

# **Procreate and Cherish: A Note on Australia's Abrupt Shift to Pro-Natalism**

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## **Abstract**

After a long history of arguing that Australian governments do not intervene in the bedrooms of the nation, in 2004 the Howard Government did exactly that. Under the enthusiastic choreographing of then Treasurer Peter Costello, it implemented an explicit and indirect fertility policy in the form of a maternity payment, commonly known as the 'Baby Bonus'. Rising fertility in Australia since that time has been widely claimed as evidence of the policy's success. Hailed as a mini 'baby boom', Costello was moved to describe the policy as a shift from 'population or perish' to 'procreate and cherish'. Despite arguing against it while in Opposition, the policy has been continued with only a few changes by the incumbent Rudd Government, seemingly on the grounds that it may indeed be responsible for the recent 'nudging up' of birth rates.

This paper traces the policy shift and concludes with a brief analysis of Australian trends across the period of the Baby Bonus (2004-2008), showing that one quarter of the increase in numbers is due to cohort size, but noting that fertility has also risen in many developed countries across the same period and thus trends in Australia may just be part of a broader trend – and/or in part an artifact of the index used to measure fertility. It also draws attention to the collateral effect of an increased dependency ratio, with the mini 'boom' reaching school age at the very moment the post war baby boomers reach retirement age – as forewarned by Costello in 2002 when initially rejecting the idea of a Baby Bonus.

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## Introduction

Over the last 30-40 years fertility rates have fallen in all advanced industrial societies and none of them has had success at a major turnaround. Boosting fertility rates actually reduces the proportion of the population of working age at least for a generation. It increases the dependant to worker ratio with a higher number of children. It has a negative effect for around 30 years before you get the pay off. Boosting fertility rates may [also] well reduce [female] participation rates. *Australian Federal Treasurer Peter Costello, Luncheon address to Australian Financial Review Leaders, Sydney following the 2002-03 Budget.*

You should have one for the father, one for the mother and one for the country. If you want to fix the ageing demographic, that's what you do. *Federal Treasurer Peter Costello, televised comments following the 2004 Federal Budget's announcement of the maternity allowance.*

In May 2004, acknowledging concerns about population ageing and the inability of immigration to dramatically reduce it, the Australian Government introduced the now widely known 'Baby Bonus' (maternity payment). At its Budget night launch, the then Treasurer Peter Costello urged Australians of reproductive age to have "one for the father, one for the mother, and one for the country" (Costello 2004). Such an explicit exhortation to do one's patriotic duty by having children had not been seen in Australia for a century (McKinnon 2000; Rottier 2005); indeed it was in complete opposition to Australia's long cherished resistance to anything resembling governmental intervention in the bedrooms of the nation (Cocks 1998; Caldwell, Caldwell and McDonald 2002: 11; Australian Government 2004: 19a).

Since major policy shifts are important to record, this note outlines the journey, beginning with the Government's development in 1999 of *The National Strategy for an Ageing Australia* (Department of Aged Care 1999a-c; Department of Health and Aged Care 2002). We also refer to the handful of background papers and statements by a small number of academics, policy advisors and government agencies which can be identified as instrumental in guiding and consolidating government interest in the issue of population ageing over the 1990s and early 2000s.<sup>1</sup> We acknowledge that the reference here to an 'abrupt shift' is located in a much broader historical context, one that involves important political and theoretical nuances (Heard 2006), but

we argue that the Australian Government's dramatic 'about face' appears to have involved a re-evaluation of the view that low fertility itself was a factor previously constraining the hand of government.<sup>2</sup> In other words, we argue that the Howard Government perceived the 'threat' of structural ageing as greater than the risk of losing voters – and sold it to the public by marketing it in a friendly, jocular manner.

*The National Strategy for an Ageing Australia* was first released in 1999 as a series of three discussion papers by the then-Minister Bronwyn Bishop, under the carriage of the Commonwealth Department of Aged Care.<sup>3</sup> The final version was released in February 2002 under the carriage of the Department's new Minister Kevin Andrews.<sup>4</sup> Of significant import is that in neither case was the focus on low fertility or the possible related needs of families and women, but rather, on the impact of population ageing on the labour force, Australia's retirement system, and the ageing process of individuals, writ large. Indeed, in the final strategy there are only two brief mentions of the word 'fertility' (pages 5 and 16), while acknowledgement of the distinction between structural and numerical ageing which had appeared in the initial discussion papers (e.g. Department of Aged Care 1999a: 51) is missing. Instead, in the forward to the final report, Minister Kevin Andrews states: "As the Minister for Ageing, I intend to celebrate the contribution of older Australians, while also recognising that older people deserve to be supported across all areas of their lives" (Department of Health and Aged Care 2002: vii). His sentiments are echoed in the accompanying statement by the Prime Minister and the Executive Summary, both of which concentrate on the health, ageing, workforce and retirement issues of 'senior Australians'.

