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2. Local Government in Japan: Prefectures and Municipalities
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1. OVERVIEW OF LOCAL SELF-GOVERNMENT IN JAPAN

- Outline of Local Self-Government in Japan
Outline of Local Self-Government in Japan

- **Local self-government is a constitutional right.** Central and local governments have different judicial personalities. The functions of local self-government and the relations between central and local governments are stipulated in the Local Autonomy Act.

- **Local governments have assemblies comprised of publicly elected members (direct election by residents).** They approve budgets and have legislative power within the confines of the law.

- **Execution of administration is carried out by chief executives of local governments (governors, mayors) publicly elected by residents.**
  - Execution of administration of the central government is carried out under a parliamentary cabinet system.
  - An administrative commission system has been adopted in such fields as education and law enforcement.

- **Local governments are comprised of two layers: prefectures and municipalities.**
  - Japan applies a single nation system, not a federation system.
  - 47 prefectures, 1,719 municipalities as of April 1, 2013
2. LOCAL GOVERNMENT IN JAPAN

- Local Government in Japan
- Local Government Numbers and Breakdowns
Local Government in Japan: Locations

- Municipalities (1,719)
- Prefectures (47)
- Cities (789)
- Towns (746)
- Villages (184)
- Special wards (23)
### Local Government Numbers and Breakdowns

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Type</th>
<th>Number</th>
<th>Population (largest to smallest)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prefectures</strong></td>
<td>47</td>
<td>&quot;To&quot; (1)</td>
<td></td>
<td>13,159,388 (Tokyo)</td>
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<tr>
<td></td>
<td></td>
<td>&quot;Do,&quot; &quot;Fu,&quot; &quot;Ken&quot; (46)</td>
<td></td>
<td>9,048,331 (Kanagawa) - 588,667 (Tottori)</td>
</tr>
<tr>
<td><strong>Municipalities</strong></td>
<td>1,719</td>
<td>Cities (789)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Designated cities (shitei-toshi) (20)</td>
<td>3,688,773 (Yokohama) - 709,584 (Okayama)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Core cities (chukaku-shi) (41)</td>
<td>609,040 (Funabashi) - 279,127 (Hakodate)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Special case cities (40)</td>
<td>561,506 (Kawaguchi) - 197,449 (Tottori)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other (686)</td>
<td>580,053 (Hachioji) - 4,387 (Utashinai)</td>
<td></td>
</tr>
<tr>
<td><strong>Towns</strong> (746)</td>
<td></td>
<td></td>
<td>50,442 (Fuchu) - 1,246 (Hayakawa)</td>
<td></td>
</tr>
<tr>
<td><strong>Villages</strong> (184)</td>
<td></td>
<td></td>
<td>53,857 (Takizawa) - 201 (Aogashima)</td>
<td></td>
</tr>
<tr>
<td><strong>Special wards</strong> (in Tokyo)</td>
<td>23</td>
<td></td>
<td>877,138 (Setagaya) - 47,115 (Chiyoda)</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** Numbers of local governments and their breakdowns as of April 1, 2013. Populations are based on the results of the Preliminary Sample Tabulation of the 2010 Population Census of Japan.
3. ORGANS AND ORGANIZATION OF LOCAL GOVERNMENTS

- Organs of Local Government
- Relationship between the Chief Executive and the Assembly
- Organization of Local Governments
- Relations between Central and Local Governments for Administrative Functions
- Trends in Number of Local Public Personnel
Organs of Local Government

- **Assembly: Legislative organ**
  - The number of local assembly members is determined by ordinance
    (The 2011 revision of the Local Autonomy Act eliminates limits by population size.)
  - The term of office of local assembly members is 4 years
  - Candidates for election of assembly members must be residents and at least 25 years old
  - Voters for election of assembly members must be residents and at least 20 years old
  - The major authorities of the local assembly are creating, amending, and repealing ordinances, approving budgets, authorizing the settlement of accounts, making motions of no confidence against the chief executive, etc.
  - Regular sessions are held 4 times a year. Ad-hoc sessions take place as necessary.

