

AUSTRALIA'S FERTILITY DECLINE: EVIDENCE AND POLICY EXPERIENCE

Pelin Akyol, Rose Khattar and Ali Vergili

Summary

Declining fertility rates are a worldwide phenomenon, with Australia no exception. Australia's fertility rate has fallen to a record low of 1.5 births per woman – well below the 2.1 needed for population replacement. This report examines both the drivers of fertility decisions and the lessons from past policy interventions.

The decline in fertility has been driven by three factors: later parenthood, a decline in the number of children per mother, and an increase in the share of women not having children. Using the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we show that fertility decisions today are shaped by multiple factors, with financial pressures, career-family trade-offs, and access to child care becoming increasingly important, particularly for young women.

Declining fertility is unfolding alongside, and contributing to, population ageing, with implications for labour supply, consumption, and productivity. Policymakers may decide they need to respond by implementing measures that seek to increase fertility. We look at what lessons can be learned from past policies that provided supports to new parents – the First Child Tax Refund, the Baby Bonus and Paid Parental Leave. We find that:

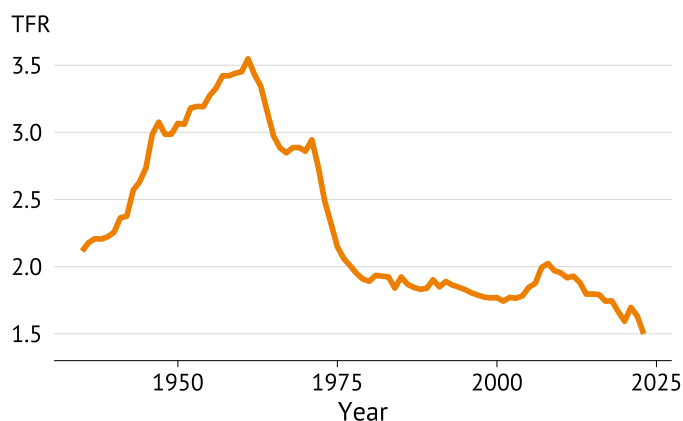
- The universal \$3,000 Baby Bonus boosted births, particularly among low-income mothers and those in their 20s and 30s but had little effect on high-income families.
- The First Child Tax Refund and Paid Parental Leave, by contrast, had limited impact on fertility.

Together, the evidence shows that financial incentives can be effective but are not a silver bullet to Australia's declining fertility. In fact, there are no simple solutions. Policymakers considering new measures must account for the trade-offs involved. Universal schemes have large fiscal costs and can have uneven impacts, while more complex or targeted policies may fail to shift fertility at all.

1. Introduction

Across much of the world, governments are grappling with declining fertility rates. Australia is no different: fertility has been [declining](#) since around the 1960s and now sits at a record low of [1.5 babies per woman](#) – well below the 2.1 replacement rate. A range of factors have driven this long-term decline, from the widespread availability of contraception to improvements in women's educational and employment outcomes. This report examines both the drivers of fertility decisions and the lessons from past policy interventions.

Total Fertility Rate (TFR) in Australia



Sources: ABS; e61 Institute

Drivers of fertility decisions

The decline in the total fertility rate reflects three factors: later parenthood, having fewer children, and rising childlessness rates. These distinctions matter for designing effective policy solutions. For instance, if the main driver behind the decline is an increased share of people not having children, then increasing support for families who want more children may not be effective.

We find that women born in the 1980s have around 1.6 children by ages 35–39, compared with 1.8 for those born in the late 1960s – suggesting that younger cohorts, on average, are still having children but they are having fewer children overall. In fact, among those who have likely completed their fertility decisions, we find that the main driver behind declines in fertility is a decline in the number of children, not an increase in not having children. Nonetheless, there is a rising share of women not having children. This suggests that the 2.1 replacement fertility rate requires that in the absence of some women not having children, those who do have children must have more children on average than in the past.

Importantly, existing research shows that fertility intentions are [higher](#) than actual fertility outcomes, suggesting that there are barriers preventing people fulfilling their personal fertility goals. Using the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we find that no single factor affects the decision to have a child. Instead, a combination of factors matters. In recent years, three considerations have increased in importance, particularly for young women:

- The cost of raising children;
- Time and energy for one's career; and
- Availability and affordability of quality child care.

These growing influences likely point to financial pressures increasing in importance, as well as the sharper work-family trade-off that women relative to men often must manage. The availability of grandmothers offering informal child care support also has a direct impact on their daughters' fertility decisions.

Personal fertility decisions also have economic importance. Perhaps most importantly, record-low fertility is occurring alongside, and contributing to, another prominent demographic change: population ageing. If declining fertility and population

ageing are not offset by migration, Australia's population will decline in the long-term, with potentially widespread impacts on consumption patterns, labour markets and productivity.

A shrinking working-age population constrains economic growth, while fertility policies themselves affect current workforce participation particularly for women. Understanding these trade-offs is crucial for addressing Australia's productivity challenges, especially as migration patterns seem politically uncertain.

To date, immigration has offset some of the challenges that could be posed by demographic change by supporting population growth and keeping Australia's population younger. However, with political support for immigration not guaranteed, fertility policy may be more likely to return to the policy agenda. Importantly, higher fertility today is not a short-term solution to population ageing, meaning complementary strategies will still be needed.