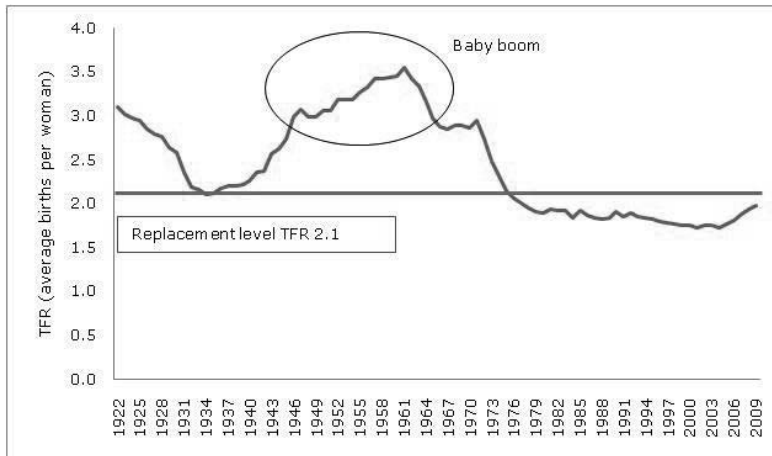
The invisibility of the role of low fertility in driving structural population ageing and indeed of any clear distinction between structural and numerical ageing in the final release of the National Strategy is of import to this story. Population ageing was popularly perceived of as a growing increase in the numbers of elderly, and the document would have done little to alter this perception. At the same time, in the lead-up to the 2001 election, the issue of balancing work and family life had become a key platform of the Coalition party's election strategy, yet most pronouncements show that at this stage interest in the family was ostensibly unrelated to population ageing. Faced with a number of significant challenges relating to (among other things) its handling of the 'Tampa crisis', when a foreign ship

carrying asylum seekers whose boat had sunk was refused entry to Australian waters, the Coalition focussed its election campaign on the combined need for 'stronger families and stronger communities' and 'border protection' (Rottier 2005: 143). The manner in which these two platforms came together has been argued by several to have ideological and racist undertones, but that is tangential to the present issue.<sup>5</sup>

At the centre of the Coalition's 2001 *Stronger families, Stronger communities* election campaign was the 'First Child Tax Refund', an incentive that would enable first time mothers to claim back some of the tax paid on their income earned in the year prior to the birth of their child.<sup>6</sup> The refund would be available on an annual basis across a five year period, provided that the woman did not re-enter the workforce during the time the bonus was claimed. That is, to get the full benefit of the tax refund, a woman needed to have been working and then stay out of the workplace entirely for five years.

The Coalition retained government in November 2001, and the incentive (by then widely dubbed a 'Baby Bonus') was formally implemented at the 2002-03 Budget, presented in May 2002. At this budget, a special annexure, the first *Intergenerational Report* (IGR) was also unveiled (Australian Government 2002). This pivotal report outlined the economic implications of projected demographic change until 2042, and has since been taken to represent the Australian Government's first major acknowledgement of population ageing as a phenomenon requiring long-term and strategic governmental management.

Among topics singled out for attention in the 2002-03 Budget and its complementary IGR was Australia's declining birth rate. As Figure 1 shows, this focus was not without reason - by 2002, Australia's TFR had been below the generational replacement rate of 2.1 births per woman for 26 years - a full generation, and was thus unlikely to be simply an artefact of the way total fertility is measured.<sup>7</sup> With substantially lower fertility rates in evidence across most of Australia's counterpart countries, and a broad literature drawing attention to their societal implications, the Australian Government made its first overt move to prevent further decline with the introduction of the First Child Tax Refund.

