



Policy and Fiscal Management of Yokohama City

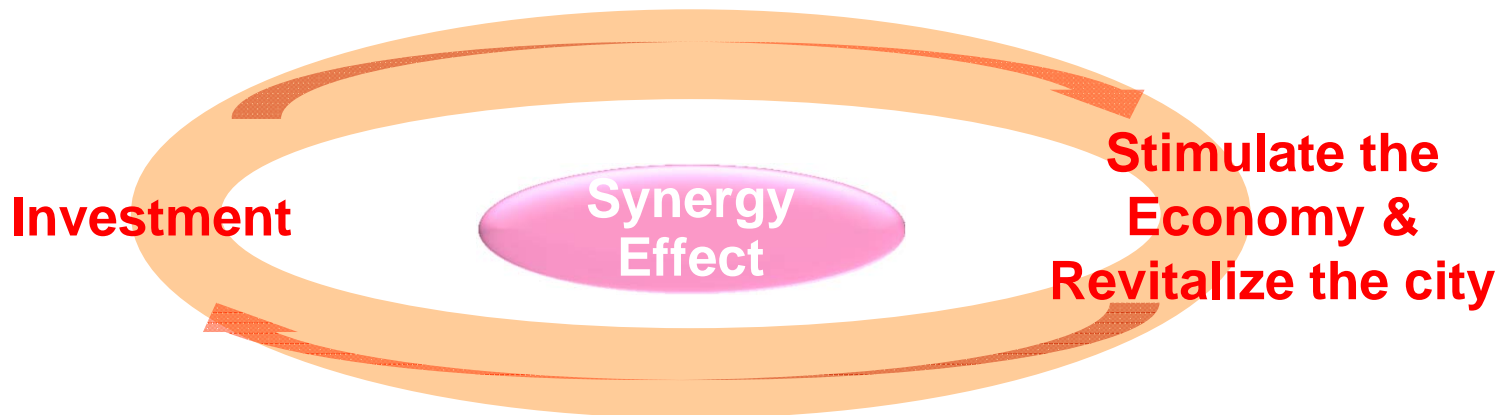


April 21, 2014

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1. Challenges for
Further Progress of Yokohama
 2. City Bond Issuance
and Fiscal Management Policy
 3. FY2014 Bond Issuance Policy and Plans

Achievements from Initiatives so far

Realization of great achievements through selection and focus, and steady application of the PDCA (plan-do-check-act) cycle



Investment in the administrative services and high-growth areas



Measures to reduce nursery school waiting lists



City Seaside Area



Yokohama Chinatown



[9/20] Yokohama Otomatsuri 2013 Opening Concert



Re-development of the West Gate of Totsuka Station



Improvement of the Service Window Customer Satisfaction

Chances for Rapid Progress

Internationalization of Haneda Airport

Japan's Growth Strategy

2020 Tokyo Olympics and Paralympics

Issues facing Yokohama

Population Decline / Super-Aging Society

Financing for Renewal of Aging Urban Infrastructure

Overlapping Administrations
Insufficient Tax Funding Measures

Challenges for Further Progress of Yokohama

Formulation of the New Mid-term Plan

Realization of "A Yokohama where people and the businesses are gleaming with hope and comfort"

Challenges for Further Progress of Yokohama

Revitalizing each generation

“People” are the most important factor in realizing a vigorous city

Support for Childcare / Young people / Women

Promoting healthy lifestyles to Create a Vigorous Yokohama

Continuous childcare support



- Measures to reduce wait lists
- Ensuring quality of nurseries
- Providing after-school care

Development of children who will lead the next generation



- Development of global human resources
- School librarians
- Establishment of schools with a unified lower and upper secondary school program

Support the success of women in the workplace

- women entrepreneurs supporting and advising female entrepreneurship (From June 2012)



Yokohama walking point



Holding Yokohama Marathon 2015



A city where every generation is able to live life to the full

Supporting Women's Success

Women's participation and cooperation are essential for the development and prosperity of the economy



Women entrepreneurs supporting and advising female entrepreneurship (From June 2012)



"F-SUS Yokohama," a shared office for women entrepreneurs (From June 2011)



Yokohama women networking meeting



Women entrepreneurs exchange meeting



Measures to reduce nursery waiting lists
Improvement of quality of nursery

Realize "a city with the most comfortable working environment for women in Japan"

Enhancement of Growth Fields

Enhancing basic support for small- and medium-sized enterprises

Developing/enhancing fields outlined in the “Growth Fields Development Vision”

Environment and Energy



Promotion of Energy-Saving Houses

Health and Medical Care



Research into IPS

Tourism and MICE



Inviting International Conferences



Stimulate the city economy and create employment by nurturing and developing areas expected to grow in the future

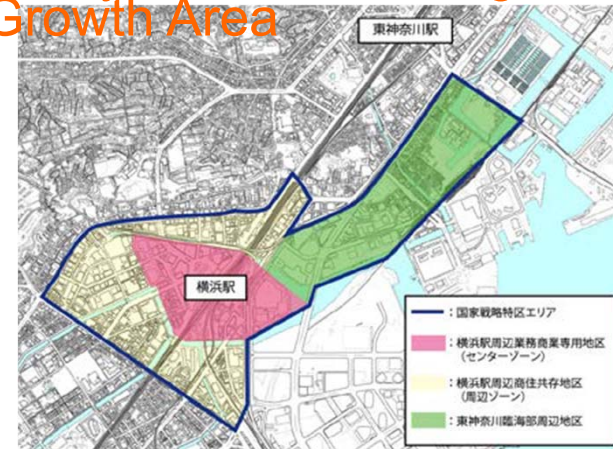
Development and Growth of Yokohama's Economy

National Strategic Economic Growth Areas

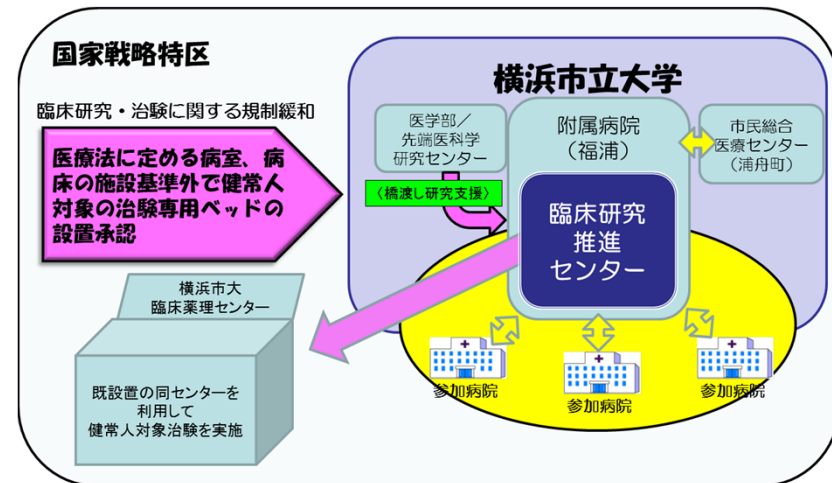
On March 28 2014, the National Strategic Economic Growth Areas Advisory Council announced a proposal for designating Tokyo area, including Yokohama as a National Strategic Economic Growth Area

○Renovation around Yokohama Station for formation of international business base (Yokohama's original proposal)

○Promoting development of advanced medical service by clinical research network of Yokohama City University (Joint proposal of Yokohama and Kanagawa pref, Kawasaki city)



New research building of the Advanced Medical Research Center of Yokohama City University



Development and Growth of Yokohama Economy



Y-PORT (Yokohama Partnership of Resources and Technologies) through public - private cooperation



