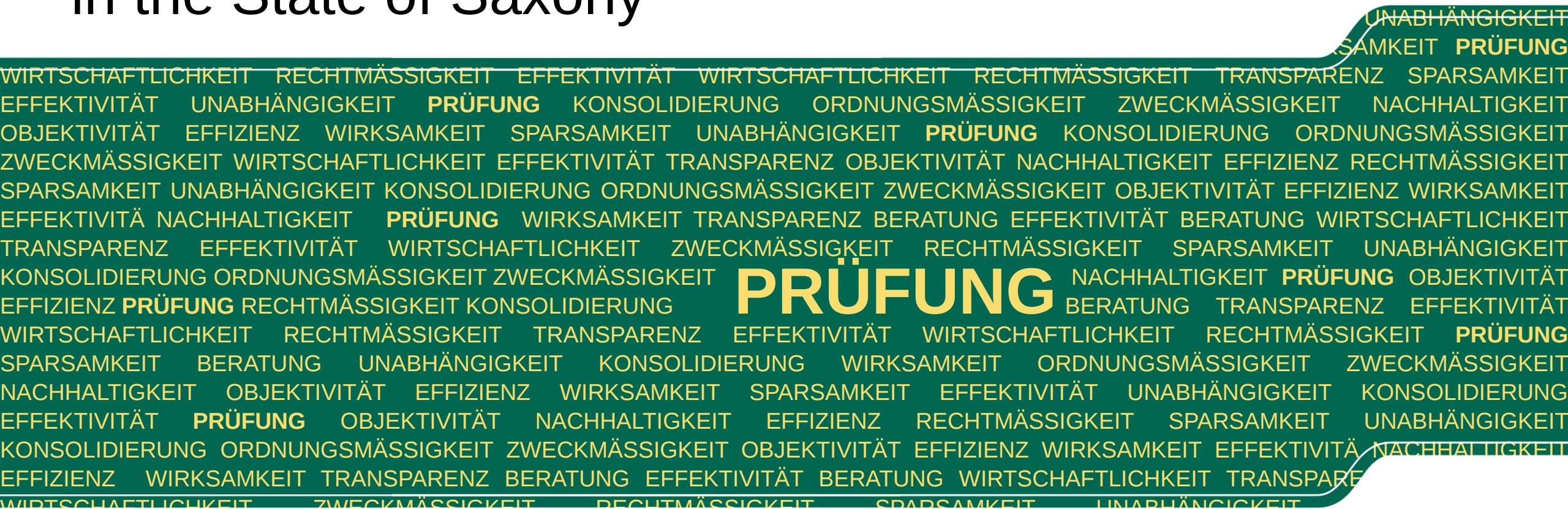


Demographic challenges in the State of Saxony



EURORAI seminar from 24 to 26 April 2025 in Oviedo

Geographical location of the State of Saxony



Source: Sächsische Landeszentrale für politische Bildung

Short presentation State of Saxony

**Population: approx. 4 million
residents**

Surface area: 18.400 km²

**Population density: 220
residents/km²**

**State budget:
EUR 24.0 billion (2023)
EUR 24.9 billion (2024)**

**GDP: EUR 156 billion (2023)
EUR 38.100/resident**

**Saxony is one of 16 countries of the
Federal Republic of Germany**

**10 counties, 3 district-free cities,
415 municipalities**

