget Paper No. 1, *Budget Strategy and Outlook 2015-16, Statement 2: Economic Outlook*, provides information on the forecasting approach used in the 2015-16 Budget.

POPULATION

Population data are used to distribute funding between the states and in the calculation of annual growth factors.

Estimates of state populations

Table A.1 sets out the state population series used in this Budget Paper.

Table A.1: Population by state, at 31 December

million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2014	7.578	5.896	4.762	2.607	1.693	0.516	0.389	0.247	23.687
2015	7.682	6.002	4.848	2.686	1.709	0.517	0.395	0.252	24.091
2016	7.791	6.112	4.937	2.770	1.725	0.519	0.401	0.257	24.511
2017	7.899	6.223	5.026	2.854	1.742	0.520	0.408	0.262	24.935
2018	8.009	6.335	5.117	2.939	1.758	0.521	0.414	0.267	25.361

The state populations for 2014-15 to 2018-19 are Treasury estimates of the population of each state on 31 December in the respective year. They are constructed using the latest demographic data available from the Australian Bureau of Statistics (ABS) and Treasury assumptions. These assumptions are in respect of fertility, mortality, net overseas migration and interstate migration.

Fertility

For 2015-16 Budget, the Treasury fertility assumption is that the Total Fertility Rate (TFR) will equal 1.900 babies per woman in 2014 and remain stable for the remainder of the projection period. This assumption is unchanged from the 2014-15 Budget and is consistent with that in the *2015 Intergenerational Report*.

Mortality

The mortality assumptions are based on the medium assumptions used in the ABS *Population Projections, 2012-2101* (cat. no. 3222.0). In these assumptions, a continuing decline in mortality rates across Australia, with state differentials persisting, is assumed. Overall, life expectancy is assumed to improve to the year 2018 at the rate observed over the period 1981 to 2011.

Net overseas migration

Table A.2 shows the net overseas migration assumptions used in this Budget Paper.

Table A.2: Net overseas migration

	2014	2015	2016	2017	2018
Net overseas migration, Australia	219,098	237,750	250,000	250,000	250,000

State shares of net overseas migration are estimated by using a weighted average of the three most recent observed years – 2011, 2012 and 2013 – with weights of one, two and four respectively.

Interstate migration

Similar to state shares of net overseas migration, the Treasury's estimates of net interstate migration are based on a weighted average of the three most recent observed years – 2011, 2012 and 2013 – with weights of one, two and four respectively. Due to data lags, the 2014 observation includes an assumption for the December quarter based on weighted averages of arrivals and departures for December quarters 2011 to 2013.

Table A.3: Net interstate migration

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2015	-13,500	5,400	8,200	7,100	-3,500	-1,700	-100	-1,900	-
2016	-13,500	5,400	8,200	7,100	-3,500	-1,700	-100	-1,900	-
2017	-13,500	5,400	8,200	7,100	-3,500	-1,700	-100	-1,900	-
2018	-13,500	5,400	8,200	7,100	-3,500	-1,700	-100	-1,900	-

WAGE, PRICE AND COST INDICES

Table A.4 shows the wage, price and cost indices used in this Budget Paper, rounded to the nearest quarter of a per cent.

Table A.4: Wage, price and cost indices

per cent	2014-15	2015-16	2016-17	2017-18	2018-19
Consumer Price Index	na	na	na	2 1/2	2 1/2
Wage cost index - 1	1 3/4	1 1/2	1 1/2	1 1/2	1 1/2
Wage cost index - 6	2 1/4	1 1/2	2	2	2

DATA SOURCES

The information in Part 4, Appendix B and Appendix C of this Budget Paper is consistent with the ABS Government Finance Statistics reporting framework for the public sector.

Commonwealth data are sourced from the Commonwealth Government Final Budget Outcomes, ABS, and Commonwealth Government Consolidated Financial Statements. See Budget Paper No. 1, *Budget Strategy and Outlook 2015-16, Statement 10: Historical Australian Government Data*, for more information.

State data for 2014-15 onwards are sourced from states' 2014-15 mid-year financial reports, with the exception of Victoria and Northern Territory which is sourced from the respective 2015-16 Budgets.

The 2015-16 Budget also includes revisions to Commonwealth Government budget aggregates that improve the accuracy and comparability of the data through time. See Budget Paper No. 1, *Budget Strategy and Outlook 2015-16, Statement 10: Historical Australian Government Data*, for more information on these revisions.

FURTHER INFORMATION

Several publications of the ABS also provide information that is relevant to analysing federal financial relations, including:

- *Australian Demographic Statistics* (cat. no. 3101.0);
- *Population Projections, 2012-2101* (cat. no. 3222.0);
- *Taxation Revenue, Australia* (cat. no. 5506.0);
- *Government Finance Statistics, Australia* (cat. no. 5512. 0);
- *Australian System of Government Finance Statistics – Concepts, Sources and Methods* (cat. no. 5514.0);
- *Information Paper: Developments in Government Finance Statistics* (cat. no. 5516.0); and
- *Information Paper: Accruals Based Government Finance Statistics* (cat. no. 5517.0).

Several publications by the Commonwealth Grants Commission can also provide information relevant to the analysis of federal financial relations relating to the distribution of GST revenue. In relation to the 2015-16 financial year, the relevant publication is *Report on GST Revenue Sharing Relativities – 2015 Review*.