Began in Jan 2011 to help solve urban problems in emerging nations, and revitalize the city's economy

< Urban problems of emerging nations >



Helping to find solutions for urban problems in emerging nations

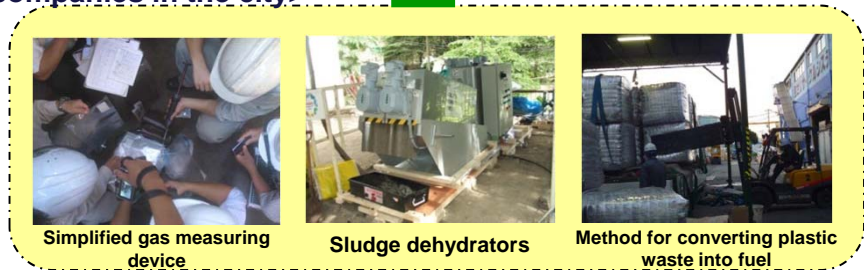


A Yokohama company at work on site



Overseas business development by companies in the city

< Technologies owned by companies in the city >



→ Stimulate the city economy

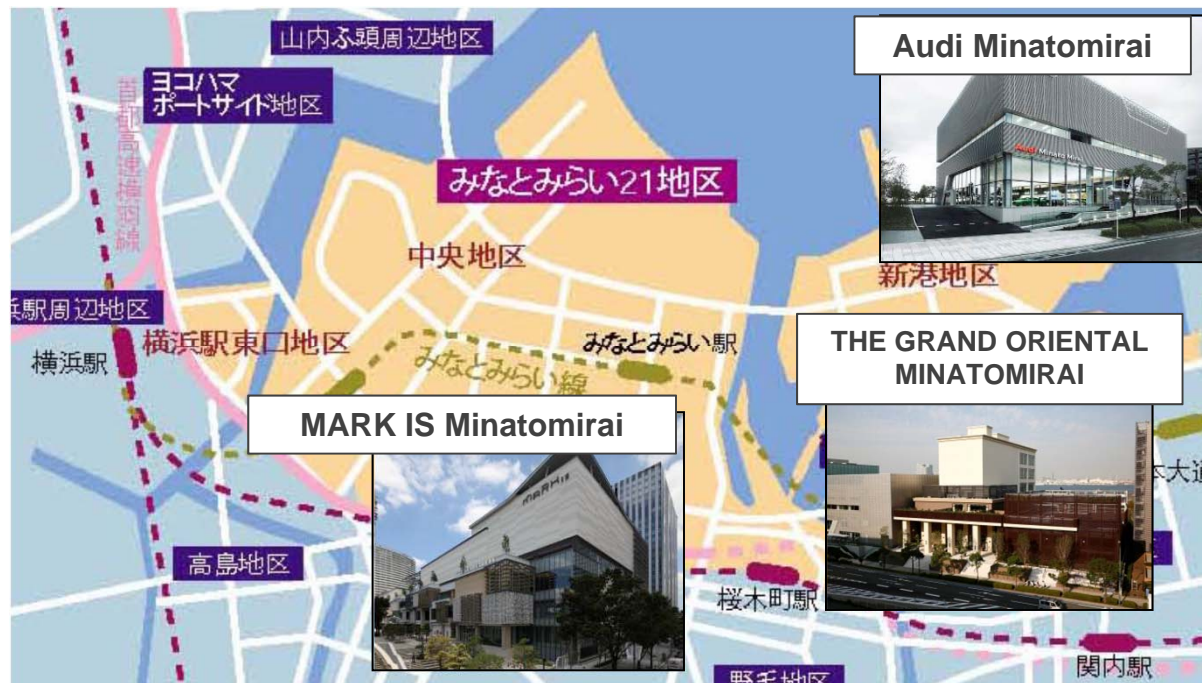
Minatomirai 21 district ~to be a chosen city~

Visitors to the district: **72 million** (up approx. 5 million yoy)

Workers in the district: **93,000** (up approx. 4,000 yoy)

Number of offices: **around 1,720** (up approx. 200 yoy)

(actual numbers for 2013)



○ Newly opened facilities

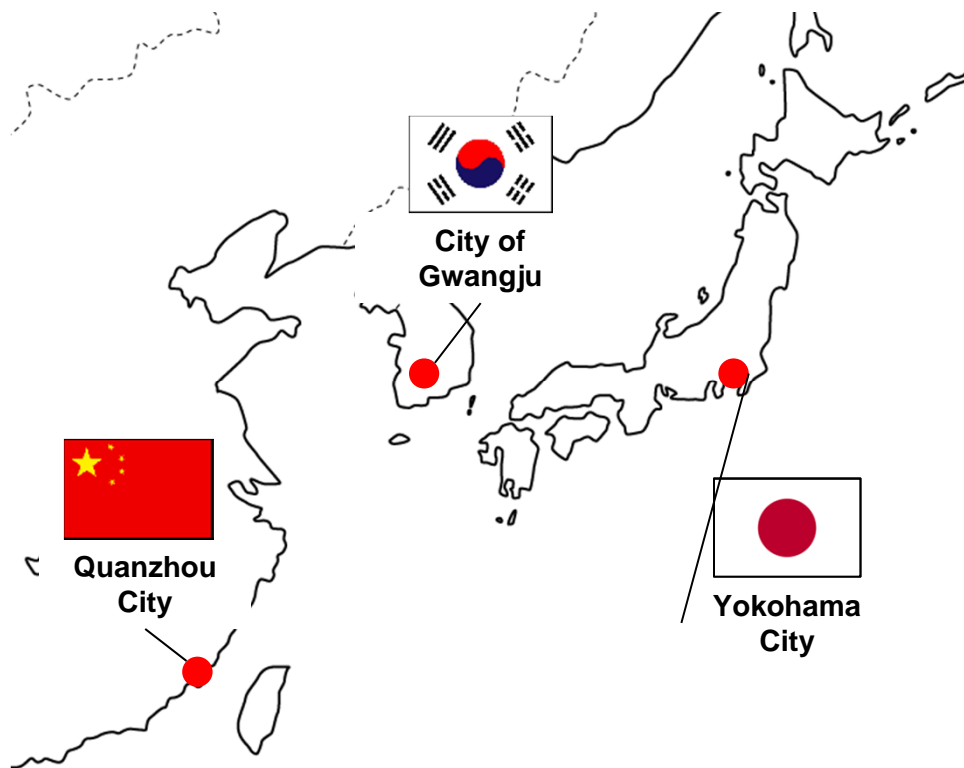
- MARK IS Minatomirai
- Audi Minatomirai
- THE GRAND ORIENTAL MINATOMIRAI
- ANNIVERSAIRE Minatomirai Yokohama
- PRYME GALLERY Minatomirai

○ Recent entry by corporations

- FUJITSU COMMUNICATION SERVICES LIMITED
- Huawei Technologies Japan K.K.
- OK Corporation etc.