Lessons from past policy interventions

Several policy ideas have already been put forward to increase fertility, with a notable focus on financial incentives. These include [reviving](#) the Howard-Costello era Baby Bonus and providing [government](#) home loans to those who have a child. But what policies actually increase fertility? We look back in time and revisit three reforms – the First Child Tax Refund, the Baby Bonus and Paid Parental Leave – to draw lessons for policymakers today.

We find that while financial incentives can raise fertility for some groups – particularly low-income families and women in their late 20s and 30s – they had little effect for others, such as high-income women. This underscores a central limitation: no single policy can shift fertility across the board. Policy design matters as much as generosity, and trade-offs need to be managed. Universal schemes such as the Baby Bonus had measurable effects but came at high fiscal cost with uneven impact, while more complex or targeted supports had limited results. Boosting fertility requires careful policy design, an understanding of trade-offs, and recognition that personal fertility decisions reflect a range of factors.

GLOSSARY:

- **Children per mother:** the average number of children per mother aged 15 to 49.
- **Children per woman:** the average number of children per woman aged 15 to 49.
- **Childlessness rate:** percentage of women aged 15 to 49 with no children.
- **Motherhood rate:** percentage of women aged 15 to 49 with children, which is equivalent to 100 minus the childlessness rate.
- **Replacement rate:** the total number of children per woman aged 15 to 49 needed for a population to replace itself with no immigration.
- **Total fertility rate (TFR):** the total number of children that would be born to each woman aged 15 to 49 if she were to live to the end of her childbearing years and give birth to children in alignment with the prevailing age-specific fertility rates.

2. The State of Fertility in Australia

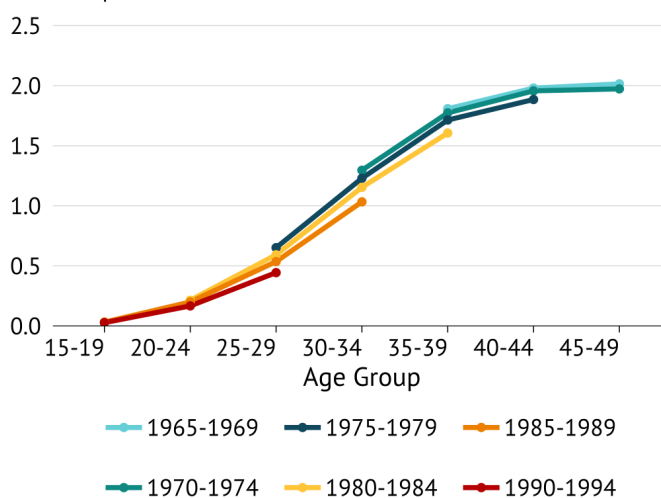
Australia's total fertility rate has been on the decline since the 1960s and well below the replacement fertility rate since around the 1970s. Three trends have been driving this decline:

- 1 **Increasing childlessness rates:** There has been an increase in the share of women not having children;
- 2 **Declining number of children per mother:** Australian women are having, on average, fewer children than before; and
- 3 **Postponing parenthood:** Australians are having children at later ages than prior generations.

These trends have played out differently across birth cohorts. At the same ages, women born earlier, such as in the 1960s and 1970s, had more children than those born later, such as in the 1980s. For instance, by the ages of 35-39, women born in 1965-1969 had 1.8 children, compared to 1.6 for those born in 1980-1984. While younger cohorts partially catch up in their 30s to older cohorts, their overall birth rate remains lower, reflecting both fewer children per mother and higher rates of childlessness. These generational differences highlight the three drivers in action – beginning with increases in the childlessness rate.

Cohort Fertility Trajectories

Cumulative fertility by age for different birth cohorts
Children per Woman



Sources: ABS; e61 Institute

Increasing childlessness rates

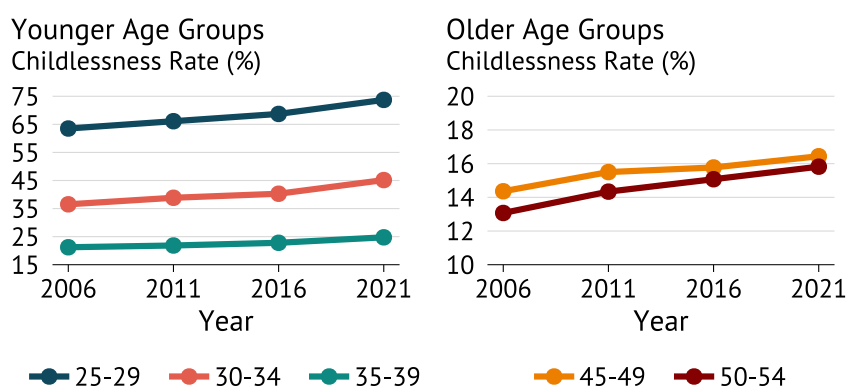
An increase in the share of men and women not having children is also an important driver behind Australia's fertility decline. The proportion of couples without children has increased from 29 per cent in 1976 to 39 per cent in 2021. This reflects that some people intend to have children later but find it does not eventuate, while others are choosing not to have children.

