



Source: ABS Cat. No. 5206.0 and Treasury

Section 22

- Treasury's estimates of potential GDP are based on projections for trend labour productivity, the trend labour force, and the trend unemployment rate. This follows the approach used in the 2015 Intergenerational Report (IGR) and documented in Treasury Working Paper 2014-02.
 - The projections adopt a technical assumption that **trend labour productivity** will grow at its average rate over the past 30 years. Productivity is influenced by many factors, including technology, educational attainment and competition. It is very hard to forecast productivity growth – the long-run historical average provides a guide as to what could be achieved in the future.
 - Our **labour force projections** are based on detailed assumptions around population and labour force participation for different age and gender cohorts.

Section 22

- Treasury's projections of trend GDP growth (currently 3.1 per cent) decline over the long-run, as discussed in the IGR, reflecting expected impacts of demographic change on Australia's economy.

Section 22