Culture City of East Asia 2014 (Host city:Yokohama)

- Foster mutual understanding and a sense of unity in the East Asia region, and promote these highly diverse cultures internationally
- Holding cultural and artistic events over the course of a year in the city that is looking to develop culture and arts



Opening ceremony (Feb 25, 2014)

Yokohama Triennale 2014

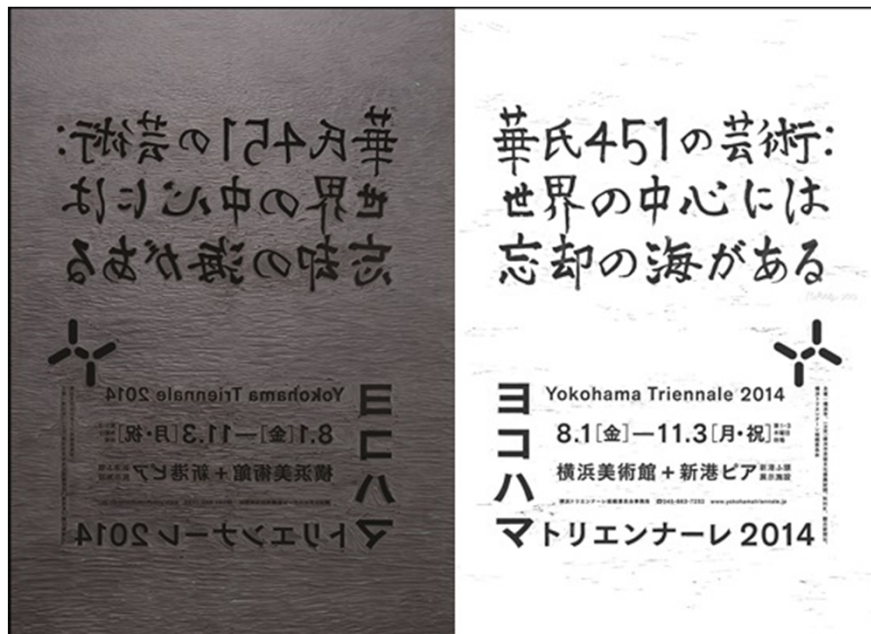
Exhibition Dates : Friday, August 1 – Monday, November 3, 2014

Venues Yokohama Museum of Art and Shinko Pier Exhibition Hall

Organizers City of Yokohama, Yokohama Arts Foundation, Japan Broadcasting Corporation (NHK), The Asahi Shimbun, and Organizing Committee for Yokohama Triennale



<Previous cultural and arts events>



Dance Dance Dance at Yokohama 2012

(Period: July 12 – Oct. 6, 2012)

Number of visitors

1,250,000

Economic ripple effect

7 billion yen

Yokohama Otomatsuri 2013

(Sept. 20 (Fri.) – Nov. 30 (Sat), 2013)

Number of visitors

(for new projects)

810,000

Economic ripple effect

(for new projects)

3.7 billion

Global MICE City

MICE . . . Business events like international conferences and exhibitions and events which gather many visitors that are held by international organizations, associations, academic societies etc.

○ APEC Japan 2010

More than 10,000 people from government and financial circles participated

Memorial picture in APEC
(Nov13, 2010, Yokohama)



○ International Conference on African Development

An international conference held every 5 years
Yokohama hosted the conference in both 2008 and 2013



5th International Conference on African Development

○ The 38th General Meeting of the International Panel on Climate Change (IPCC)

Held for the first time in Japan in Yokohama in March 2014

38th General Meeting of the IPCC



Enhancing MICE functions

PACIFICO YOKOHAMA

Ranking for the total number of participants at International conference facilities

Ranked No.1 10yrs in a row



	FY2009	FY2010	FY2011	FY2012
No.1	PACIFICO YOKOHAMA 315,000 persons	PACIFICO YOKOHAMA 138,000 persons	PACIFICO YOKOHAMA 143,000 persons	PACIFICO YOKOHAMA 186,000 persons
No.2	Kyoto International Conference Center 80,000 persons	Kyoto International Conference Center 88,000 persons	Nagoya Congress Center 88,000 persons	Fukuoka Convention Center 102,000 persons
No.3	Osaka International Convention Center 65,000 persons	Tokyo Big Sight 61,000 persons	Kyoto International Conference Center 62,000 persons	Kyoto International Conference Center 85,000 persons
No.4	Fukuoka Convention Center 61,000 persons	Kobe International Conference Center 56,000 persons	Fukuoka Convention Center 52,000 persons	Osaka International Convention Center 69,000 persons
No.5	Marinemesse Fukuoka 44,000 persons	Kobe International Exhibition Hall 53,000 persons	Tokyo Big Sight 46,000 persons	Kobe International Conference Center 65,000 persons

Expansion of facilities is under consideration for further enhancement of MICE functions



Revitalization and Functional Enhancement of City Seaside Area

Increasing the attractiveness of the city seaside area

Making the city seaside area, the face of the city, a **center of prosperity and vitality**

Construction and maintenance of new MICE facilities

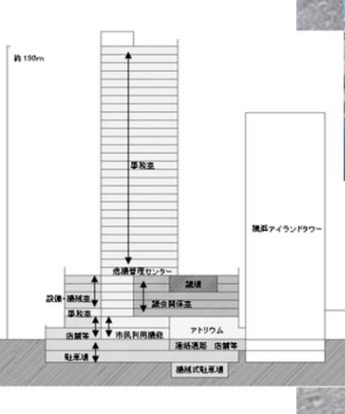


Enhancement of the ports' capacity for foreign passenger ships



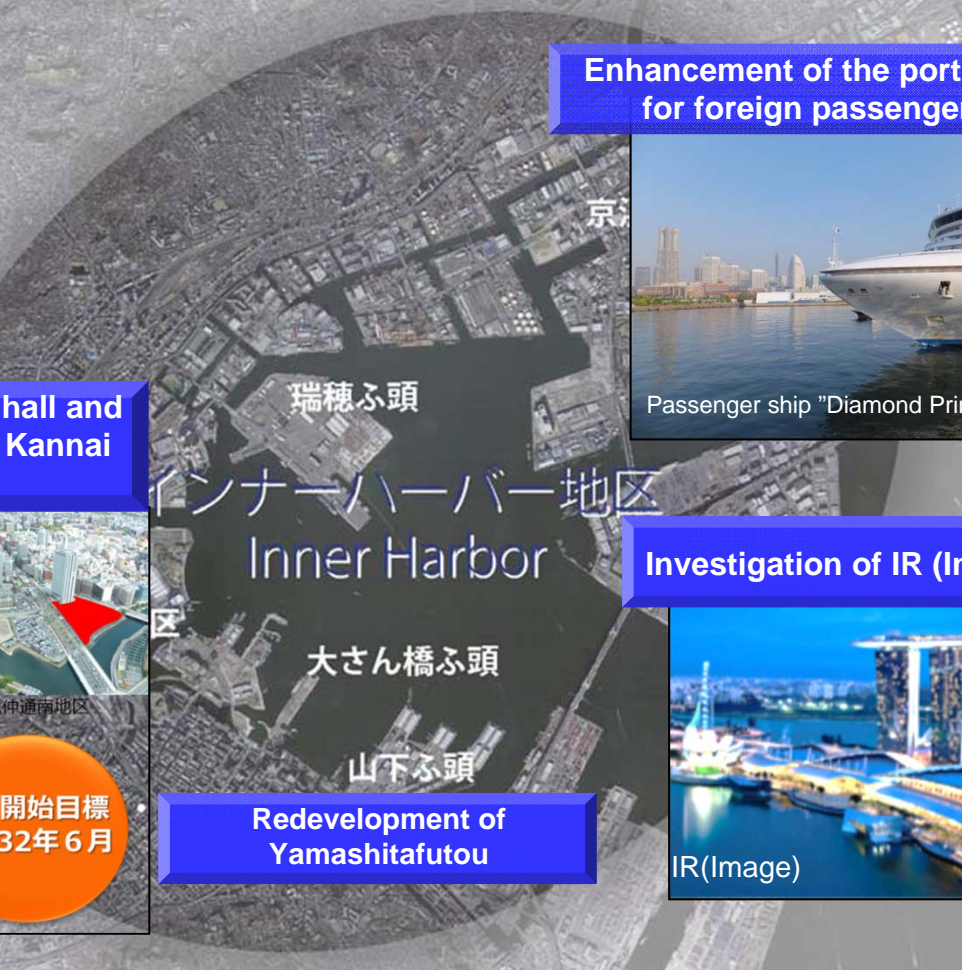
Passenger ship "Diamond Princess"