**Figure 1: Total fertility rate, Australia, 1921-2009**

Source: Australian Bureau of Statistics, Births, various years

However, the Baby Bonus of that Budget was substantially different to the one which would eventually be unveiled at the 2004-05 Budget. In 2002 the government was at pains to point out that the First Child Tax Refund was not a 'Baby Bonus' as such, merely part of the government's commitment to help families address the work-family conundrum. Speaking on the topic shortly after the release of the IGR, Costello (2002) emphatically rejected calls for policy interventions that would raise fertility rates. He was explicit:

A lot of attention has focussed recently on fertility rates as a way of rebuilding the working age population and decreasing the ratio of dependants to workers. Let me make some brief points:

1. Over the last 30-40 years fertility rates have fallen in all advanced industrial societies and none of them has had success at a major turnaround.
2. Boosting fertility rates actually reduces the proportion of the population of working age at least for a generation. It increases the dependant to worker ratio with a higher number of children. It has a negative effect for around 30 years before you get the pay off.
3. Boosting fertility rates may well reduce participation rates because mothers stay out of the workforce if only for a time. What this means is that in the near term there are two factors likely to reduce GDP before the pay-off after a generation.

4. If boosting the fertility rate is done by additional expenditures, it could have a negative effect if it required higher tax rates, or crowded out better alternative uses of public expenditures.

Whilst the IGR has kicked off a great deal of interest in fertility rates, with maternity leave, divorce rates, abortion law changes, tax incentives to opt out of no-fault divorce all being raised, I would like to focus the debate on something that might actually have an achievable and practical effect. A positive development would be to encourage greater workforce participation by Australians in the 55-65 year old age bracket.

Costello also cited increased skilled immigration and increased productivity as other key solutions to 'the problem' of population ageing, but continually returned to the role of increased participation by older workers, which he stressed can be more readily influenced by governments and private sector employers than fertility rates:

Higher participation among the over 55s will have a much more immediate and direct impact than rising fertility rates. More flexible working arrangements, training and re-training, and raising the preservation age for superannuation would all be positive moves to address this issue.

So there is little doubt that at this stage, tweaking fertility was being eschewed in favour of other solutions. As 2002 unfolded, the government continued to reject arguments that the First Child Tax Refund was a policy aimed at raising fertility, although there were occasions when John Howard himself referred to it as a Baby Bonus:

I mean, we brought in a Baby Bonus which recognises that there's a huge loss of income when you have your first child and the Baby Bonus is designed to assist women who drop out of the workforce to have a child in that period when they lose that income. (Howard 2002)

The issue was seldom out of the media, as the policy was soon shown to be not only regressive in its effects, which gave greater returns to women who had been on higher incomes, but it also reinforced the model of the male breadwinner, in keeping mothers out of the workforce.

The issue of paid maternity leave for working women was similarly seldom out of the media during 2002. In April 2002 the Sex Discrimination

Commissioner Pru Goward released a discussion paper outlining several options and inviting submissions. In July, when referring to the battle many people have in balancing work and family responsibilities, the then Prime Minister John Howard made his now-famous 'barbecue stopper' comment. The issue, he said, is "the biggest ongoing social debate of our time...a barbecue stopper" (Howard 2002). Although he was referring to the balancing act itself being "an issue of such importance that mention of it could halt the fun of a barbecue" (The Australian National Dictionary Centre), the comment was widely taken to refer to the possible introduction of paid maternity leave. The likely positive impact of such a move on Australia's declining birth rate was also widely commented upon in the media, and was never outrightly 'disowned' by either Costello or Howard. Nevertheless, as history shows, the option [of paid maternity leave] was eventually soundly rejected by the government as imposing impossible costs on many businesses. There was no mention of the issue in the 2002-03 budget, and it quietly slipped from centre stage.

But not so the issue of low fertility and its relationship with population ageing. Throughout the remainder of 2002 and into 2003, both media commentary on, and academic engagement with, the topic grew. Several media articles criticised the government's stance in failing to develop a fertility-oriented population policy as short-sighted, directly urging the Treasurer to be more proactive in reversing low fertility (e.g. Kelly 2002: 13). Others reported the opinions of many of Australia's demographers, whose growing number of publications and pronouncements on the topic pointed out the economic and social implications of structural ageing, and the implications of delaying interventions that might arrest fertility decline and reduce the speed of future ageing. Demographic journals drew attention to the substantive and theoretical correlates of low fertility, which notably were both manifold and seemingly universal (across developed countries), indicating that local policy initiatives may do little to alter the trend. Editorials reiterated the main points<sup>8</sup> letters to the Editor weighed in with both support for and - in some cases strong - resistance to the idea of supporting the nation's families to have children. Surveys canvassed opinion on the desire for and the acceptance of children.<sup>9</sup> The then Federal Treasurer of the Liberal party and chair of the Menzies Research Centre, Malcolm Turnbull, raged that the crisis was not population ageing, but low fertility *per se*, brought upon by the failing institution of marriage.<sup>10</sup> Women

were continually reminded of the dangers of 'leaving it too late'.<sup>11</sup> There was seldom a week in which the issue did not appear in the media.