**Approximately 96.000 jobs in public
administration**

Parliament with 120 members

Court of Audit with 235 employees

The Court of Audit of Saxony in Döbeln

SÄCHSISCHER
RECHNUNGSHOF

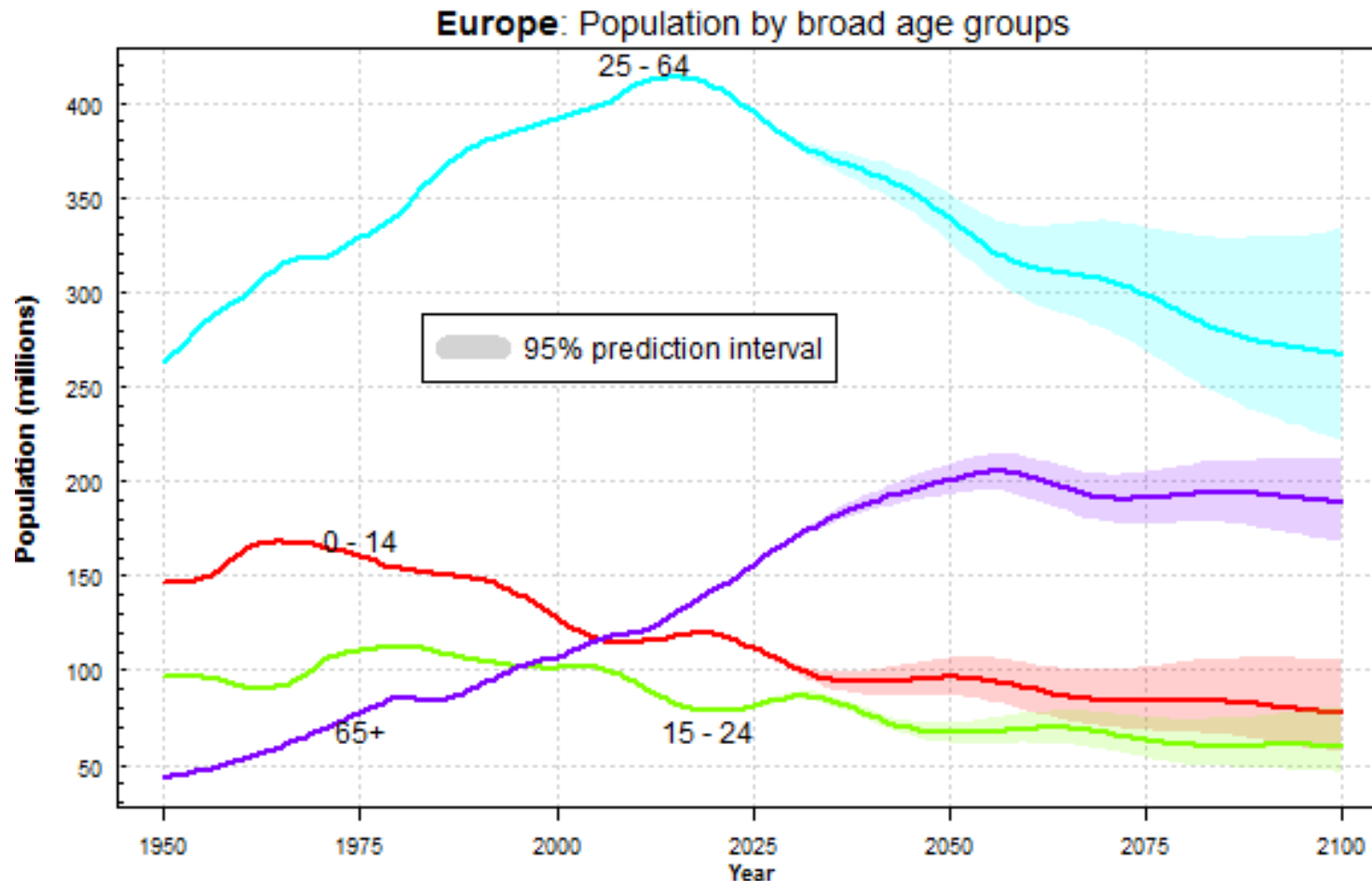


● = State Audit Offices

Source: Bundesland Sachsen mit Autobahnen bunt — Vektor von artalis



Population development in Europe by broad age group from 1950 to 2100



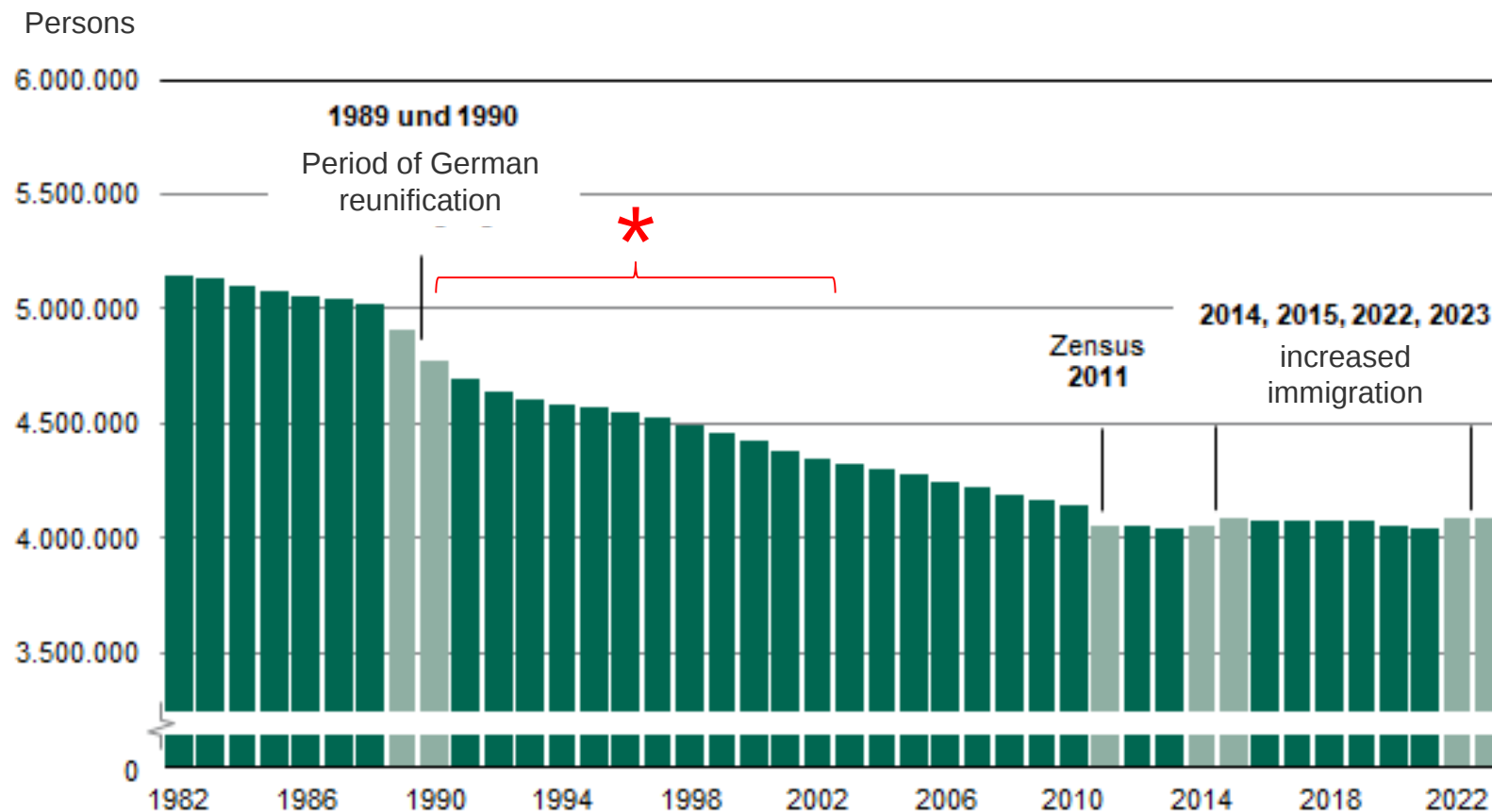
© 2024 United Nations, DESA, Population Division. Licensed under Creative Commons license CC BY 3.0 IGO.
United Nations, DESA, Population Division. *World Population Prospects 2024*. <http://population.un.org/wpp/>