Using Census data from 2006 to 2021, we find that the rate of childlessness has been increasing across every age group of women, particularly among younger cohorts. Women aged 25-29 have seen the largest increase, from around 64 per cent in 2006 to 74 per cent in 2021. However, this masks the impact of postponing parenthood to later ages (see below). As a result, the share of women without children declines with age.

A clearer story emerges among older age groups, when women typically have made their fertility decisions. Among women aged 50-54, childlessness rates increased from 13 per cent to 16 per cent in just 15 years.

The rise in the share of women without children directly contributes to Australia's falling fertility rate. But how much of the decline in fertility is actually driven by fewer women becoming mothers, as opposed to mothers having fewer children?

Childlessness Rates by Age Groups



Sources: ABS; e61 Institute

Rethinking the conventional replacement rate

Rising rates of childlessness suggest that policymakers should rethink the conventional replacement fertility rate of 2.1 births per woman. The replacement rate is derived from demographic models developed in the [late 1960s](#), where one birth is 'replacing' a mother and one birth is 'replacing' a father, with the "extra 0.1" births compensating for child mortality before adulthood and sex ratio at birth (more boys are born than girls). It is worth noting that while 2.1 is traditionally seen to be the replacement rate, the Centre for Population [estimates](#) that a rate of 1.2 "is the lowest fertility rate that does not result in a period of population decline" under assumptions about mortality and migration.

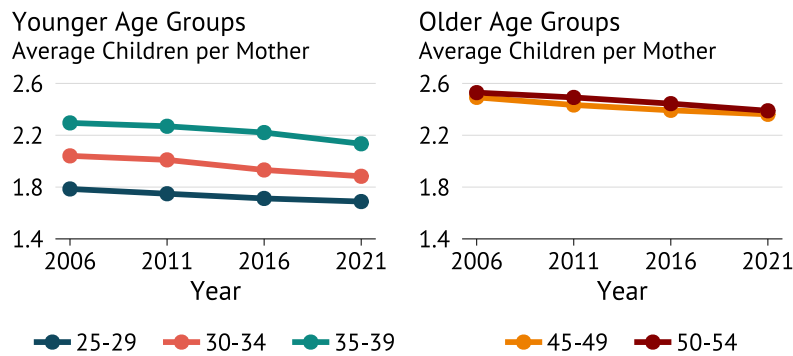
Underpinning the 2.1 replacement rate assumption is that nearly all women eventually become mothers – but, as we have shown, that is not the case. Simply put, when a growing share of women do not have children, keeping the population stable without immigration requires a higher average number of children among those who do become mothers. For example, in 2006, accounting for the share of women aged 45-49 at the time without children, achieving a total fertility rate of 2.1 required mothers, on average, to have 2.45 children. By 2021, with childlessness rising, reaching the same replacement fertility rate would require mothers, on average, to have 2.51 children. In 2006 and 2021 that would have represented a substantial increase in the number of children per mother, underscoring the challenge posed by rising rates of childlessness. Policies can either seek to address the rise in the number of people without children and/or the decline in the number of children.

Declining number of children per mother

Declines in fertility reflect declines in the number of children per mother. Census data from 2006 to 2021 clearly show that the average number of children per mother has been falling across all age groups. The largest fall was among mothers aged 30-34, from 2.04 in 2006 to 1.88 in 2022. Even older women who began families in earlier decades saw declines. Because these older mothers have largely completed childbearing, they give the clearest picture of a genuine reduction in completed family size at the population level.

This pattern shows fertility decline is not only about delayed parenthood but also reflects smaller family sizes, even once timing is accounted for. Mothers are having fewer children, even among women who have largely completed childbearing. Having children later in life often means fewer years available for additional children, contributing to smaller family sizes. Even if the share of women who become mothers did not change, this decline in family size would still lead to a lower fertility rate.