Behind the scenes the government also directly sought the advice of leading economic sociologists like Britain's Katherine Hakim. In February 2003 Hakim presented to the Department of Family and Community Services (2003: 22-23). Her tri-typology of women's preferences as either home-centered, work-centred, or adaptive [to either of the other two positions, depending on the incentives] was later echoed in a number of statements by the Prime Minister and Treasurer. Importantly, Hakim pointed out that while these preferences should be accounted for in the development of any family and social policy, the best way of doing that was to develop policies that were 'neutral' and would appeal to all categories [of women], or be balanced to ensure that all categories would benefit in some way. At the same time the underlying message was that if the government could tweak the right buttons, at least some of Australia's adaptive women (estimated to be as high as 90 percent)<sup>12</sup> would plausibly respond with a baby, and presumably many of the home-centred women would do so as well.

Another key contributor to the debate during this period was leading Australian demographer Peter McDonald, whose work on low fertility has long pointed out the need for appropriate policy responses, and for those policies to be carefully coordinated. In a visionary paper published in 2003 he challenged the government over its failure to make the substantial reforms implicitly promised in the Prime Minister's 'barbeque stopper' comment, and carefully laid out both the principles of the needed reforms, and a proposal as to where the money to pay for them would come from (McDonald 2003a). In short he argued against the government's present 'bolt on' approach of constantly adding policies that have additional cost implications, proposing instead that the current 'mish-mash' of familial payments be scrapped and the money redirected at a broad agenda that centred around the age of a child and included measures such universal early childhood education.

Despite this advice and activity in general there was only minor mention of fertility and the family in the 2003-04 Budget (delivered on May 13th 2003), its focus instead being tax cuts and the returning of the federal budget to surplus. Rottier (2005: 134-5) argues that this 'oversight' was possibly related to 2003 being a non-election year: her doctoral research



identified that in election years the federal budget is far more likely to contain a family angle than in non-election years.

Be that as it may it is now widely acknowledged that across 2002 and 2003 the Prime Minister's Department had its own 'work and family' task force engaging with the aforementioned literature and arguments, and considering alternatives to the ill-fated First Child Tax Refund/Baby Bonus.<sup>13</sup> According to Summers (2004), among options that the task force investigated was a universal (non means-tested) Baby Bonus of between \$3,000 and \$5,000 on the birth of a child, a recommendation apparently adopted by cabinet at a meeting in late 2003 and foreshadowed by the Prime Minister some months earlier at the Liberal Party's National Convention in Adelaide.

With deliberations over the possibility of a full-fledged Coalition Baby Bonus raging in the media throughout the remainder of 2003 and into the beginning of 2004, an election year, the then Labour Leader, Mark Latham, endeavoured to gazump the Prime Minister by announcing a non-means tested baby care payment of \$3,000 spread across the first 14 weeks of a new baby's life. From that point on the government also began to herald that its Baby Bonus (officially a Maternity Payment) would be implemented at the 2004-05 Budget. Importantly this option would also resolve most of the government's previous problems with the now-rejected paid maternity leave option, the idea of which had proven so unpopular with the business sector. In both directions the Baby Bonus was a vote-catcher.

In February 2004 the government released another key document related to population ageing titled *Australia's Demographic Challenges* (Australian Government 2004a). By contrast with the Intergenerational Report, this document had much to say about Australia's low fertility rate. However, its policy focus, like that of the IGR, remained on improving productivity and labour force participation as the key priorities in addressing population ageing: the three 'choices' presented at the end of the document were to raise taxes, reduce government expenditure, or increase the country's debt; not to increase fertility. Indeed the document's conclusions specifically re-stated Australia's long-held position, that "the decision to have children is certainly an individual one. It is not (and should never be) the role of governments to tell citizens how many children they should have" (Australian Government 2004a: 19).

