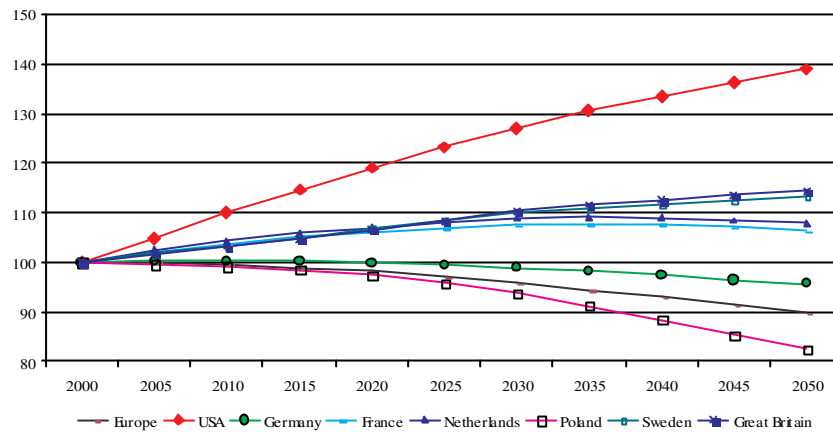


Impact of demographic change on public budgets

Dr. Kirsten Witte
Bertelsmann Foundation

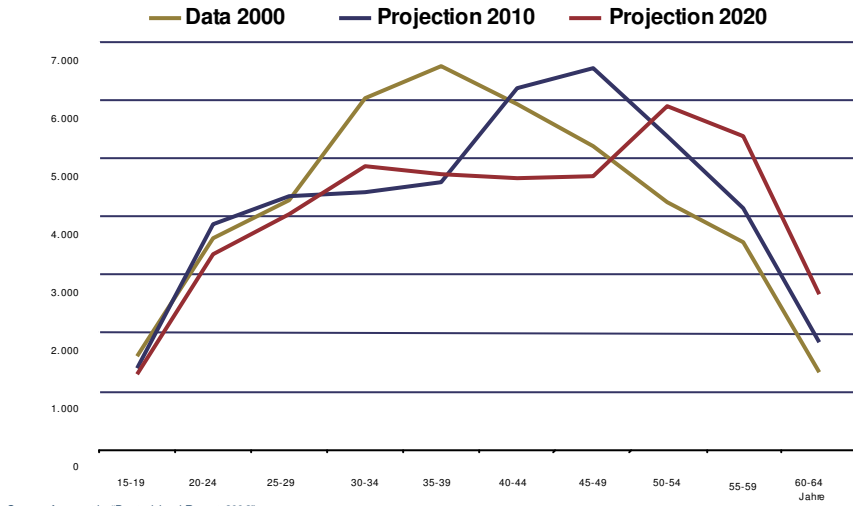
Berlin, March 16, 2007

Population development 2000 to 2050
in industrialized countries (2000 = 100%)

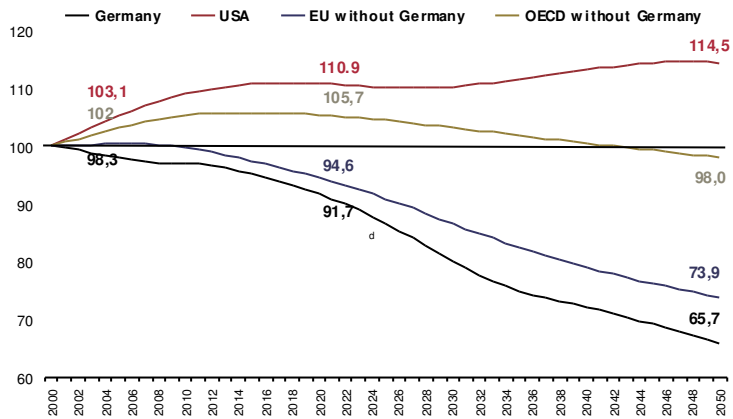


Source: UN, World Population Prospects, the 2004 Revision Population Database, medium variant.