- **Chief executive: Executive organ**
  - The term of office is 4 years
  - Candidates for election of chief executives must be at least 30 years old for prefectural governors, 25 years old for municipal mayors
  - Voters for election of chief executives must be residents and at least 20 years old
  - The major authorities of the chief executive are enacting regulations, submitting bills, implementing budgets, etc.
Relationship between the Chief Executive and the Assembly (Dual Representation)

Executive organ
- Chief executive
- Direct election by residents

Legislative organ
- Assembly
- Direct election by residents

Right to submit bills
Resolutions
Right to inspect

Conflict of opinions between chief executive and assembly

Ways to resolve conflict
- Exceptional action by chief executive
- Reconsideration
- Motion of no confidence against the chief executive/dissolution of the assembly
Organization of Local Governments

- Executive organs include boards of education, election administration commissions, personnel commissions, etc. as well as prefectural governors or municipal mayors.
- Deputy governors and deputy mayors (with 4-year terms of office) are appointed by governors and mayors with the consent of their assemblies. Subordinate departments and divisions are established to execute various duties.
# Relations between Central and Local Governments for Administrative Functions (Examples)

<table>
<thead>
<tr>
<th></th>
<th>Public works</th>
<th>Education</th>
<th>Welfare</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central government</strong></td>
<td>- Expressways</td>
<td>- Universities (national university corporations)</td>
<td>- Pension</td>
<td>- Defense, Diplomacy, Currency</td>
</tr>
<tr>
<td></td>
<td>- National roads (designated sections)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prefectures</strong></td>
<td>- National roads (other sections)</td>
<td>- High schools</td>
<td>- Public health centers</td>
<td>- Police</td>
</tr>
<tr>
<td></td>
<td>- Prefectural roads</td>
<td>- Management of elementary &amp; junior high school personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Municipalities</strong></td>
<td>- Urban planning, etc.</td>
<td>- Elementary &amp; junior high schools</td>
<td>- Garbage disposal, Care &amp; welfare</td>
<td>- Fire services, Resident registry</td>
</tr>
</tbody>
</table>
Trends in Number of Local Public Personnel

Number of personnel across all local governments by division (as of April 1, 2012)

- General administration, excluding welfare: 546,246 people (19.7%)
- Welfare: 369,623 people (13.4%)
- Education: 1,047,884 people (37.9%)
- Police: 283,353 people (10.2%)
- Fire services: 158,460 people (5.7%)
- Public corporation accounting: 363,347 people (13.1%)

All local governments: 2,768,913 people

Trends in number of local public personnel

Trends in number of local public personnel (1994-2012)

- Down 510,000 people (16%)
4. LOCAL FINANCE SYSTEM IN JAPAN

- Ratios of Central and Local Governments in Expenditures
- Allocation of Financial Resources between Central and Local Governments
- Local Revenue Resources
- Mechanism of Local Allocation Tax
- State of Expenditures by Disaster-Struck Local Governments
Between central and local governments expenditures, the ratio of local government expenditure is higher for government services that more directly affect local residents. For instance, in terms of safe and secure region-building, local governments cover nearly 80% of police and fire expenditures. Other expenditures with a high local government ratio include sanitation and school education, both of which are deeply connected to people's everyday lives.