Construction of a new city hall and the further revitalization of Kannai and Kangai district



整備場所：北仲通南地区

供用開始目標 平成32年6月



Investigation of IR (Integrated Resort)



IR(Image)

Redevelopment of Yamashitafutou

Construction of Sustainable City Infrastructure

Urban infrastructure for prosperity in the future



Enhancing urban infrastructure

- Yokohama Loop Road
- Kanagawa East Line
- Functional enhancement along the Yokohama Line such as Shin-Yokohama city center
- Investigation / examination of line extension for No3 Rapid transit Railway

Creating an internationally competitive port

- Implementation of the international container strategy port project
- Minami Honmoku Pier
- Investigation / examination of new pier construction



Challenges for “New Large City System”

Large city system appropriate for Yokohama:
“Special Autonomous City”

Create a “**Special Autonomous City**” and
promote active measures towards the future

Benefits

- **Improvement of administrative services** by eliminating overlaps
- **Economic revitalization** through active policy development

◎ The Mayor of Yokohama city is
chairperson of the conference of Mayors
of designated cities

Terms of office :

from April 1, 2014 to March 31, 2016 (2yrs)



City Bond Issuance and Fiscal Management Policy

Size of the Budget for Yokohama City

General account increased by .4% to ¥1,418.2 billion yoy

Account Name	FY2014	FY2013 (*1)	Change from the Previous Fiscal Year	Rate of increase/decrease
General Account	¥1,418.2 billion	¥1,398.6 billion	¥19.7 billion	1.4%
Special Account	¥1,375.6 billion	¥1,340.0 billion	¥35.6 billion	2.7%
Public Enterprise Accounts (*2)	¥721.5 billion (¥570.2 billion)	¥532.6 billion	¥189.0 billion (¥37.7 billion)	35.5% (7.1%)
Total	¥3,515.3 billion	¥3,271.1 billion	¥244.2 billion	7.5%
(*3)	(¥3,364.0 billion)		(¥92.9 billion)	(2.8%)

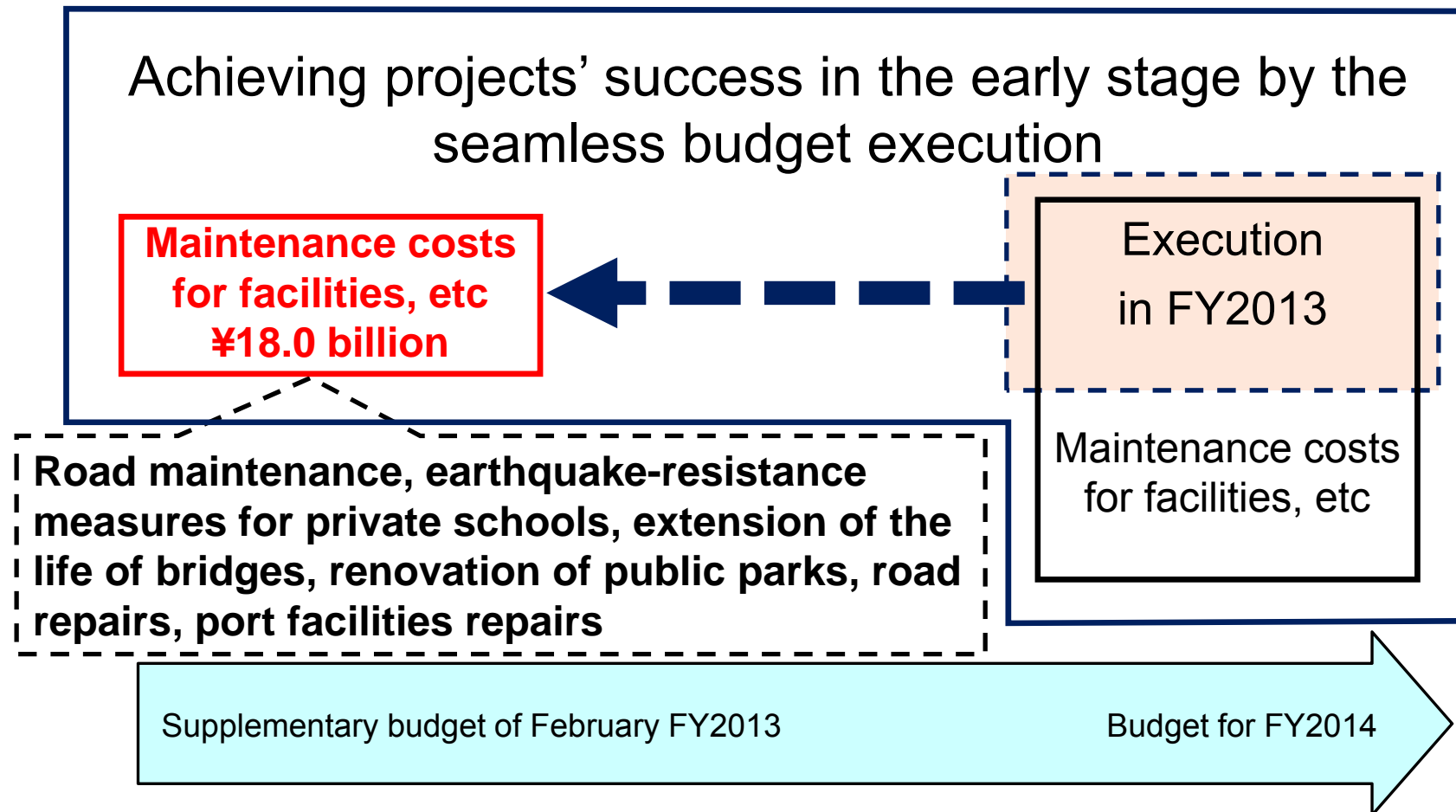
*1: The figures for FY2013 exclude costs for the liquidation of the Land Development Public Corporation (¥138.3billion).

*2: The figures in parentheses in the Public Enterprise Accounts and Total exclude the impact of the booking of retirement allowances, etc along with the revision of the accounting standards for Local Public Enterprises.

*3: The net total amount (excluding duplication through accounts) is ¥2,664.7 billion, and the amount which excludes the impact following the revision of the accounting standards for Local Public Enterprises is ¥2,513.5 billion

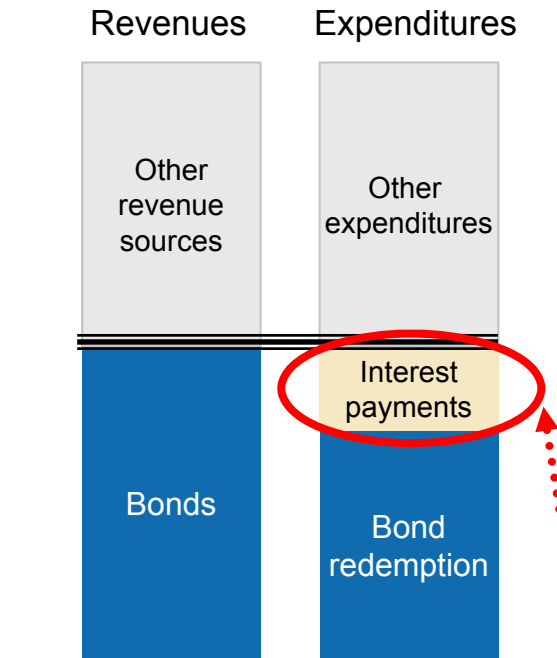
About the 15-month Budget

Budget for maintenance costs for facilities, regarded as public investments of Yokohama city, etc was **formulated and linked seamlessly** with the supplementary budget of February FY2013.



