

10 ways Australia will be different in 2066

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Key points

- Australia's population is projected to reach 39.3 million by 2065–66.
- The number of Australians aged 85 and over is expected to triple.
- Living standards are projected to rise, but economic growth will be slower than in the past.

Treasury's 2026 Intergenerational Report looks 40 years ahead at some of the biggest changes expected to shape Australia's economy, population and finances.

The seventh in its series, the latest Intergenerational Report puts particular focus on AI, an ageing population, energy, geopolitical change and the growing pressure on younger generations from housing affordability.

Its long-term projections aren't forecasts of exactly what will happen, but they provide a useful picture of where Australia may be heading. Here are 10 of the biggest takeaways.

1. Australia's population could reach 39.3 million people

Australia's population is projected to grow from around 28 million today to 39.3 million by 2065–66.

But population growth is expected to slow. Treasury projects average growth of 0.9% a year over the next 40 years, compared with 1.4% over the past 40.

2. For the first time, deaths could outnumber births

Australia's fertility rate is projected to fall to 1.34 children per woman by 2065–66, down from Treasury's previous long-term assumption of 1.62.

By the 2060s, Treasury expects annual deaths to outnumber births for the first time. From that point, Australia would no longer record natural population growth from births exceeding deaths.

Net overseas migration is assumed to continue contributing to population growth.

3. The number of people aged over 85 could triple

There are around 625,000 Australians aged 85 and over today. Treasury projects that number will reach 1.9 million by 2065–66.

The median age is expected to rise from 38.6 today to around 45, while life expectancy is projected to reach 89.5 years for women and 86.1 years for men.

4. Health and care will employ more Australians

An older population means greater demand for health and aged care.

Health care and social assistance already employs about 2.4 million people, or roughly 16% of Australia's workforce. Employment in the sector is projected to grow another 23% by 2035.

The report says technology, including AI, could help the sector meet some of that extra demand by reducing administrative work and improving productivity.

5. The economy could more than double in size

Treasury projects Australia's real economy will be around 2.25 times its current size by 2065–66.

Living standards are also expected to rise. Real gross national income per person, a measure of the average income earned by Australians, is projected to be 55% higher.

6. But economic growth is likely to be slower

A larger economy doesn't necessarily mean faster growth.

Real GDP is projected to grow by an average 2% a year over the next four decades, compared with 3% over the previous 40 years.

Population ageing is a major reason. A larger share of Australians will be in age groups that are less likely to be working, putting more weight on productivity as a driver of future improvements in living standards.

7. More older Australians and women are expected to work

There is a counterweight to population ageing: Australians are participating in the workforce at higher rates.

Treasury expects the labour force participation rate to rise to 67.7% in 2039–40 before gradually falling as the population ages.

The improvement is being driven particularly by higher workforce participation among women and older Australians.

8. Housing has become a much bigger generational divide

The report devotes an entire chapter to intergenerational equity, with housing one of its central concerns.

Home ownership among households aged 25 to 34 fell 17 percentage points between 1981 and 2021.

Treasury estimates that if the 1981 ownership rate had been maintained, around 250,000 more households aged 25 to 34 would own their home.

Median dwelling prices have also risen from around four times average full-time earnings in 1999–00 to around eight times in 2025–26.

9. Super will become much more important in retirement

Australia's ageing population doesn't necessarily mean proportionately greater reliance on the Age Pension.

As compulsory superannuation matures, more Australians will reach retirement after receiving super for most or all of their working lives.

The median super balance among people aged 65 to 69 increased from \$115,000 in 2014 to \$204,000 in 2024. Treasury projects it will approach \$450,000 by 2037.

By the mid-2040s, most retirees will have received compulsory super for a significant part of their careers.

10. AI could reshape work and the economy

Treasury describes AI as a defining influence on Australia's economy over the next 40 years.

Its use is already widespread but still relatively shallow. Around two-thirds of Australian businesses report using AI in some form, while fewer than 10% describe their adoption as significant.

The report expects some tasks to be automated while others will be done by workers using AI. The Productivity Commission has estimated AI could lift Australia's multifactor productivity by more than 2.3% over the next decade, although Treasury stresses there is considerable uncertainty around its eventual impact.

The physical investment required will also be substantial. Australia's data centre investment pipeline could exceed \$150 billion by 2030, while data centres could account for around 10% of electricity demand in the National Electricity Market by 2050.

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