→ **Demographic
development is a pan-
European challenge.**

Population by broad age group:

- 65+ years
- 25 - 64 years
- 15 - 24 years
- 0 - 14 years

Population development in Saxony



- *
→ Emigration of well-qualified people
- Economic downturn
- Structural change
- 20 %
- 1 million

Source: <https://www.bevoelkerungsmonitor.sachsen.de/bevoelkerungsbestand.html#a-20468>, eigene Ergänzungen.

Population development in Germany of working age until 2040 (compared to 2023) in %



Source: Freie Presse, dpa vom 20.02.2025 nach Institut für Arbeitsmarkt und Berufsforschung

→ Saxony and other eastern German States are particularly affected within Germany.

→ Saxony with an average age of 46.8 years in 2023, the fifth oldest federal state.

→ Saxony must plan for almost 10 % less working population in 2040.

Measures taken by the state government in response to demographic developments



State modernization

**2012: Acceptance of
the Locations Act**

*

**Objective: Creation of
a modern and
efficient
administrative
structure**

*

**German-wide unique
project**

since 2012



Strengthening rural areas

**The Saxon State
government supports
various programs to
specifically supply rural
areas weakened by
demographic change**

since 1990



Administrative reform

**November 2009,
decision of the state
government**

*

**The Saxon
administration's
staffing levels should
be adjusted to the
average of the western
federal states to
70.000 jobs by 2020**

since 2009



Generation Fund

**“Generation fund” to
finance future
pension obligations
(Article 95, paragraph
7 of the Saxon
Constitution)**

*

**Securing
opportunities for
future generations**

since 2012

Measure: State modernization



2012: Acceptance of the Locations Act

- **Objective: Creation of a modern and efficient administrative structure**
- **1 office (tax office, local court, etc. per district*)**

- **Politics**
- ↕
versus
↕
- **local interests**

*District = 180 - 280 T inhabitants

State modernization

Various audits

Annual
Report
2014

**Accommodation
of tax offices**

Volume I, Article 26

Annual
Report
2016

**Accommodation
of courts and public
prosecutors**

Volume I, Article 24

Annual
Report
2016

**Accommodation of
State Office for
Construction and
Transport**

Volume I, Article 25

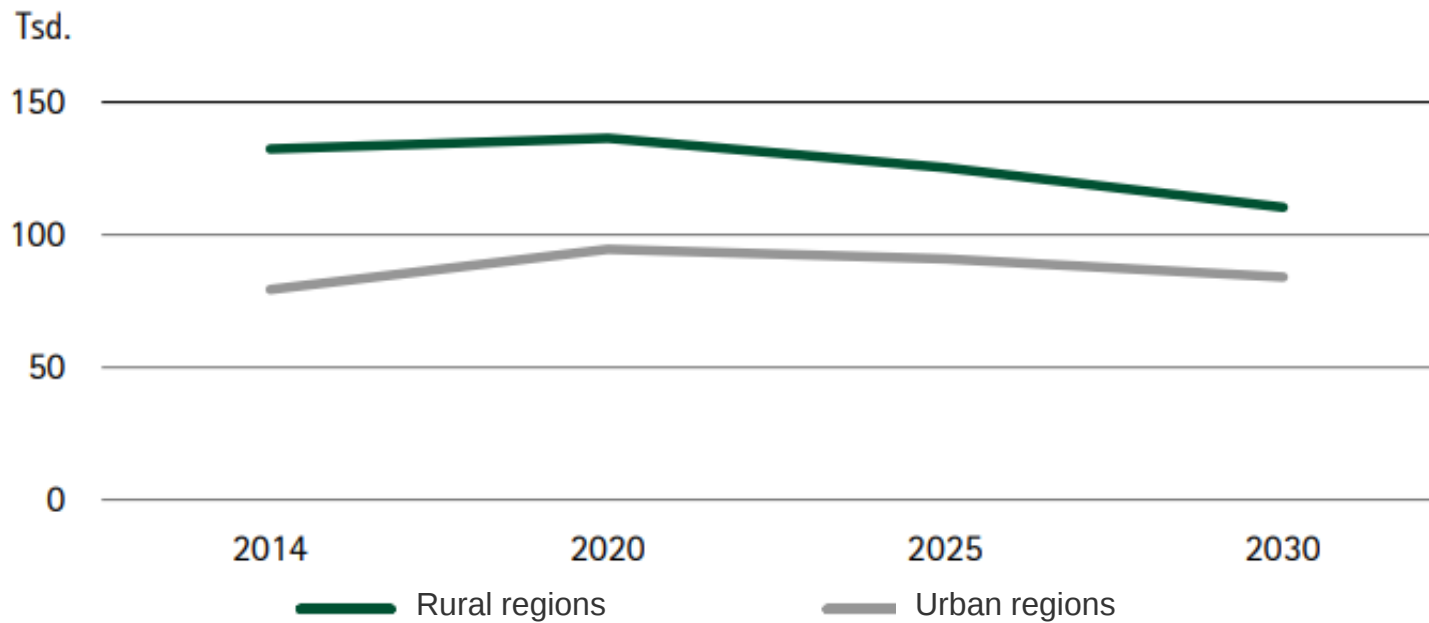
Audit findings:

- **Merger effects (savings) significantly lower than expected**
- **Millions in damages due to failure to maintain buildings**
- **In some cases above-average renovation costs**
- **Decision-making basis for Parliament unsuitable because cost-benefit analysis incomplete**
- **Despite surplus area, some new areas have been created**
- **Not always the most economical accommodation option chosen**

Demographic impacts

Example: **Places in children daycare centers**

Development in number of children under 6



→ **Declining demand for places in children daycare centers**

Source: Statistisches Landesamt des Freistaates Sachsen, Datenblatt 6. RBV¹ – Ausgewählte Ergebnisse für den Freistaat Sachsen (Variante 1).

Demographic impacts

Example: **Places in children daycare centers**



Annual
Report
2019

**Funding
investments in
daycare centers**

Article 13



Annual
Report
2023

**Daycare centers
independent carrier**

Volume II, Article 35

Funding of children daycare centers despite declining child numbers:

- Expected future trends in the number of children and needs are not sufficiently taken into account in both the estimation and the distribution of budget funds
- Recommendation: Control measures are urgently needed to ensure sustainable support. Otherwise, there is a risk that unnecessary children daycare centers will be created in the future.

Demographic impacts

Example: **Prison places**

Special Report 2012: Need for prison places



Special
Report
2012

Need for prison
places

Necessity of a shared prison
of Saxony and Thuringia?

Audit findings at that time:

- **Total prison capacity requirement according to the Ministry of Justice: 3.800; according to calculations by Court of Audit of Saxony only 3.350 prison capacity is needed**
- **Forecasts regarding the number of prisoners in Saxony do not justify the planned expansion of existing prison capacity**
- **Construction of a new prison in southwest Saxony is not necessary**
- **The Ministry of Justice should examine whether a more effective utilization of existing prisons and thus a further reduction of Saxon prisons is possible**

Demographic impacts

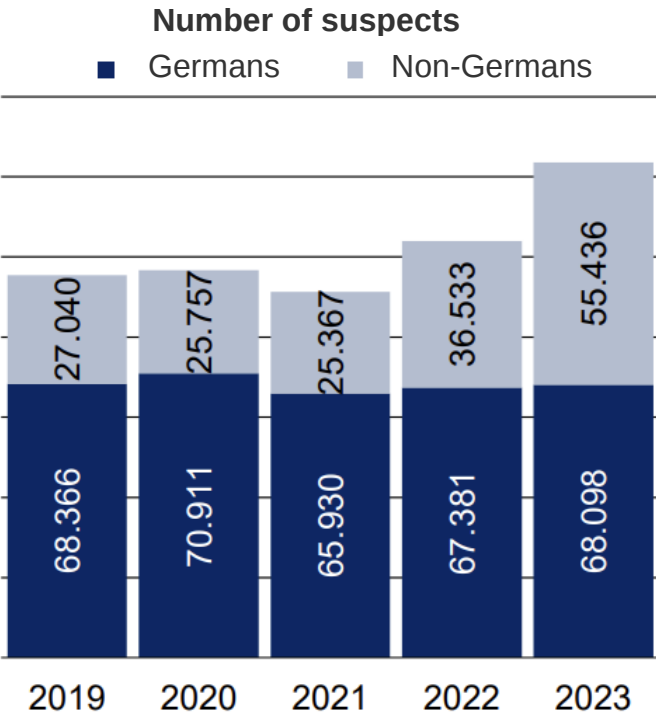
Example: Prison places

Table 1: Development of occupancy capacity/occupancy

Status 31.03.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	...	2019	...
Prison Places	4.165	4.178	4.197	4.258	4.307	4.225	4.075	3.840	3.723	3.778		3.870	
Prisoners	4.310	4.368	4.307	4.199	3.922	3.710	3.632	3.489	3.555	3.534		3.544	
Utilization (%)	103,5	104,5	102,6	98,6	91,1	87,8	89,1	90,9	95,5	93,5		91,6	

Source: Statistisches Landesamt Sachsen - Bericht „Strafvollzug im Freistaat Sachsen 2011“; Statistisches Bundesamt, Bestand der Gefangenen und Verwahrten (Stand 03/2012).

Source: Statistisches Landesamt Sachsen, Strafvollzug im Freistaat Sachsen 2019.



Source: Landeskriminalamt Sachsen, Polizeiliche Kriminalstatistik 2023.