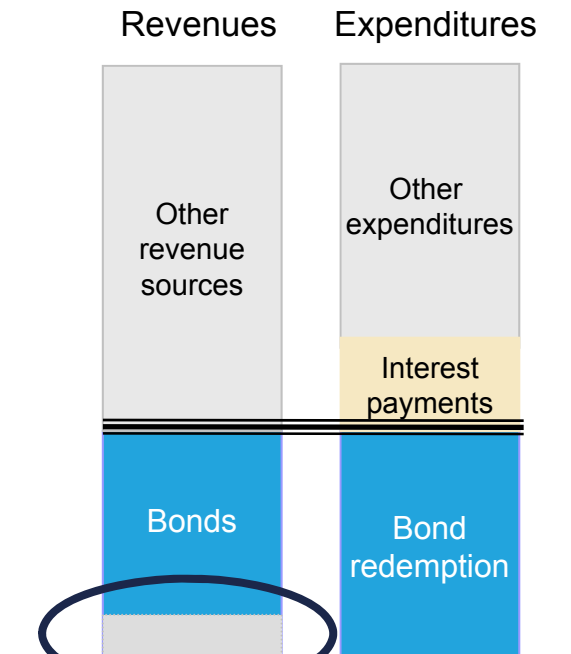
Definition of Yokohama Method Primary Balance

National Primary Balance



In the national primary balance, the national bond balance increases by the amount of the interest payments.

Yokohama Method Primary Balance

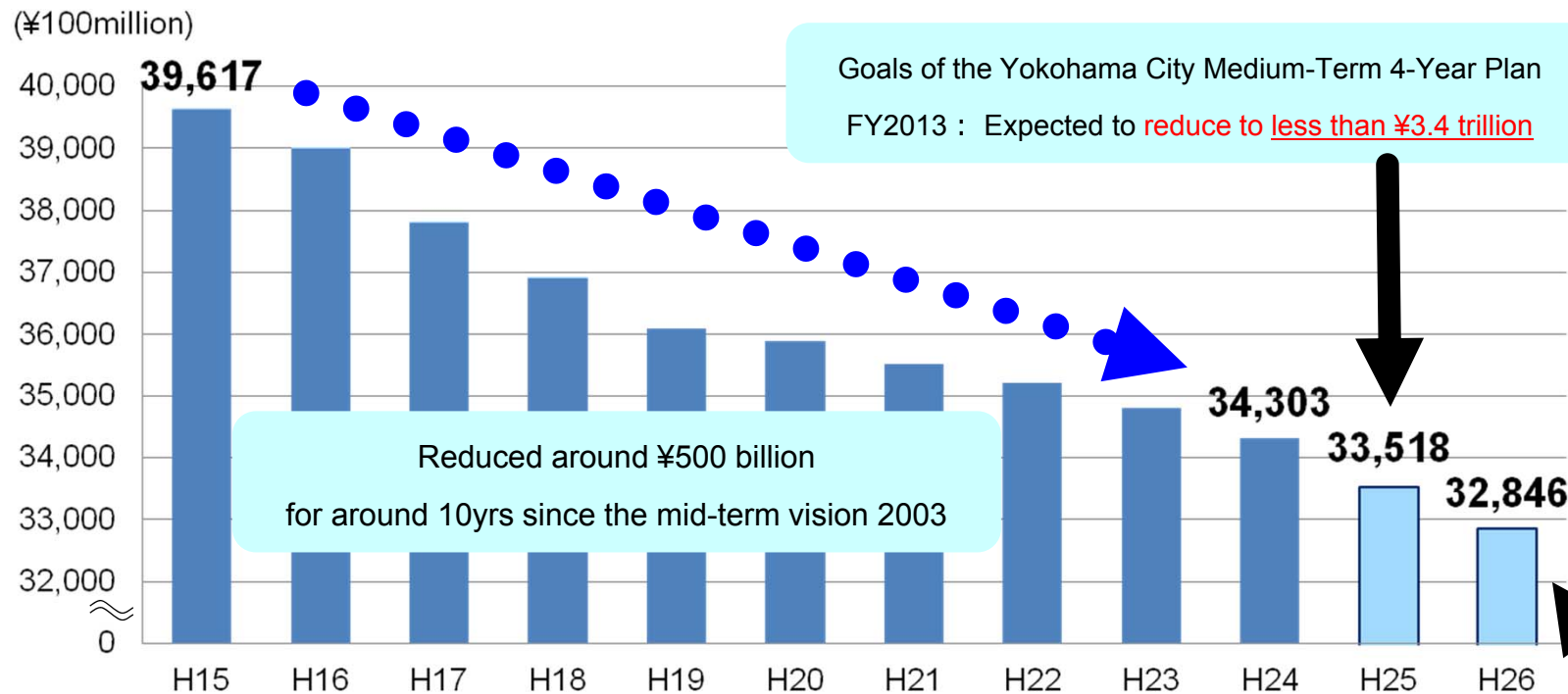


In the Yokohama method, the city bonds balance steadily decreases by the surplus (the difference between the city bonds redeemed and the city bonds issued).

Budget for maintenance costs for facilities, regarded as public investments of Yokohama city, was formulated and linked seamlessly with the supplementary budget of February FY2013. This facilitated a positive Yokohama method primary balance: + ¥1.9billion for FY2013, + ¥0.3billion for FY2014.

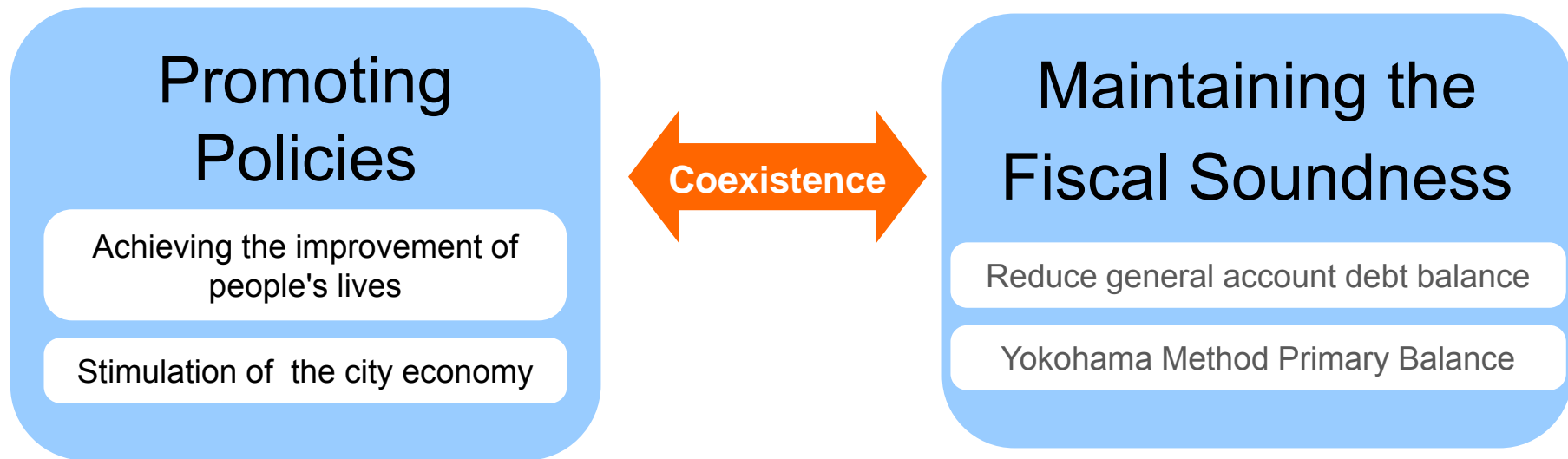
General Account Debt Balance

Reduce the general account city bond balance, as well as special/public enterprise accounts and affiliated entities debt covered by the general account.