Average Children per Mother

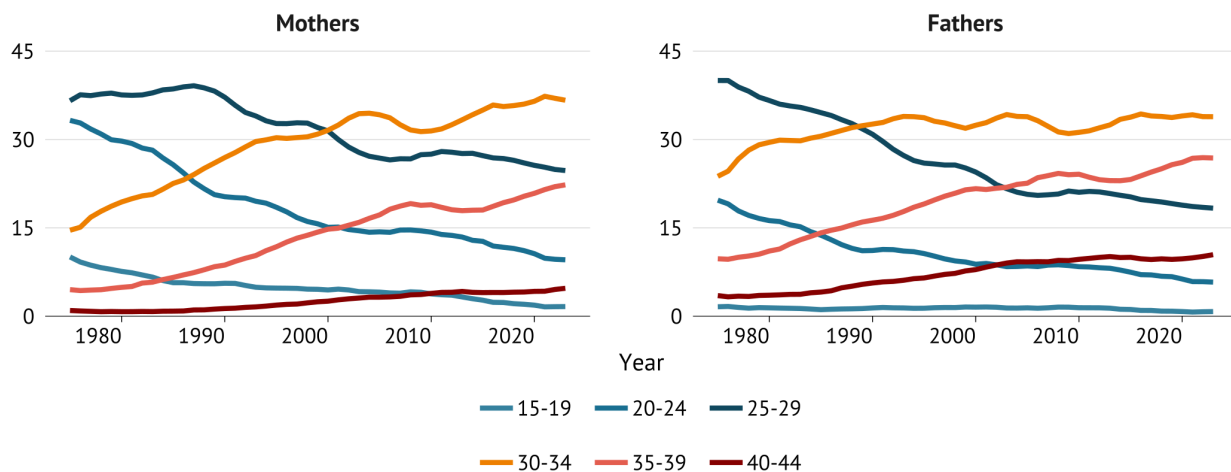


Postponing parenthood

Trends in fertility also reflect when women have children. Using the Australian Bureau of Statistics population data, we find that in the 1970s, most births to mothers were in their early twenties, while only a small share were in their thirties. Today, the pattern has reversed: the share of births to mothers aged 30–34 is now the highest of all age groups, and births to women aged 35–39 have risen sharply. The proportion of births to mothers aged under 25 has fallen dramatically over the same period.

Share of Births by Parents' Age

Share of births (%)



The trend is similar for fathers. In the 1970s, men in their twenties accounted for the largest share of births, but this has steadily declined. Fathers aged 30–34 now account for the highest share, and those aged 35–39 have increased markedly. Together, these shifts illustrate how parenthood is being delayed for both mothers and fathers. Having children later in life also reduces the number of years available to have children, which can increase the chances of having fewer children.

Decomposing the drivers of declining fertility

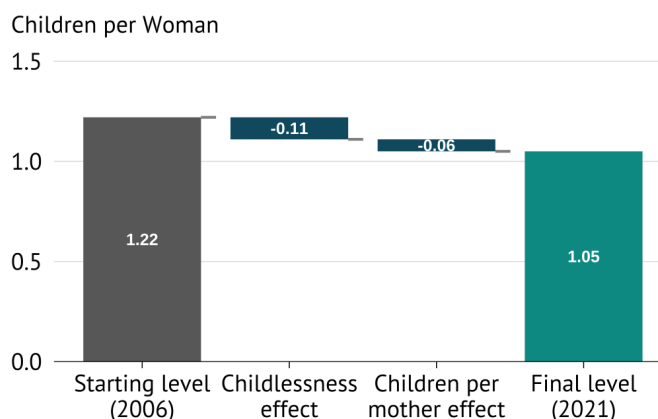
To understand the decline in children per woman, we need to distinguish between two components:¹

¹ The number of children per woman is different to the total fertility rate. We can only decompose the former because it reflects fertility in cohorts of women, whereas the latter is a synthetic measure that assumes women experience current age-specific rates throughout their reproductive lives.

- Increasing rates of childlessness; and
- Declining number of children per mother.

We find that the number of children per woman decreased from 1.22 in 2006 to 1.05 in 2021 – a 14 per cent decline in 15 years. About two-thirds of this decline can be attributed to more women not having children, while one-third can be attributed to mothers, on average, having fewer children. This suggests that fewer women are becoming mothers, and those who do are having smaller families – a double hit to the fertility rate.

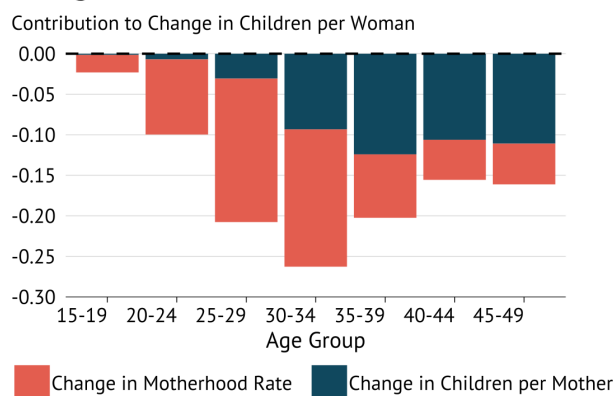
Decomposition of Child per Woman Change: 2006-2021



Sources: ABS; e61 Institute

However, this aggregate statistic does mask the impact of delayed parenthood. To see how this dynamic plays out, we repeat this analysis by age group. For younger women, their decline in children per woman is due to fewer women becoming mothers at that age. However, for older age groups, having fewer children is the driving force. For example, for women aged 40–44 and 45–49, about one-third of the decline reflects not having any children, while two-thirds reflects fewer children among mothers.

Decomposition of Child per Woman Change: 2006-2021



* The decline in motherhood rate equals to the increase in childlessness rate.
Sources: ABS; e61 Institute

This age pattern helps explain trends in fertility. Many who would have become mothers in their twenties in earlier generations are not having children at those ages, most often delaying motherhood. Some will ultimately not have children, and those who do later tend to have fewer children than earlier cohorts. Together, later entry into motherhood, fewer children per mother and increased rates of childlessness explain why Australia's fertility has fallen in recent years.