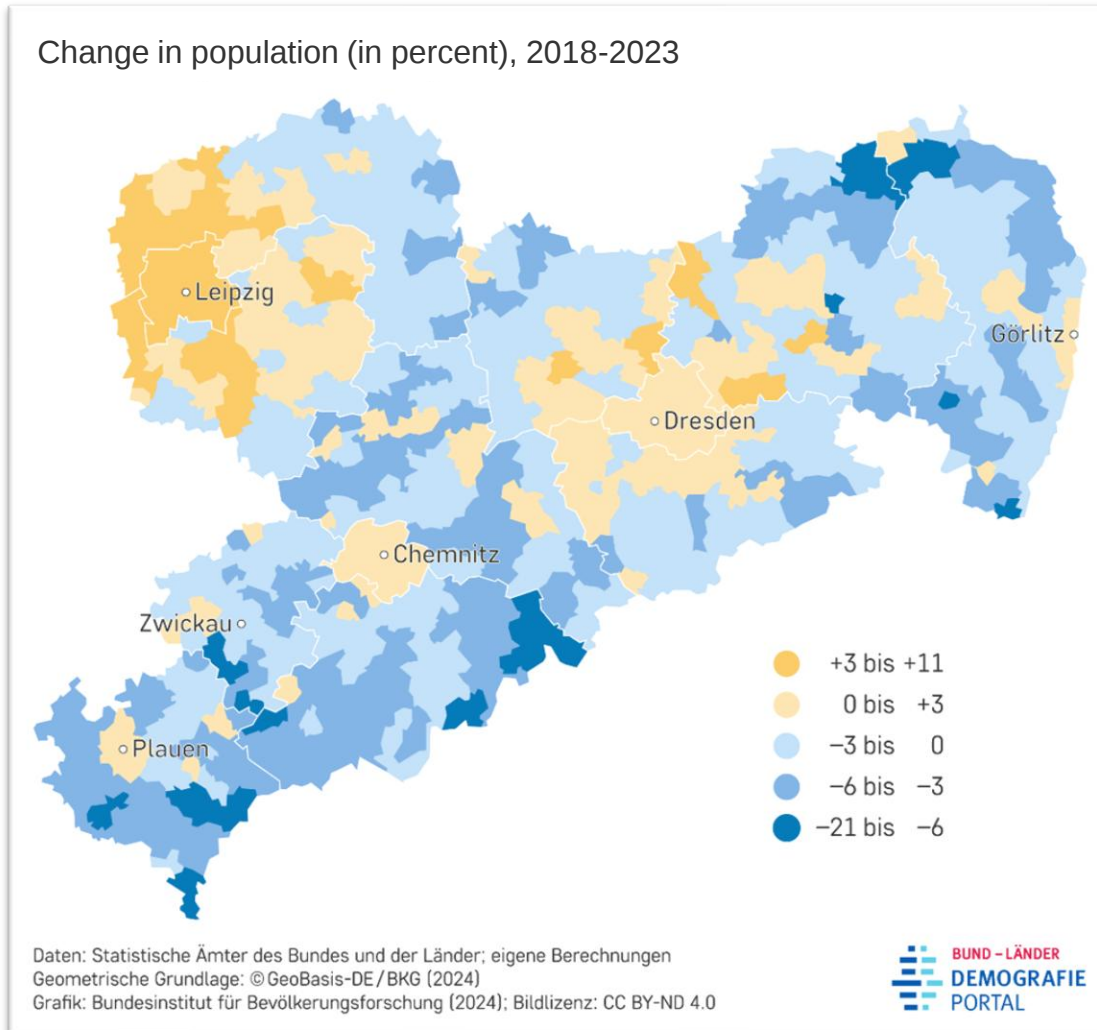
Special
Report
2012

Need for prison
places

According to calculations as part of the Special Report by the Court of Audit of Saxony (in 2012), 3.350 prison places are needed.

Strengthening rural areas

Population development in Saxony



- Thinning of rural areas: fewer jobs, fewer young people and move away
- This also means that drinking water and sewage pipes are oversized
- The Saxon state government has responded with measures to strengthen rural areas



Audit of over-dimensioning or lack of adaptation of the infrastructure

every
5 years

**Audit and
report to the
commune**

Model study program in human medicine (MEDiC) - Lack of doctors

- outdated financing plan as the basis for budget estimates and annual allocation of funding
- Planning of material costs and personnel expenses partly unrealistic

Promotion of telemedicine and Measures for the healthcare industry - Lack of medical specialists

- Financing without technical and conceptual support
- Financial regulations ignored in the concept
- Violation of the principle of economy and efficiency

Funding structural change- Brown coal

- Around 70% of the projects selected in 2021 have low structural impact
- An adequate contribution to managing structural change and creating jobs can hardly be expected

Annual
Report
2023

**Model study
programm MEDiC**

Volume I, Article 14

Annual
Report
2020

**Funding
telemedicine**

Article 15

Annual
Report
2022

**Funding
structural
change**

Volume II, Article 32

Administrative reform

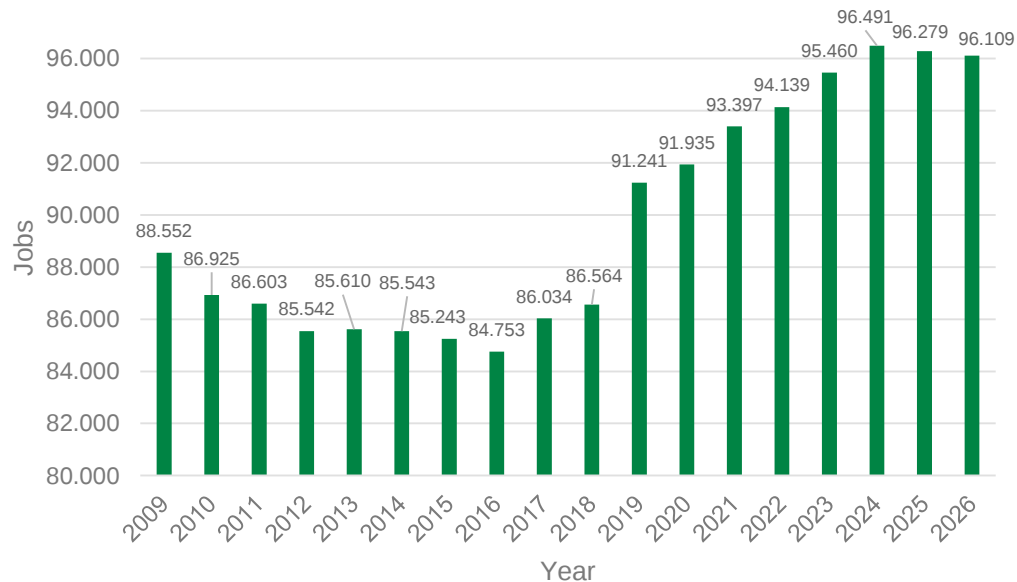
Development of Jobs since 2009

Annual
Reports
2022-2024

Staff budget

2022: Volume II, Article 26
2023: Volume II, Article 22
2024: Volume II, Article 28