Nevertheless, just a few months later the Australian government did exactly that: it specifically and unambiguously prescribed a desired family size of three. Perhaps what most surprised the populace was the nation's leaders mischievously engaging in sexualized banter and responding to headlines such as 'the erection budget' (Howard 2004). Not only did the Treasurer take great delight in extending his call to duty to hundreds of assembled media to "go home and perform your patriotic duty tonight" (Costello 2004), but the following day the Prime Minister echoed it with "Come on, come on, your country needs you" (Farouque 2004)<sup>14</sup>

From the 1st of June 2004 the Maternity Payment (the 'new' Baby Bonus) replaced its predecessor, the First Child Tax Refund, and provided a \$3,000 grant for each new child, irrespective of the parity of the child or income of the parent/s, rising to \$4,000 in 2006–07 and \$5,000 in 2008–09.<sup>15</sup>

Over the following three years to mid 2007, the call to procreate was regularly repeated by government officials and the media, and the policy was ultimately referred to by then Treasurer Costello as Australia's shift from 'populate or perish' to 'procreate and cherish' (Costello 2006a, 2006b). Concerned that the message was perhaps being heeded a little too well by some teenagers, the only significant change to its original features under the Howard Government came in January 2007 in the form of a shift from the lump sum payment to a fortnightly payment, for mothers under the age of 18 (Commonwealth of Australia 2006).

Despite having previously disagreed with various elements of the policy, the incoming Rudd Labour Government (November 2007) vowed to continue it. By March 2008, Prime Minister Kevin Rudd stated that the policy appeared to be having an impact in terms of "slightly nudging up the birth rate" and so it would be "safe" under Labour.<sup>16</sup> However, facing increasing calls from analysts that the cost of each 'true' extra birth was enormous and that there must be more efficient ways of delivering family payments (Guest 2007; see also Drago *et al.* 2009), the Rudd Government moved in its 2008 Budget to make it a means-tested payment from January 1st 2009, along with moving all payments to a fortnightly basis.<sup>17</sup>

Aside from these minor changes, and continuing occasional comments by one or other government spokesperson that the Baby Bonus is not, strictly speaking, a pro-natal policy, there can be little argument that the intervention was, and remains, an explicit policy aimed at raising the birth rate. First, it is formalised as a pro-natal policy in the Government's own

reporting on the matter (Table 1). After many decades of expressing no concern over the nation's fertility rate and that no intervention was needed, the United Nations 2005 publication of 'World Population Policies' (which reports on around 196 countries across the globe) recorded that the Australian Government's view was that fertility had fallen too low, and a policy was in place to raise it. Second, the policy's objective (to fix the ageing demographic) and the means to achieve it ('one for the father, one for the mother, one for the country') were both clearly articulated. The Baby Bonus is also an indirect policy in that it targets the fertility decision-making context as opposed to simply making it easier for families to combine work and family.

**Table 1: Australian Government view and policies on fertility and family planning, 1976 -2005**

	<b>Fertility level</b>	<b>Policy</b>
1976	Satisfactory	No intervention
1986	Satisfactory	No intervention
1996	Satisfactory	No intervention
2005	Too low	Raise

Source: United Nations (2005)

Australia is not alone in this endeavour: by 2007, 53 percent of developed countries had policies in place designed to raise their birth rates, up from 33 percent a decade ago (United Nations 2007).<sup>18</sup>

## **Impacts of the Policy**

The burning question then: is the policy having an impact on Australia's fertility? In 2001, notably before the implementation of either the first or second Baby Bonus, the total fertility rate had stopped falling, at 1.729. By the end of 2004 it had increased to 1.763, and to 1.978 by 2009 (Australian Bureau of Statistics 2009) - so the birth rate has clearly increased (refer to Figure 1). Decomposition analysis of the period covered by the Baby Bonus (2004-2008) indicates that almost 26 percent of the increase in birth numbers has been due to changing cohort size, leaving 74 percent explained by the increased birth rate and plausibly due to the intervention (Table 2).<sup>19</sup> It is certainly conceivable that the Government's 'two for you and one for us' message has altered the context in which Australian fertility and family

formation decisions are being made, as per demography's major theoretical explanations.<sup>20</sup>