* Debts covered by the general account include: city bonds in special/public enterprise accounts repaid from the general account due to changes in the national standards or the social situation, etc.; borrowings of affiliated entities made on the premise of the city's support for repayment.

FY2013⇒Expected to reduce around ¥67 billion at the end of FY2014



In addition to the efforts for fiscal soundness taken so far, considering the introduction of a method of Municipal bond use that focuses on **“maintaining a healthy level of debt vis-à-vis revenue (taxes etc.)”**

⇒ Considering the introduction of the new idea of “Debt Repayment Index”

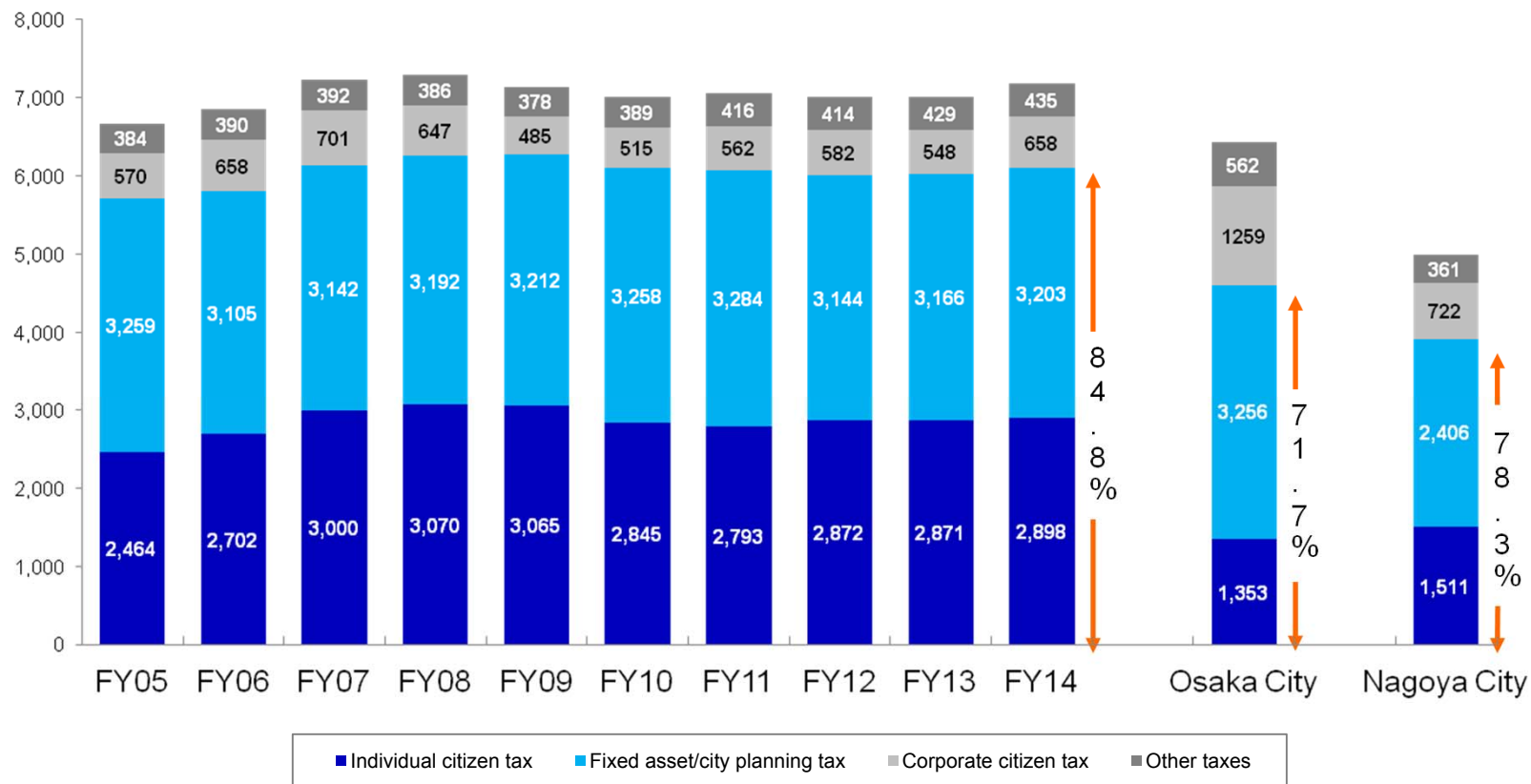
Strength of Yokohama Features of the City Tax Revenues



The ratio of individual citizen tax and fixed asset/city planning tax within the city tax revenues is high.

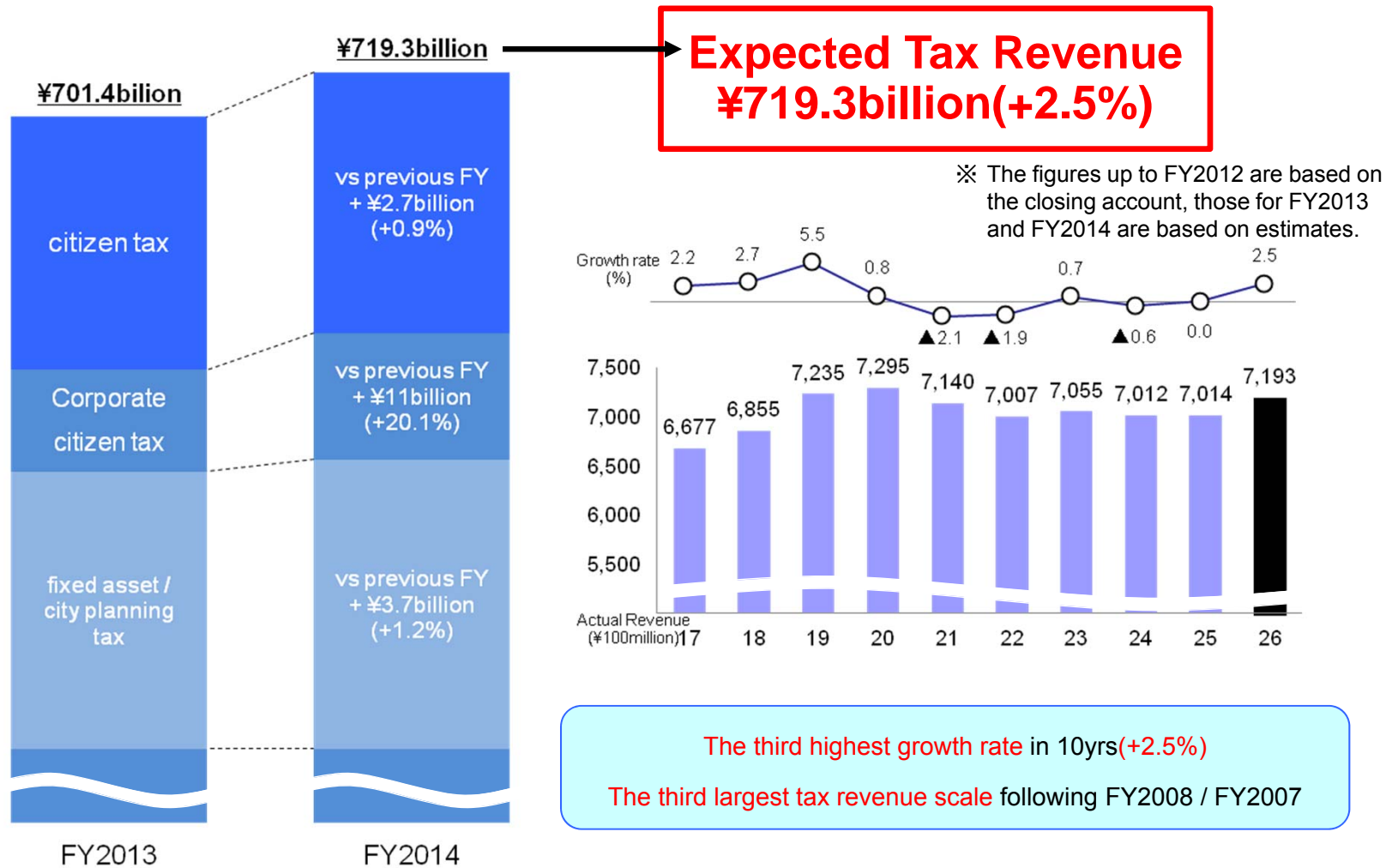
→ **The revenue structure is not easily influenced by economic changes.**