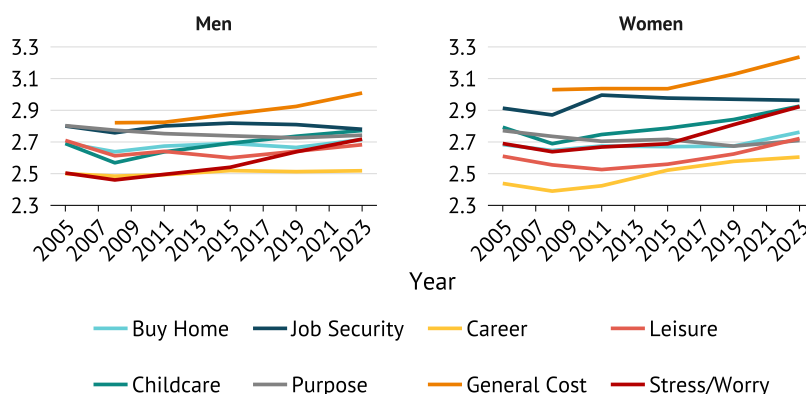
3. What Shapes Fertility Decisions in Australia?

Personal fertility decisions reflect a combination of factors including social norms, the ability to have children, cost of raising children, housing affordability, job security, career considerations, and access to child care. Using the HILDA Survey from 2005 to 2023, we find that, on average, concerns about the cost of raising children and job security have consistently ranked as the most important factors for both men and women in the decision to have a child. In recent years, three factors have increased in importance, particularly for young women:

- The cost of raising children;
- Time and energy for one's career; and
- Availability and affordability of quality child care.

Importance in Decision to Have a Child

Mean Importance



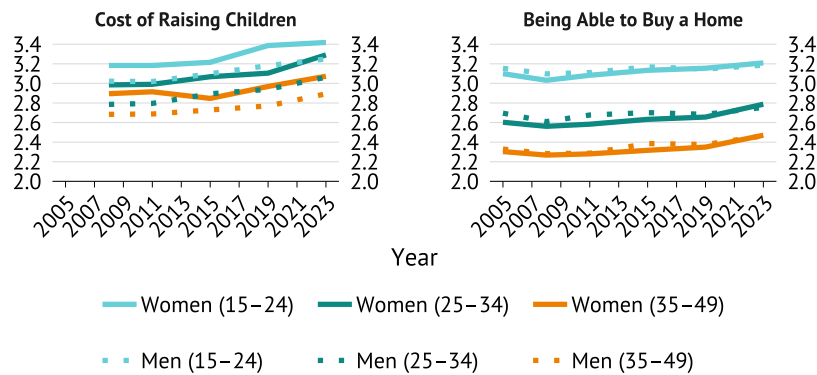
* By gender, responses range from 1 (Not important) to 4 (Very important)
Sources: e61; HILDA Survey Release 2023

Cost of raising children and being able to buy a home or better home

Financial pressures have become increasingly important in recent years, particularly for young Australians. Since around 2015, the cost of raising children has risen steadily in importance in the decision to have a child. Young women aged 15–24 rate it highest, followed by women aged 25–34. Men report lower concern overall, but the age pattern is similar with younger men placing more weight on costs than older men. A similar pattern appears for being able to buy a home or a better home, which has long been an important factor in fertility decisions, with its importance slightly increasing in recent years.

Importance in Decision to Have a Child

By gender and age group
Mean Importance



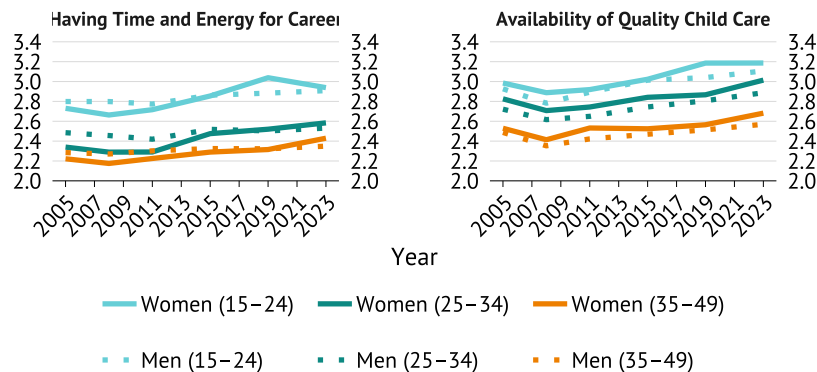
* By gender, responses range from 1 (Not important) to 4 (Very important)
Sources: e61; HILDA Survey Release 2023

Career and child care

Concerns about having time and energy for a career have also grown over time. On average, young women aged 15–24 now rate career as slightly more important in the decision to have a child than men of the same age. This goes beyond young men: while men historically placed more emphasis on career, this pattern has reversed, with women across all age groups now reporting this as more important than men. The availability and affordability of quality child care is another important factor. Women consistently place greater importance on child care access than men, with young women rating it the highest.

Importance in Decision to Have a Child

By gender and age group
Mean Importance



* By gender, responses range from 1 (Not important) to 4 (Very important)
Sources: e61; HILDA Survey Release 2023

Together, these patterns reflect wider social and economic change. For women in their 20s and 30s, they are more likely to have [higher](#) educational attainment and stronger workforce attachment than previous generations. But [mothers](#), unlike fathers, still face a “child penalty” in the labour market and shoulder a [disproportionate](#) share of child care responsibilities. This penalty represents a significant loss of human capital as firms lose experienced, skilled workers and institutional knowledge which contributes to economy wide productivity challenges. Improving child care access could help mitigate these productivity losses by enabling sustained maternal workforce participation. Career and child care as important factors affecting women’s decisions to have children likely highlight that women have sharper trade-offs than men between work and family. While

we focus on costs, career, and child care as three key factors, fertility decisions are shaped by a broader set of factors. Social norms, cultural expectations, and family relationships play an important role in childbearing decisions.