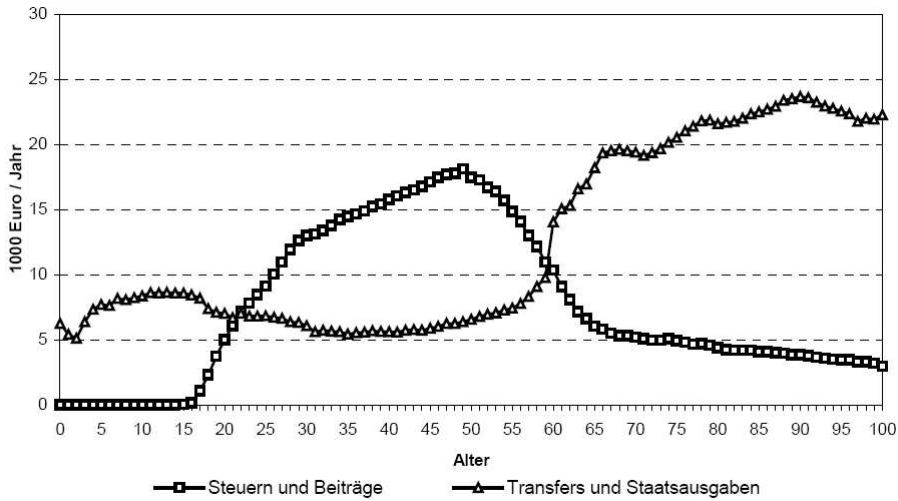
The baby-boomers are growing older ...



Comparison of size of working populations (2000 = 100%)

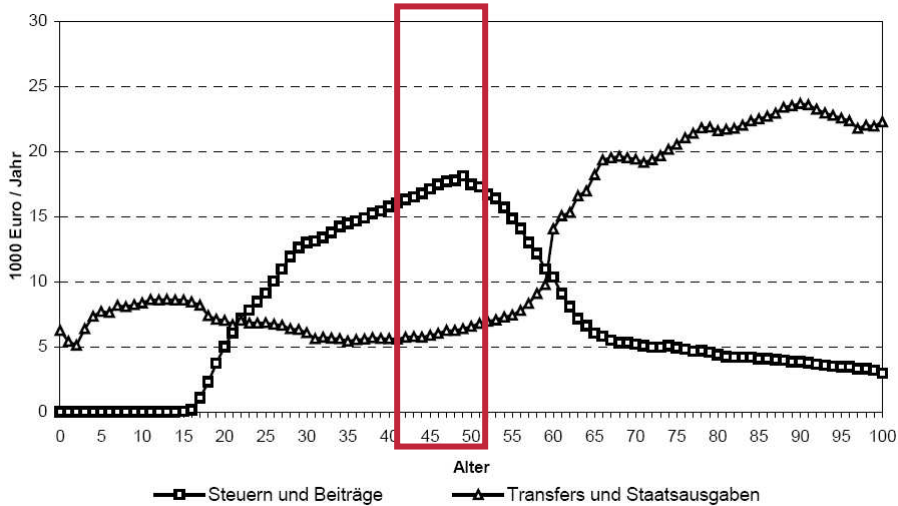


Age-dependent public revenues and expenditure



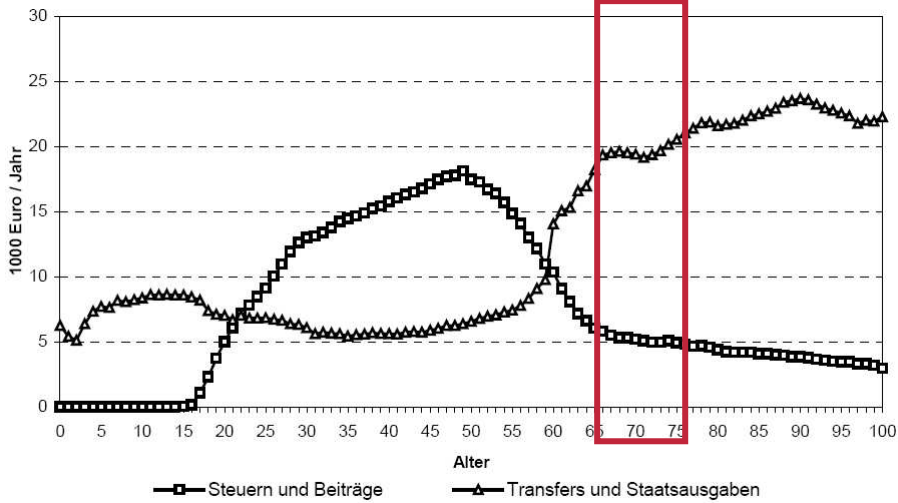
Source: Amds/Bonin (2002), p. 39, data for 1996.