© Trends in the major types of taxes (FY2005-2014) – comparison with other cities



*Figures up to FY2011 are based on the closing accounts and figures for FY2012 and FY2013 are based on the initial budget. Figures for Osaka and Nagoya cities are based on the FY2013 initial budget.

Tax Revenues (comparison with the previous year)



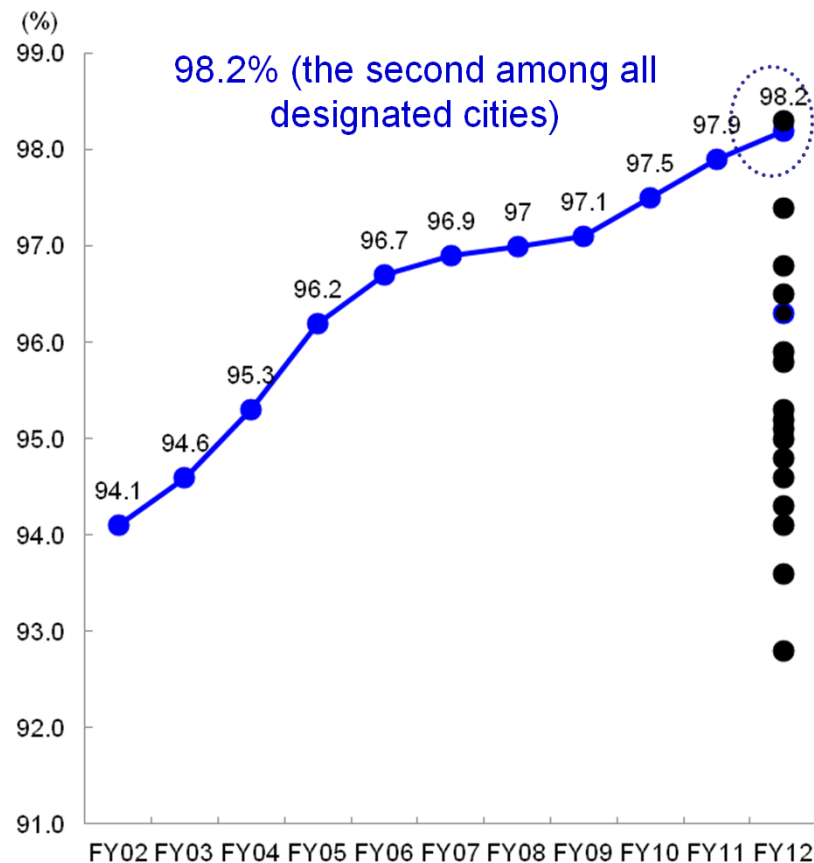
Strength of Yokohama ~High City Tax Collection Rate~



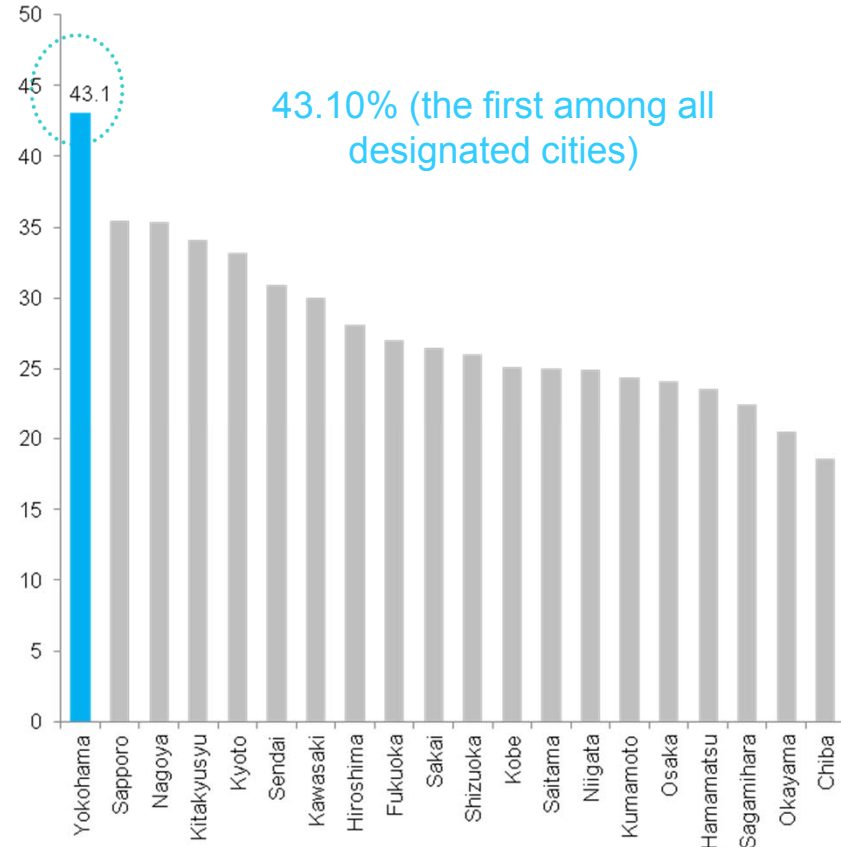
The city tax collection rate **rose to 98.2%** in FY2012, which was ranked second among the designated cities

The arrears collection rate was **43.10%** and **ranked first** among the designated cities

◎ Trends in the city tax collection rates (FY2002- 2012 closing)



◎ Collection rate of carried-over portion of the tax arrears - comparison of the collection rates among the designated cities (FY2012 closing)