Grandparents

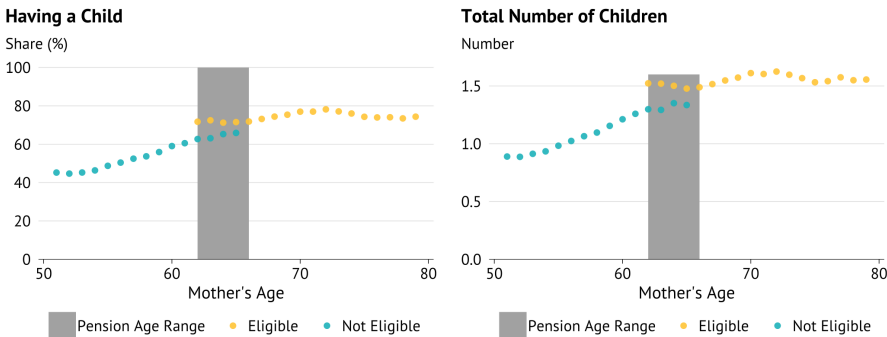
Formal and informal child care shape fertility decisions. According to the [Productivity Commission](#), Australia’s formal child care system “supports many children ... but some still miss out.” Parents often weigh not only cost, availability, and quality, but also the flexibility of care when planning whether – or when – to have children. Many families rely on informal supports, particularly [grandmothers](#), to fill gaps in the system. According to the [Australian Institute of Family Studies](#), two in five grandparents with a grandchild under 13 provide some form of child care. This unpaid support from grandparents eases the financial costs and constraints of raising children and plays an important role in women’s decisions about whether, and how many, children to have.

Policy changes can shift these dynamics. Prior [e61 research](#) examined the impact of gradually raising the Age Pension eligibility age for women from 60 to 67. This reform kept older women in employment for longer, increasing their employment rate from 25 per cent to 36 per cent and increasing their average weekly hours of work by 3.9. However, it also reduced grandmothers’ availability to provide child care to their grandchildren.

It also had a direct impact on fertility. Daughters whose mothers were pension-eligible, and therefore more likely to retire, were not only more likely to have children, but also to have more of them. Having a grandmother who qualified for the Age Pension increased a daughter’s likelihood of becoming a mother from 69 per cent to 73.5 per cent and raised the average number of children per woman from 1.47 to 1.56. These effects were strongest for women from lower-wealth families and those with less education, who rely most on informal supports. By contrast, grandfathers’ pension eligibility had little effect on their daughters’ fertility, underscoring the important caregiving role played by grandmothers.

Effect of Mother’s Age Pension Eligibility on Fertility of Daughters

By Age Pension Eligibility

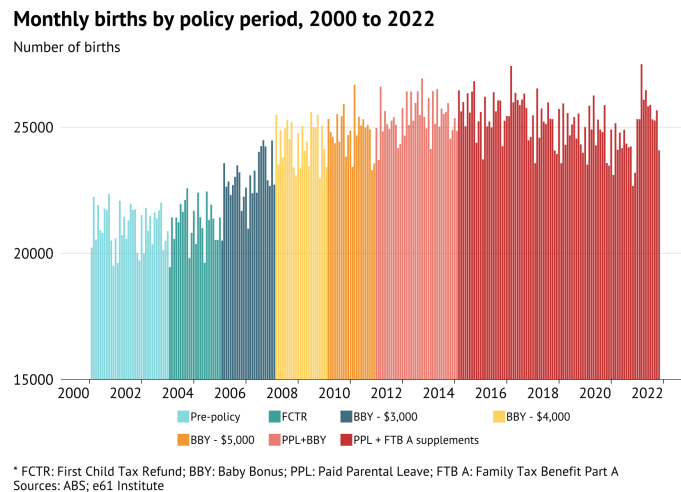


* Shaded area marks Pension Age range.
Sources: e61, HILDA Survey Release 22.0

This evidence highlights an important policy trade-off: measures designed to extend working lives of older women can unintentionally reduce their daughters’ fertility by limiting access to grandmother-provided child care. These results reinforce that access to affordable, quality child care, whether through formal or informal, can be central to fertility.

4. Policy Responses to Declining Fertility

Policy settings can shape the decision to have a child. With fertility at a record-low and an ageing population, policymakers may look to measures to directly increase fertility. A common approach has been the provision of financial supports to reduce the cost of having a child to incentivise childbearing. To understand the effectiveness of this approach, in this section, we analyse three policies – First Child Tax Refund, the Baby Bonus and Paid Parental Leave – that provided financial supports to new parents and assess their impact on fertility. Overall, we find that the Baby Bonus had a meaningful impact on increasing births, while the First Child Tax Refund and Paid Parental Leave had limited impact.



First Child Tax Refund

With fertility declining, the Howard Government sought to provide financial supports to new parents with a goal of increasing the number of births. In 2002, the Howard Government [explained](#) that “one of the hardest financial times for families is the birth of their first child, when one partner gives up or reduces their paid employment.” To address this, they introduced what would become the First Child Tax Refund (FCTR). The policy allowed parents to reclaim taxes paid while both were working offering a form of income insurance during the early parenting years.