Turning point reached after 5 years: Reduction of jobs begins in 2025



Source: Stellenentwicklungsbericht des
Staatsministeriums der Finanzen zum Haushaltsplan 2023/2024.

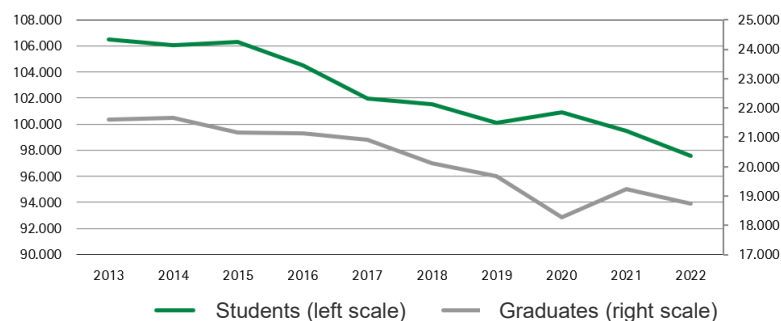
Audit findings

- **Personnel situation develops uncontrolled and without strategy**
- **Personnel expenses (also per resident) are increasing without any prospect of stopping**
- **At the same time increase in external consulting services**
- **demography-related vacancies of jobs at a high level of around 8%**
- **More than half a billion euros of planned budget funds for personnel expenditure were not used**

Administrative reform

Situation at Saxon universities

Development of student and graduate numbers in Saxony



Source: Own illustration.

➔ declining number of students in Saxony

Annual
Report
2025

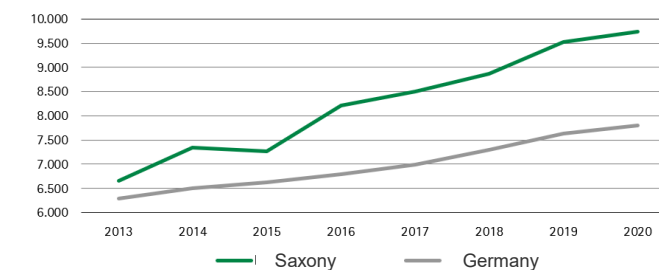
Basic funding of Saxon
Universities

Volume I, not yet published

Audit findings:

- Calculation basis for the currently provided total budget of the universities is outdated
- The current mechanism for distributing the total budget among the individual universities creates dubious incentives, as a decline in student numbers while maintaining a constant level of staffing leads to higher per capita income for universities

Basic funding per student at state universities, in € per student

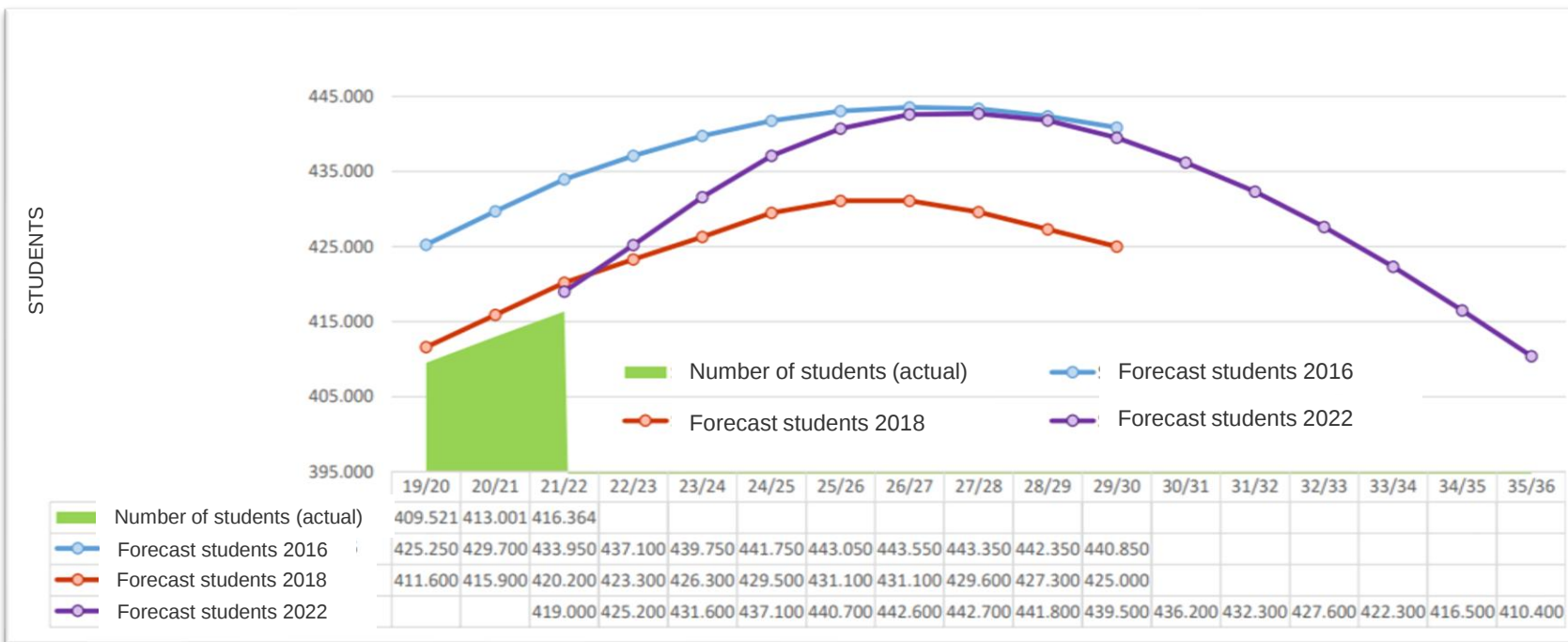


Source: Own illustration.