How old the baby-boomers are today



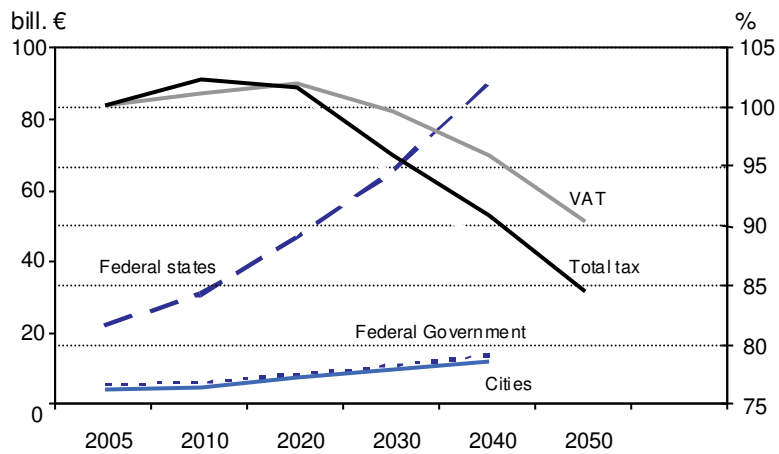
Source: Amds/Bonin (2002), p. 39, data for 1996.

How old the baby-boomers will be in 25 years



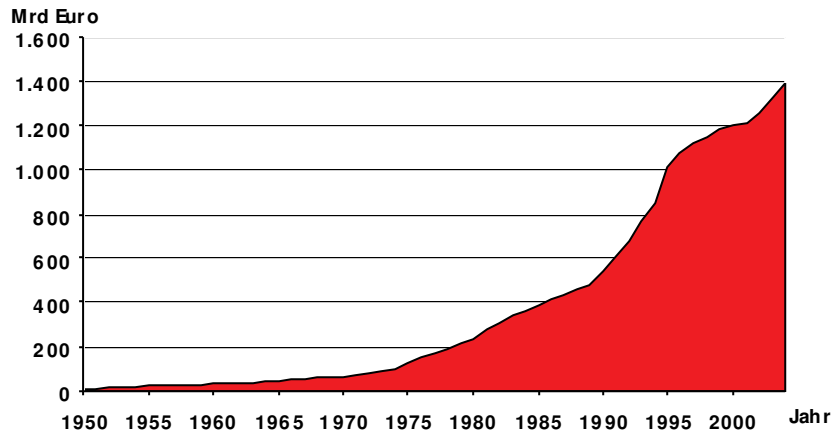
Source: Amds/Bonin (2002), p. 39, data for 1996.

Cost of pensions and entitlements vs. tax income (adjusted for growth)



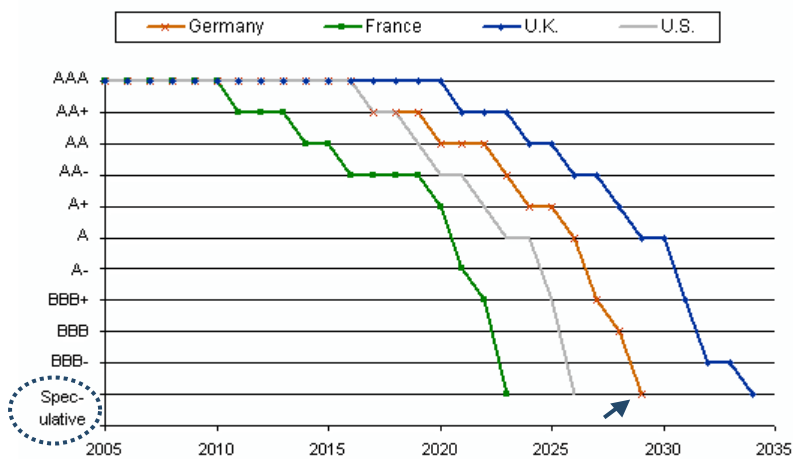
Source: Third Pension Report by the German Federal Government 2005, Bach et al. (2002) DIW Materialien Nr. 20.