The design, however, was complex. Rather than a simple cash transfer, it operated as a refundable tax credit, enabling parents to claim up to \$2,500 annually for five years, capped at the amount of tax they had paid in the year before the birth. This meant high-income mothers could receive up to \$12,500 in total, while low-income mothers often received little, sometimes as much as \$500. As a result, the policy was not well targeted and gave the greatest support to families least likely to face financial constraints, while offering little help to those most in need.

[e61 research](#) has found that the results reflected these limitations. There was no meaningful change in overall fertility rates, though first births showed a slight uptick. It is likely that the combination of complex eligibility rules, income-dependent formula and the lag between birth and payment all reduced its potential impact on fertility decisions.

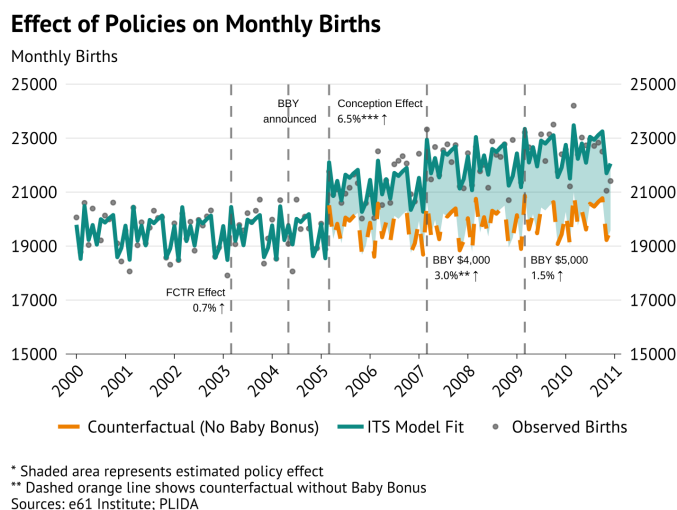
Baby Bonus

By 2004, with the limited impact of the FCTR and ongoing concerns about low fertility, the Howard Government introduced the Baby Bonus – a universal \$3,000 cash payment for every birth, equivalent to around six weeks of median household income. Treasurer Peter Costello accompanied this by his call to “have one for mum, one for dad, and one for the country.” The design of the Baby Bonus differed from the FCTR – it was paid in cash rather than through the tax system, available immediately instead of spread out over several years, and applied to all births, not just first children. The payment later increased to \$4,000 in 2006 and \$5,000 in 2008, before means-testing was introduced in 2009. The Baby Bonus was abolished in 2014.

We [find](#) that the policy had a clear effect on fertility. Monthly births increased by 6.5 per cent (around 1,300 extra births) about nine months after the policy, with the largest responses from:

- **Low-income mothers:** monthly births rose by 10 per cent.
- **Mothers in their 20s and 30s:** monthly births rose by 7 to 10 per cent.
- **Families having a third or later child:** monthly births rose by 8 per cent.

Importantly, the cohort of mothers who gave birth about nine months after the policy was announced went on to have 6.8 per cent more children by 2022. This shows that the Baby Bonus most likely increased completed fertility rather than only shifting births forward. We also find no change in birth spacing (the months between two consecutive births), which strongly suggests the effect came from people having more children, rather than a re-timing of existing plans.



The Baby Bonus came with trade-offs. On the one hand, the Baby Bonus met its objective by having a directly measurable impact on fertility. This was particularly true for low-income mothers, with the payment incentivising them to have children they might not otherwise have had.

On the other hand, the Baby Bonus was an expensive program with a back-of-the-envelope calculation suggesting it cost the government roughly \$50,000 (\$86,000 in 2025 dollars) per additional birth. Above all, it was not well-targeted. For high-income families, the Baby Bonus had limited effect on their fertility decisions, likely because other factors – such as career and opportunity costs – mattered more than direct financial support. In addition, preliminary e61 research suggests that Baby Bonus recipients reduced their working hours, relative to non-Baby Bonus recipients, highlighting a trade-off between fertility incentives and labour force participation, particularly for women. This finding highlights how demographic policies can affect workforce participation which, in turn, exacerbate the productivity challenges created by declining fertility.

Paid Parental Leave

Paid Parental Leave (PPL) was introduced in 2011 and operated alongside the Baby Bonus for a few years. Similar to the Baby Bonus, PPL was a financial support to new parents. However, unlike the initial iteration of the Baby Bonus, PPL is means-tested, and only available to those who met a work test. Notably, unlike the Baby Bonus, PPL was not intended to boost fertility – in fact, fertility objectives were [seen](#) by the Productivity Commission at the time as “relatively weak rationales for paid parental leave”. Instead, PPL [aimed](#) to enable parents, particularly mothers, to maintain links with their employer and receive an income whilst looking after a newborn. Nonetheless, as PPL provides financial support – initially 18 weeks of minimum wage payment – to new parents it could have an impact on fertility by reducing the financial costs associated with having a child.