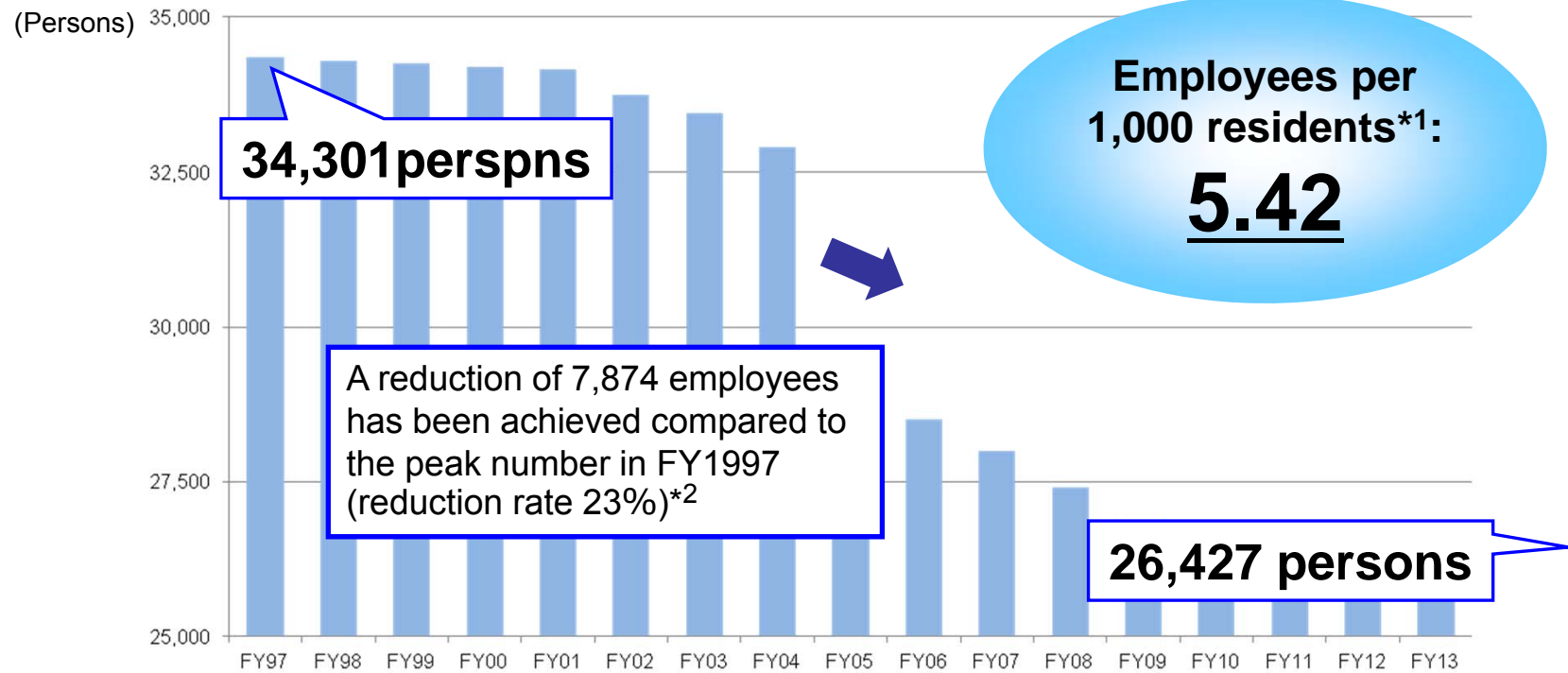
Implementation of drastic reductions mainly in internal administrative expenses

**Operational Review : 1,090 reviews/¥10.8 billion reduction
(709 reviews, ¥10.2 billion in FY2013)**

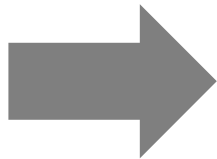
(Major reductions)

- ◎ Review of internal expenses: - ¥5.2billion
 - The reduction in the number of employees: - 71persons in FY2014 (- 50 persons in FY2013)
 - Review of various employee allowances (continued from FY2013)
 - Shortening the maximum calculation months for retirement allowance: - ¥1.5billion
 - Abolishment of housing allowances for owned home: - ¥400million
- ◎ Efforts with regard to privatization/outsourcing: - ¥200million
- ◎ Modernization and process improvement: - ¥5.4billion
 - Review of various support for affiliated entities such as subsidies, commission fees, loans without interest, etc: - ¥700million

Employee Quota Reductions



Employees per 1,000 residents



The lowest number among the 20 government-ordinance designated cities (for 4 consecutive years)

*1 Ordinary account basis for FY2012

*2 The reduction in the number of employees includes a reduction of 2,633 employees accompanying the shift of Yokohama City University to the status of an Independent Administrative Institution (FY2004 →FY2005)

Standard & Poor's Rating of Municipalities (as of March 31, 2014)

Japanese national bond	AA- / Negative
Yokohama City	AA- / Negative
Tokyo	AA- / Negative
Aichi Prefecture	AA- / Negative
Niigata City	AA- / Negative
Osaka City	AA- / Negative
Chiba City	A+ / Stable
Kyoto City	A+ / Stable
Miyazaki City	A / Stable



Top rating among local governments

Bond rating is the same as Japanese government bonds

FY2014 Bond Issuance Policy and Plans

History of “Dialogue with the Market” in the Public Bond Offering



- FY2003 Public offering of 20yr bonds (**the first among municipalities**)
- FY2004 **Shift to the independent pricing method** (autonomy and independence)
Start of a market/investor-friendly issuance policy
- FY2006 The underwriting share of joint-managers for 10yr bonds increased to 70%
Solicited ratings were obtained (**the first among the public offerings of municipal bonds**)
Received market trust and appraisal
- FY2008 The underwriting share of joint-managers for 10yr bonds increased to 80%
Book-building method was adopted in 5yr bonds
The spread pricing method was adopted for all tenors
- FY2009 The underwriting share of joint-managers for 10yr bonds increased to 84%
The book-building method was tried out for the first time for 10yr spot bonds
- FY2010 The book-building method was adopted for 10yr bonds
As a result, **book-building** has now been adopted
for **all issues of all tenors**(spread pricing and uniform price release)
- FY2011 Continue to adopt the book-building method for all tenors and abolish fixed syndicate groups for 10yr bonds



Established market/
investor
friendly issuance method

Continuous dialogue with investors enabled the city to issue **third sector pro-reform bonds** (Liquidation of the Land Development Public Corporation) **¥137.2 billion** (FY2013) at the same spread level as other municipal bonds despite the large issuance amount

FY2014 Bond Issuance Policy and Plans



◎ Issuance Policy

- Continue to adopt the “book-building method (spread pricing and uniform price release),” in public bond issues for all tenors and aim for adequate sales through a dialogue with a wide range of investors
- Promote meetings with investors to strengthen the relationship with investors through the proactive provision of information

◎ Issuance Plans

FY2014: ¥220 billion issuance (¥250 billion in FY2013 (including third sector bonds))

(Unit:¥100 million)

	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual total	
Medium-term bonds	100						100						200	For institutional investors 2,000
10-year bonds	500						400						900	
Super-long-term-bonds	100						100						200	
Flex quota	700												700	
Hama-Bonds(aimed at Yokohama residents)	50		50		50		50		50		200		200	For retails Investor 200

* Medium-term bond: bond over 1 year and less than 10 years

◎Contact Information

Municipal Bond Section, Revenue Division,
Financial Affairs Department, Finance Bureau,
City of Yokohama

1-1 Minato Machi, Naka-ku, Yokohama,
Kanagawa 231-0023

Tel: 045-671-2240

Fax: 045-664-7185

Email: za-sisai@city.yokohama.jp

URL : (Yokohama City Home Page) www.city.yokohama.lg.jp

: (Yokohama City Bonds Home Page) www.city.yokohama.lg.jp/zaisei/sisai

◎ Contact: Information regarding expanding into Yokohama City

Yokohama City Tokyo Promotion HQ

4F Kitano-arms, 2-16-15 Hiraga-cho,
Chiyoda-ku, Tokyo 102-0093

Tel : 03-3261-1891(attraction of enterprise team)

Fax : 03-3239-6265

Email : ke-tokyo@city.yokohama.jp