**Table 2: Birth numbers and components of change due to cohort size and birth rate, 2004 and 2008**

Age	Births			Component due to cohort size		Component due to birth rate	
	2004	2008	Difference 2004-08	N	%	N	%
15	362	434	72	16	22.2	56	77.8
16	881	1030	149	50	33.6	99	66.4
17	1949	2081	132	133	100.8	0	-0.8
18	3174	3493	319	174	54.5	145	45.5
19	4514	5283	769	188	24.4	581	75.6
20	5363	6190	827	248	30.0	579	70.0
21	6342	7207	865	295	34.1	570	65.9
22	7133	8639	1506	620	41.2	886	58.8
23	8291	9498	1207	977	80.9	230	19.1
24	9054	11163	2109	1358	64.4	751	35.6
25	10693	12652	1959	1712	87.4	247	12.6
26	12212	14537	2325	1689	72.6	636	27.4
27	13687	15898	2211	1538	69.6	673	30.4
28	15315	17363	2048	1183	57.8	865	42.2
29	17009	18624	1615	626	38.8	989	61.2
30	17813	19051	1238	-132	-10.7	1370	110.7
31	18567	19877	1310	-735	-56.1	2045	156.1
32	18639	19459	820	-1441	-175.7	2261	275.7
33	17468	18507	1039	-1355	-130.4	2394	230.4
34	15024	17302	2278	91	4.0	2187	96.0
35	12986	16397	3411	601	17.6	2810	82.4
36	10281	14106	3825	1303	34.1	2522	65.9
37	7961	11354	3393	1236	36.4	2157	63.6
38	6256	8670	2414	500	20.7	1914	79.3
39	4695	6505	1810	231	12.8	1579	87.2
40	3406	4460	1054	-65	-6.2	1119	106.2
41	2133	2976	843	-99	-11.7	942	111.7
42	1441	1809	368	-54	-14.7	422	114.7
43	831	1008	177	-21	-11.9	198	111.9
44	399	521	122	12	9.8	110	90.2
45	196	240	44	12	27.3	32	72.7
46	89	127	38	7	18.4	31	81.6
47	29	47	18	3	16.7	15	83.3
48	14	46	32	1	3.1	31	96.9
49	42	60	18	3	16.7	15	83.3
Total	254,247	296,615	42368	10,905	25.7	31,463	74.3

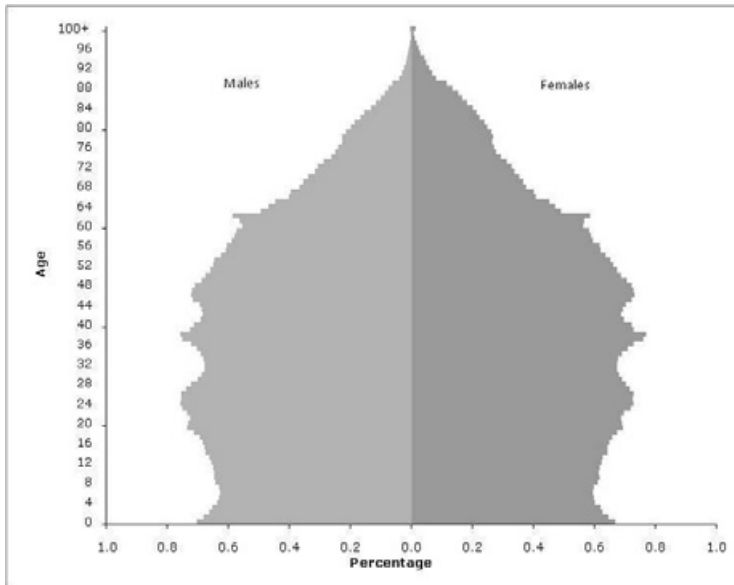
Source: Calculated from Australian Bureau of Statistics (2009) Births, Australia 2008, cat no 33010DO010\_2008 and ERP by age and sex.

Note: Component due to cohort size is calculated by applying age-specific fertility rates for 2004 to population numbers for 2008(=expected births at 2004 rates) and subtracting the result from observed births. Component due to birth rate = the balance (observed minus expected).

Rational and risk-averse actors alike may be engaging with the perception that more support for the family is on offer; post-materialists may be broadening their options to include a/nother child, and those who have been struggling with gender inequities between the workplace and the domestic world may be finding that these have decreased. Hakim's 'adaptive' and 'home centred' mothers may have responded to the call. However, fertility rates have also recently risen in many other countries, notably Europe (Myrskylä, Kohler and Billari 2009), generating enthusiastic claims that the era of low-low fertility is over.

On the one hand, this increase could reflect the shift to a pro-natal policy environment in those countries, but, on the other, it could mean that the changes in Australia may simply be part of a broader movement, having very little to do with the Baby Bonus *per se*. At this point in time we must simply watch and wait. Certainly there is no room for complacency, with some analysts cautioning that the 'reversal of low fertility' may be simply an artifactual tempo effect, caused by a return to slightly earlier childbearing and/or to the end of delayed and recuperated childbearing. There has been no reversal in any of the major substantive correlates of low fertility, such as increased levels of female tertiary education and labour force participation – which are still increasing.