Total public indebtedness (Germany)



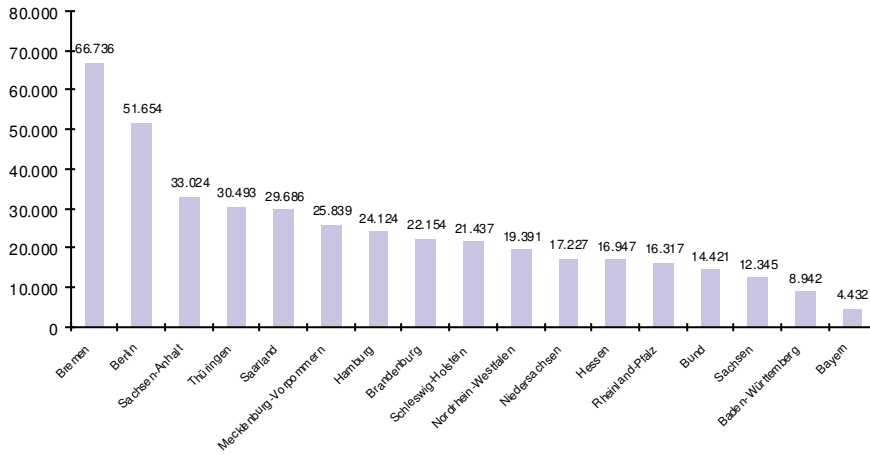
Source: Federal Statistical Office, Federal Finance Ministry calculations, own depiction

Hypothetical ratings under status-quo assumptions

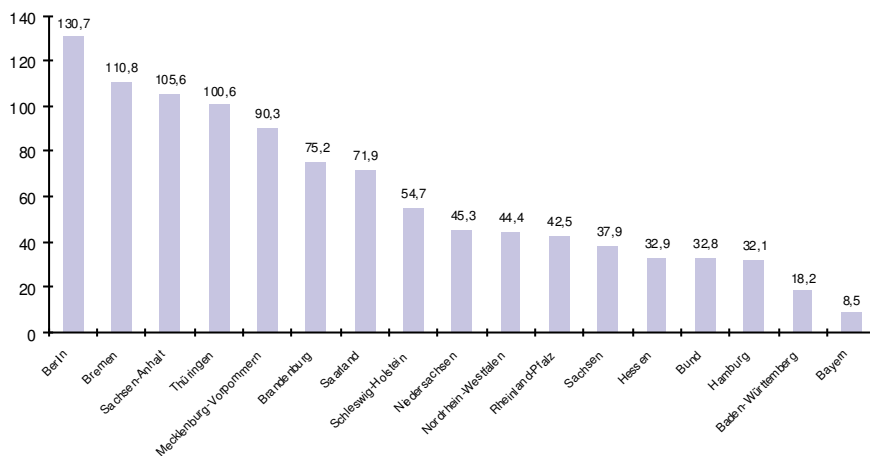


Source: Standard & Poors

Bertelsmann Foundation's debt monitor 2006 Projection of per-capita indebtedness (€) in 2020

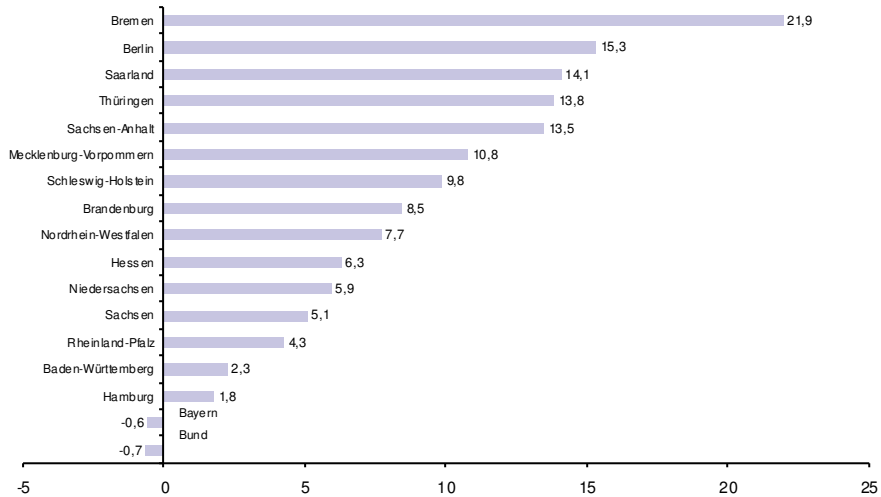


Projection of debt ratios in 2020 as % of GDP



Need for consolidation as % of primary expenditure

Goal: $\text{debt level}_{2005} = \text{debt level}_{2020}$



www.wegweiserdemographie.de

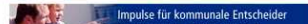
Wegweiser Demographischer Wandel



Willkommen

Der Demographische Wandel betrifft alle Kommunen in Deutschland, denn vor Ort werden die Auswirkungen der demographischen Veränderungen konkret spürbar sein: Alterung, Schrumpfung, Migration. Der Wegweiser liefert für alle Kommunen über 5.000 Einwohnern Daten, Bevölkerungsprognosen und differenzierte Konzepte auf der Basis von Demographietypen. Mehr

Die Angebote des Wegweisers erreichen Sie über die nachfolgenden Links. Bevor Sie zur Ausgabe der jeweiligen Daten gelangen, werden Sie aufgefordert, eine Kommune auszuwählen. Eine ausführliche Anleitung finden Sie in der Hilfe.