➔ above average equipment with basic resources – In Saxony, one university teacher supervises 14 students less than the national average

Administrative reform

Declining student numbers in Saxony



→ History: Too many teachers in the 1990s

→ Currently too few teacher working time capacity to ensure teaching provision

→ Declining student numbers: Companies and the public sector compete for graduates

Administrative reform

Special Report 2022 Civil servant status in Saxony



Special
Report
2022

Civil servant status
in Saxony

- I Content: Audit of State Government's package of measures (EUR 1.7 billion) to manage retirement in the teaching sector
- I Recommendations: Reduction of non-teaching activities by 1/3, use of the instrument of secondment of teachers, no indefinite extension of civil service status
- 2022: Saxon State Parliament decides to further limit civil service status until 2030
- 2024: Ministry of Education develops package of measures to ensure teaching provision in Saxony (also includes proposals from the Special Report)
- 2025: Further package of measures from the Ministry (includes measures from the Court of Audit of Saxony)

Generation Fund

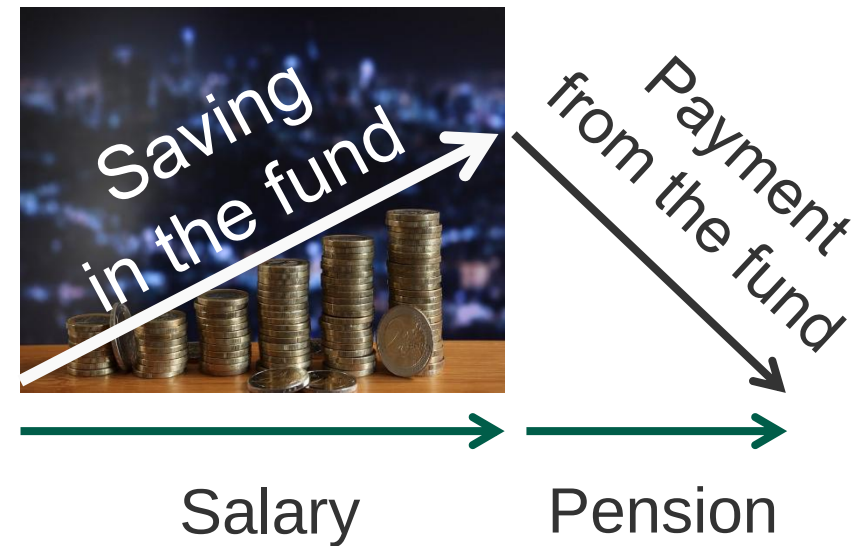
Article 95, paragraph 7 of the Saxon Constitution:
„The Free State of Saxony shall maintain adequate provisions for future claims of future pension recipients of the Free State of Saxony to pension and assistance after the occurrence of the pension event.“

Civil servant receive:



→ Salary from the
current budget

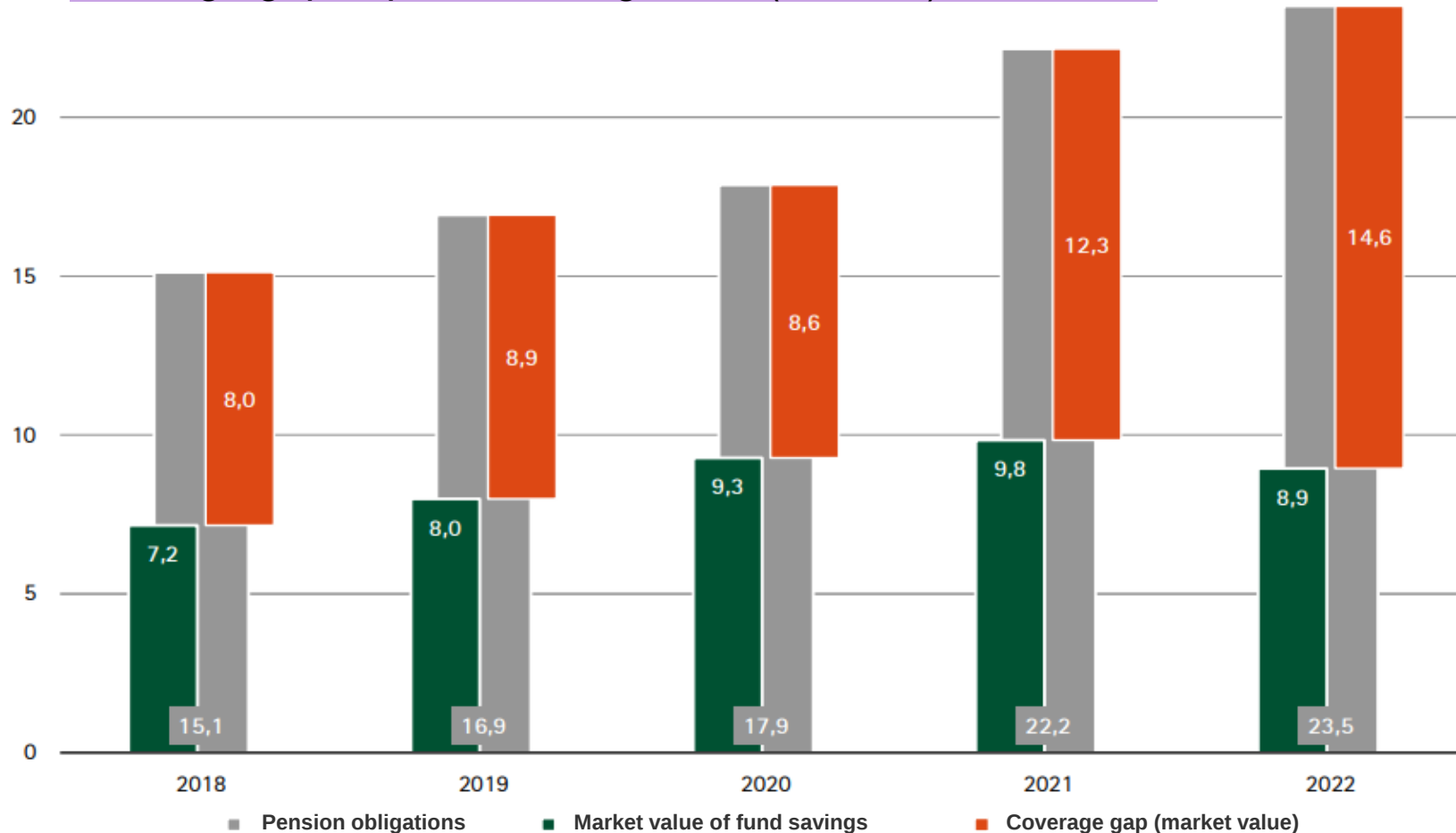
→ Pension from the
Generation Fund



Generation Fund

coverage gap in pension obligations (billion €)

SÄCHSISCHER
RECHNUNGSHOF



Annual
Report
2024

Asset Accounting

Volume II, Article 26

→ Coverage gap is widening as more civil servants increase

→ Not enough payment into the fund

→ Development is critical with regard to the demographic development of Saxony, as fewer and fewer are employed

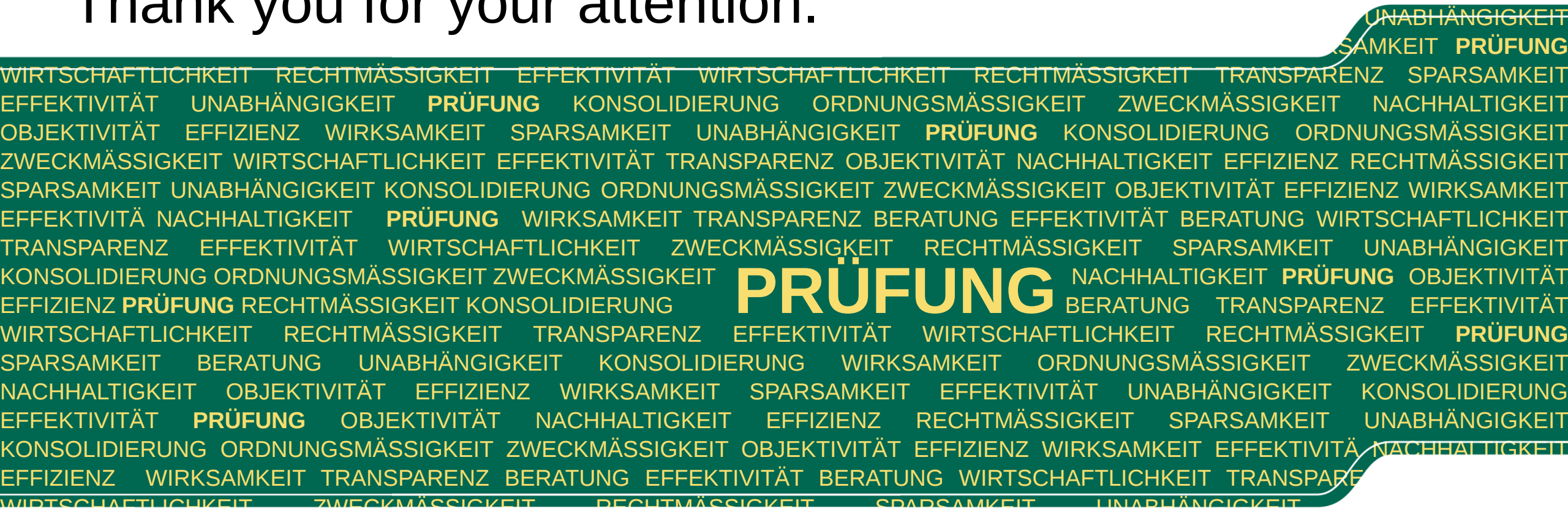
Source: 2018 to 2022 Asset Accounting.

Note: Deviations in totals from the calculated result are due to rounding.

Conclusion

- **Politicians often hesitate to clearly name the reality.**
- **This is why there is a greater need for an independent institution that addresses uncomfortable truths.**
- **These institutions, particularly in matters of demographics, are the auditing offices.**
- **Perseverance is necessary - Implementation by the state government often only takes place after 5 years.**

Thank you for your attention.



EURORAI seminar from 24 to 26 April 2025 in Oviedo