Finally, it is worth reflecting on Peter Costello's original concerns back at the 2002-2003 Budget when he argued that "boosting fertility rates actually ... increases the dependant to worker ratio with a higher number of children. It has a negative effect for around 30 years before you get the pay off". Australia's 2009 age structure clearly shows this impact (Figure 2), with a small skirt at ages 0-4 years, and it must be remembered that these young people will be arriving at school and working their way through the school system at exactly the same point as the baby boomers begin to retire en masse, from 2012. It is to be hoped that the enthusiasm which surround their collective birth will continue to support them as they grow up.

**Figure 2: Australian population age/sex structure, 2009**

Source: Australian Bureau of Statistics Cat no 3201.0

## Summary and Conclusion

Despite wholeheartedly rejecting the idea of a full-fledged Baby Bonus at the 2002-03 Budget, the then Howard Government implemented exactly that just two years later, at the 2004-05 Budget. The shift to an explicit but indirect pro-natal policy not only represents an abrupt disjuncture with the past, but appears to have been based on genuine concerns by the Government about structural population ageing, undoubtedly driven by the slowly dawning reality of the economic implications of the phenomenon. Its continuation by the Rudd Government adds to its substance. However this is not the same as saying that the Baby Bonus is in any way the integrated and astute reforms espoused by McDonald in 2003a (see his comments in McDonald 2005 and 2006) – it remains an *ad hoc* policy with many contradictions in other non-aligned policies, which together render any fertility-raising impacts vulnerable.

Australia's fertility rate has (at this point) stopped falling, and has risen significantly, allowing the previous Howard Government - and more guardedly the present Rudd Government - to attribute at least some of the rise to the Baby Bonus. However, fertility was actually rising sometime

before the policy was implemented, and moreover is also presently rising across many European countries. This could mean that Australia is part of a broader movement, and may have nothing at all to do with the Baby Bonus. But it may also simply reflect the way fertility is measured, via an index which cannot account for – among other factors – changes in the timing of childbirth.<sup>21</sup> Changing cohort size and the possibility of echo effects, for example as large cohorts reach their peak reproductive years, can be more readily accounted for, and in Australia's case are certainly making a contribution – accounting for one quarter of the increase in births since 2004. Perhaps less well understood is the likely impact on total birth numbers as these larger cohorts are replaced by smaller ones, even if the birth rate per woman remains high.

Lastly, Peter Costello's original concerns that boosting fertility rates increases the dependency ratio, should not be overlooked. While the Government gaze around the developed world is firmly fixed on current birth rates, the births of the 1940s and '50s are quietly approaching retirement; if it has been successful, it was perhaps not the best time of times to introduce a pro-natal policy.

## Notes

- 1 Among these are: House of Representatives (1992); Clare 1994; Borowski and Hugo 1996; Young (1999); Jackson (1999, 2001); Barnes (2001); Australian Bureau of Statistics (2001), and the work of Peter McDonald, Rebecca Kippen, Graeme Hugo, Donald Rowland, and Robert Birrell *passim*.
- 2 Australia's official submission to the 1994 Cairo conference on population and development, stated that 'Australia does not have an explicit or formal population policy directly aimed at influencing the level of the population ... the government decided that a formal population policy (particularly one which would specify population targets) would not be appropriate for Australia, given its low levels of fertility and diversity of community views as to the character and objectives of such a policy.' (National Committee 1994 cited in Cocks 1998: 23).
- 3 Notably another significant report was prepared for the government while Bishop was Minister for Aged Care. This report by Access Economics (2001) details the spending patterns of older Australians and concludes that population ageing would deliver as many positives and opportunities as negatives. The report does not contain the term 'fertility' but uses the term 'birth rate' on five occasions. Four of these occur together (pp. 34-35) in the context of an argument that increasing the birth rate would not begin to have a useful impact for at least 16 years (when the additional births would translate into additional labour supply).