Aktualisierungen

- 01/07 Datenerweiterung Integration NRW
- 01/07 Datenaktualisierung 2004 und 2005
- 02/07 Datenerweiterung Finanzen NRW
- 02/07 Projektionsmodul Finanzen

Kommunale Daten

Rufen Sie Daten für Kommunen Ihrer Wahl zu folgenden Politikfeldern ab:

- Demographie
- Wohnen
- Wirtschaft & Arbeit
- Soziale Lage
- Integration NRW
- Finanzen NRW

Bevölkerungsprognose

Rufen Sie für Kommunen Ihrer Wahl Daten zur Bevölkerungsprognose bis 2020 ab:

Thema bitte auswählen

Handlungskonzepte

- Handlungskonzepte zu Demographietypen
- Handlungskonzepte zu Politikfeldern
- Demographietyp und Handlungskonzept einer Kommune
- Demographiebericht einer Kommune

Projektionsmodul Finanzen

- Altersabhängige Ausgaben einer Kommune
- Demo einer Musterkommune Ost
- Demo einer Musterkommune West

Kartenmodul

Karte bitte auswählen

Service

- Über den Wegweiser
- Methodik
- Kontakt
- Banner-Download
- Links
- Printpublikation

Indicator set

- Population trend 2003 to 2020
- Median age 2020
- Workplace centrality
- 4. Employment trend 1998 to 2003
- 5 . Unemployment rate 2003
- 6. Tax receipts (average for 4 years: 2000-2003)
- 7. Proportion of highly qualified labor in the locality
- 8. Proportion of family households with children

Identifying the demographic types makes it easier to analyze and set priorities:

9 demographic types for local authority districts with between 5,000 and 100,000 inhabitants

6 demographic types for towns and cities with more than 100,000 inhabitants

Types of demographic development Shrinking and growth: close neighbors

9 clusters of communities and cities
(5,000-100,000)

Legende	
✓ Typ 1	Stable medium-sized towns and regional centers with a low proportion of families
✓ Typ 2	Suburban residential areas with high expectations of growth
✓ Typ 3	Suburban residential areas with declining expectations of growth
✓ Typ 4	Shrinking and aging towns and communities with a large population exodus
✓ Typ 5	Stable towns and communities in rural areas with a high proportion of families
✓ Typ 6	Towns and communities in rural areas with little dynamism
✓ Typ 7	Prosperous towns and communities in rural areas
✓ Typ 8	Economically strong towns and communities with high workplace centrality
✓ Typ 9	Exclusive locations



6 demographic types for large towns and cities with more than 100,000 inhabitants (82 altogether)

Type 1: Stable large towns with a low proportion of families

Type 2: Shrinking large towns undergoing post-industrial structural change

Type 3: Shrinking and strongly aging large Eastern German towns

Type 4: Prosperous commercial centers

Type 5: Stable large towns with a high proportion of families

Type 6: Upcoming large Eastern German towns with growth potential



Demographic types
Large towns with more than 100,000 inhabitants

- Typ G1
- Typ G2
- Typ G3
- Typ G4
- Typ G5
- Typ G6

Central fields of action at local authority level



Revenues of communities

Taxes

Elasticity of income tax with regard to population growth approx. 1 (but volatile at individual community level)

Trade tax: connected with demographic change only indirectly through regional labor potential)

Grants

(needs-related grants, earmarked grants, grants from financial equalization)

also dependent on population growth, especially grants from financial equalization

Fees

Development is dependent on fee structuring, but shrinkage can probably not be passed on 100%

Contributions, loans and other income

Expenditure of communities

Infrastructure expenses / Investments:

High fixed costs, low variable costs.