From 2011 to 2014, PPL operated alongside the Baby Bonus, with eligible parents able to choose between the two but not able to receive both supports (with an [exception](#) for twins or multiple births). During this period, we find that births increased by around 2 per cent relative to when the Baby Bonus operated alone. This suggests that combining different types of support

may be more effective than single policies in isolation, with the policies targeting different groups. The Baby Bonus provided immediate financial relief to those who did not receive PPL, such as those not attached to the labour force. Meanwhile, PPL supported a working parent by providing them with a minimum wage payment.

After the Baby Bonus ended in March 2014, the Government at the time was wary that some new parents would not be covered by PPL and be provided no other financial support upon the birth of a new child. As a result, the Newborn Supplement and Newborn Upfront Payment were [introduced](#), and still operate today, for families eligible for Family Tax Benefit A and not receiving PPL. After the abolition of the Baby Bonus, evidence from this period shows that PPL and the Newborn Supplement and Newborn Upfront Payment had no measurable impact on fertility compared to the PPL and Baby Bonus period. A lack of uptick in fertility may be because of the design of these policies (including the amount), or who is impacted. It could also be because they were not introduced with similar pronatalist rhetoric. Notably, the replacement of the Baby Bonus with the Newborn Supplement and Newborn Upfront Payment did not lead to a short-run decline in fertility, which might have occurred had no new supports been introduced.

5. Lessons for Policymakers Today

For policymakers seeking to respond to Australia's record low-fertility, there are several lessons.

- **Distinguish between delay and childlessness:** While there has been a rise in rates of childlessness across all age groups, younger women are still likely to have children – though typically fewer children than older women did at the same age. Whether this pattern of delayed parenthood translates into smaller family sizes for the next generation will shape Australia's total fertility rate. In the absence of immigration, higher rates of childlessness imply that average family size would need to increase to maintain the population.
- **Recognise that many factors matter:** Historically policymakers have sought to lift fertility through financial incentives alone. However, fertility decisions are influenced by a complex mix of financial, social and policy settings. The factors that are important to an individual differ by gender and age and have also been changing over time. This complicates policy responses designed to lift fertility. Today, a woman's career and the availability and affordability of child care are increasingly important factors for women, particularly young women, in their decision to have a child.
- **Policy design is crucial:** The Baby Bonus' positive impact on fertility shows that simple, immediate, universal transfers can influence fertility, particularly for low-income families. However, the limited impact of the FCTR and PPL show that financial support in and of itself is not sufficient to lift fertility. Policy design – complexity, timing and targeting – may be as important as generosity.

Altogether, the evidence suggests that government-funded financial incentives can meaningfully raise fertility for some groups, but they cannot fully counter broader demographic trends. They are not a silver bullet solution to record-low fertility. The Baby Bonus showed that simple, immediate cash transfers can have measurable effects, particularly for low-income mothers. For high-income families, the impact was minimal, suggesting that other barriers matter more than the direct financial cost of raising children.

Against this backdrop, policymakers considering new measures must account for the trade-offs involved. Universal schemes have large fiscal costs and can have uneven impacts, while more complex or targeted policies may fail to shift fertility at all. It is also difficult to separate the Baby Bonus' financial effect from the pronatalist rhetoric that accompanied it, as well as the fact that it was the first policy of its kind to provide a direct cash transfer to all new parents (that is, not just first-time parents). Reintroducing the Baby Bonus today may not have the same effect on fertility.

Looking ahead, fertility policy will likely need to go beyond financial incentives to make a long-term change to declining fertility. As Australia grapples with productivity challenges and evolving migration patterns, policies that support fertility while maintaining or enhancing workforce participation become increasingly critical. Given the wide range of factors that influence both fertility decisions and labour market outcomes – from financial pressures to career considerations to caregiving supports – a holistic approach that considers both demographic and economic effects will be essential for addressing Australia's interconnected challenges of population ageing, productivity growth, and labour supply.

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Data Disclaimers

Person Level Integrated Data Asset (PLIDA)

The results of these studies are based, in part, on data supplied to the ABS under the Taxation Administration Act 1953, A New Tax System (Australian Business Number) Act 1999, Australian Border Force Act 2015, Social Security (Administration) Act 1999, A New Tax System (Family Assistance) (Administration) Act 1999, Paid Parental Leave Act 2010 and/or the Student Assistance Act 1973. Such data may only be used for the purpose of administering the Census and Statistics Act 1905 or performance of functions of the ABS as set out in section 6 of the Australian Bureau of Statistics Act 1975. No individual information collected under the Census and Statistics Act 1905 is provided back to custodians for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes and is not related to the ability of the data to support the Australian Taxation Office, Australian Business Register, Department of Social Services and/or Department of Home Affairs' core operational requirements. Legislative requirements to ensure privacy and secrecy of these data have been followed. For access to PLIDA and/or BLADE data under Section 16A of the ABS Act 1975 or enabled by section 15 of the Census and Statistics (Information Release and Access) Determination 2018, source data are de-identified and so data about specific individuals has not been viewed in conducting this analysis. In accordance with the Census and Statistics Act 1905, results have been treated where necessary to ensure that they are not likely to enable identification of a particular person or organisation.

The Household, Income and Labour Dynamics in Australia (HILDA) Survey

This note uses unit record data from Household, Income and Labour Dynamics in Australia Survey [HILDA] conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners. DOI: 10.26193/NBTNMV