- 4 Now known as the Department of Health and Aged Care
- 5 The issue of 'strengthening families' and low fertility soon became linked in government discourse. Among others, Rottier (2005: 144-5 and Chapter 9) draws attention to the implicit racism in the combination, which on the one hand rejects would-be migrants from Asian countries, and on the other, calls on Australian families to 'grow their own'. See also Manne (2001: 21) on a similar argument for Scandinavia.
- 6 The policy contained elitist elements, in that a minimum annual refund was set at \$500, and a maximum at \$2,500, being 20 percent of the tax paid on an annual salary of \$52,666. Higher income mothers thus received a substantially greater bonus.
- 7 The Total Fertility Rate (TFR) is a synthetic measure which uses the sum of current age-specific birth rates in any year as a proxy for the number of children a woman aged 15-49 in that year will have across her life time. It is greatly affected by changes in the age at childbearing. If a large proportion of women delay having children, the TFR will be depressed; if childbearing is bought forward, the TFR will rise.
- 8 For example, 'Maternity leave debate hots up', *The Sydney Morning Herald* 18/7/02, p.10; 'It still takes two, baby', *The Age* 8/1/03, p.10; 'Birthrate not just an issue of motherhood', *The Australian* 8/1/03, p. 10.
- 9 The 2003 Australian Survey of Social Attitudes (AuSSA) run by the ACSPRI Centre for Social Research sampled 4,270 people aged 18 years and over. Among the questions was the statement 'a life without children is not fully complete' (agree/disagree).
- 10 'The crisis is fertility, not ageing', *The Age*, 16/7/02, p.11. 'Turnbull is now a government MP with much to say about Australia's fertility, including that low fertility countries 'are not ageing, they are dying' (Totaro 2005).
- 11 Later, in 2005, McDonald argued that the 'debate we have been having about waiting too long when you want to have children has had an effect [on the fertility rate]' (see Legge 2005: 19 and Marriner and Totaro 2005; also McDonald 2005: 5).
- 12 Data from the HILDA (Household, Income and Labour Dynamics in Australia) and Women's Health Australia presented at the Australian Institute of Family Studies (AIFS) conference (Department of Family and Community Services 2003: 23).
- 13 An interesting comparison with the eventual policy is Peter McDonald's (2003a) proposal for a flat \$6,500 payment to families with babies and toddlers, reducing to \$2,500 per year plus 20 hours per week free childcare/education for children aged 3 to 4 years. McDonald's proposal also included related budget costings, and called on the government to scrap its multitude of family tax and welfare benefits and to divert the funds as suggested, arguing that it would cost no more than the government was already paying.
- 14 It takes little effort to locate the antecedents of these exhortations. In the 1940s Winston Churchill similarly called on Britons to have four children: 'one for mother, one for father, one for accidents and one for increase' (Legge 2005: 19). More recently the Swedish government had Bjorn Borg urge his fellow Swedes



- to 'fuck for the future' (Ananova 2001; Manne 2001: 6). In 1995 the Turkish Prime Minister argued for at least four children, and his successor reiterated his words, claiming 'Allah wants it'. (Longman 2004: 9).
- 15 The intervention was accompanied by an increase in all levels of Family Tax Benefit (an intervention from 2000 associated with the introduction of the GST), bringing the base payment up to \$1,695 per year inclusive of a new, immediate lump-sum payment of \$600, and other elements of the package such as an additional 30,000 outside-school-hours childcare places and 1,500 family day care places (O'Neill 2004: 9 in Rottier 2005: 150).
  - 16 'Baby Bonus will stay: Rudd'. Radio interview with Fairfax Radio, March 14th 2008 <http://www.abc.net.au/news/stories/2008/03/14/2189859.htm>
  - 17 Interview of Jenny Macklin by Hilary Harper (31/12/2008) 'Baby Bonus-Transcript'  
[http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/baby\\_bonus\\_02jan09.htm](http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/baby_bonus_02jan09.htm);  
<http://www.smh.com.au/news/national/rudd-to-end-baby-bonus-for-rich/2008/05/02/1209235155734.html>
  - 18 In some cases, non fertility oriented policies can also have this effect – see Callister and Galtry 2009 for a comparison of New Zealand's Parental Leave policy with Australia's Baby Bonus.
  - 19 Certainly, in July 2004, as many as 1,000 births were due to an 'introduction effect', and a smaller number at each subsequent anniversary coinciding with the payment increase – see Gans and Leigh 2008.
  - 20 See McDonald 2000 for elaboration of these theoretical explanations for low fertility. Another is the 'low fertility trap' proposed by Wolfgang Lutz, which generally holds that people who have grown up in an era of low fertility will not seek to have large families themselves.
  - 21 A decline in age at childbearing typically increases the total fertility rate (because it brings births forward); an increase (in childbearing age) decreases it

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