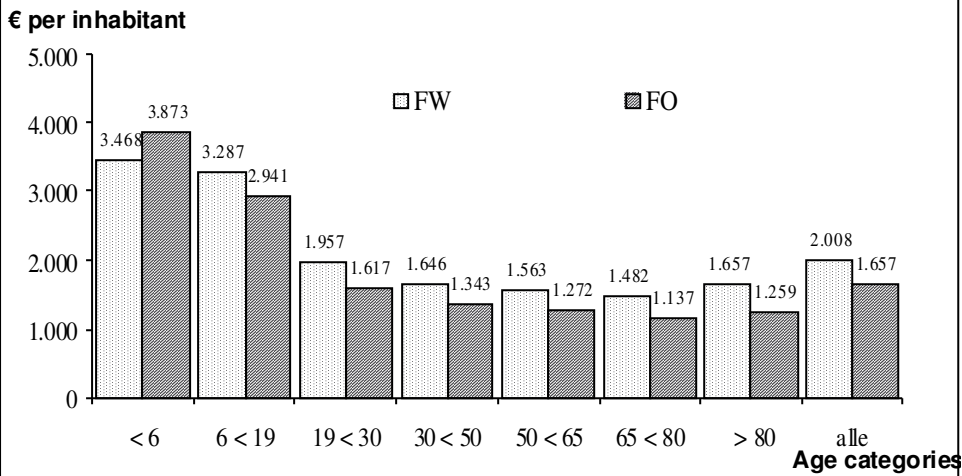
The decline in population does not lead to a corresponding decrease in infrastructure costs ("cost remanence effect")

We distinguish between:

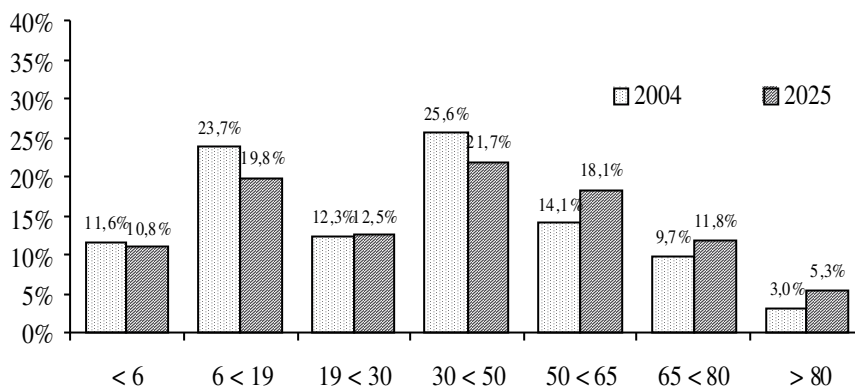
- network infrastructures
- point infrastructures

General administration / Current expenses

Age cost profile of local authority expenditure in the administration budget 2004

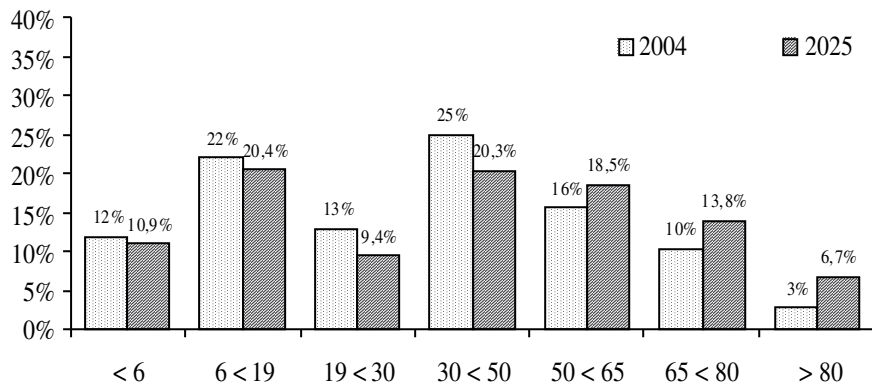


Proportions of expenditure by age structure Administration budget, Western states (excl. city states)



Bertelsmann Stiftung (ed.) Seitz, H. 2007

Proportions of expenditure by age structure Administration budget, Eastern states (excl. city states)



Bertelsmann Stiftung (ed.) Seitz, H. 2007

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European Public Sector Award (EPSA)

Initiators: Bertelsmann Stiftung, Speyer University,
European Group of Public Administration

Thematic areas: Collaborative Governance
Targeting with scarce resources
Demographic Change

Timetable: April 15 – July 15, 2007 Submission of application documents
July 15, 2007 Closing date for applications
August – October, 2007 on-site visits
End of October 2007 Jury's sitting
November 12 / 13, 2007 Award ceremony

Further Information: www.eps-award.eu

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