### Ratios of Central and Local Governments in Main Expenditures by Purpose (final expenditure basis) (FY2011)

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Local %</th>
<th>Central %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitation expenses</td>
<td>4.2%</td>
<td>97%</td>
</tr>
<tr>
<td>School education expenses</td>
<td>9.0%</td>
<td>86%</td>
</tr>
<tr>
<td>Judicial, police, and fire service expenses</td>
<td>4.0%</td>
<td>77%</td>
</tr>
<tr>
<td>Social education expenses, etc.</td>
<td>2.7%</td>
<td>75%</td>
</tr>
<tr>
<td>Public welfare expenses (excluding pension expenses)</td>
<td>19.9%</td>
<td>73%</td>
</tr>
<tr>
<td>Land development expenses</td>
<td>8.4%</td>
<td>72%</td>
</tr>
<tr>
<td>Land conservation expenses</td>
<td>1.4%</td>
<td>72%</td>
</tr>
<tr>
<td>Commercial and industrial expenses</td>
<td>7.4%</td>
<td>54%</td>
</tr>
<tr>
<td>Disaster recovery expenses, etc.</td>
<td>0.9%</td>
<td>49%</td>
</tr>
<tr>
<td>Debt services</td>
<td>19.8%</td>
<td>60%</td>
</tr>
<tr>
<td>Agriculture, forestry, and fishery expenses</td>
<td>2.0%</td>
<td>34%</td>
</tr>
<tr>
<td>Housing expenses, etc.</td>
<td>2.2%</td>
<td>31%</td>
</tr>
<tr>
<td>Onkyu pension expenses</td>
<td>0.4%</td>
<td>4%</td>
</tr>
<tr>
<td>Pension expenses (of public welfare expenses)</td>
<td>6.3%</td>
<td>31%</td>
</tr>
<tr>
<td>Defense expenses</td>
<td>2.9%</td>
<td>100%</td>
</tr>
<tr>
<td>General administration expenses, etc.</td>
<td>7.7%</td>
<td>80%</td>
</tr>
<tr>
<td>Other</td>
<td>0.8%</td>
<td>20%</td>
</tr>
</tbody>
</table>
The ratio of central government to local government in tax revenue is the opposite of the ratio in expenditure. There is a wide gap between allocation of financial resources and expenditure.

<table>
<thead>
<tr>
<th>Taxes paid by the public</th>
<th>(Total amount of taxes = 78.7 trillion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National taxes</td>
<td>(43.6 trillion yen) 55.4%</td>
</tr>
<tr>
<td>Local taxes</td>
<td>(35.1 trillion yen) 44.6%</td>
</tr>
</tbody>
</table>

Central expenditure (net total basis) = 68.5 trillion yen 41.6%

Local expenditure (net total basis) = 96.2 trillion yen 58.4%

Total amount of central & local governments expenditures (net total) = 164.7 trillion yen
Local Revenue Resources

- The revenue of local governments comes mainly from local taxes (about 30%), local allocation tax, national treasury disbursements, and local bonds, in that order.
- Revenue resources that have no specified use, such as local taxes and local allocation tax, are called general revenue resources.

Revenue breakdown (FY2011)

Note: National treasury disbursements include Special Grants for Traffic Safety Countermeasures and Grants for Municipalities Where National Facilities, etc., for Specified Purposes are Located.
Local Tax Revenue Breakdown

Planned budget/local finance amounts for FY2013

- **Individual municipal inhabitant tax**: 34.9%, 7.0259 trillion yen
- **Individual prefectural inhabitant tax**: 30.9%, 4.8535 trillion yen
- **Corporate municipal inhabitant tax**: 8.9%, 1.7836 trillion yen
- **Corporate prefectural inhabitant tax**: 30.6%, 4.7874 trillion yen
- **Local consumption tax**: 17.0%, 2.6650 trillion yen
- **Fixed asset tax**: 42.3%, 8.5058 trillion yen
- **City planning tax**: 6.0%, 1.1988 trillion yen
- **Light oil delivery tax**: 5.9%, 0.9233 trillion yen
- **Automobile tax**: 9.9%, 1.5497 trillion yen
- **Other local corporate taxes**: 30.6%, 4.7874 trillion yen
- **Other**: 5.7%, 0.9037 trillion yen

0 5 trillion yen 10 trillion yen 15 trillion yen 20 trillion yen
Mechanism of Local Allocation Tax

1) The local allocation tax is an intrinsic revenue resource shared by local governments in order to adjust imbalances in tax revenue among local governments and to guarantee revenue resources so that local governments in every region can provide a consistent level of administrative services.
   (Revenue resource adjustment function, revenue resource guarantee function)

2) Like the local tax collected by local governments, the local allocation tax is a general revenue resource that local governments are free to use as they decide.

3) The total amount of the local allocation tax is determined in accordance with an estimate of the standard revenue and expenditures for local public finance as a whole, based on fixed ratios for 5 national taxes.

4) In FY2011, the Special Local Allocation Tax for Recovery from the Earthquake Disaster was created in order for disaster-affected local governments to cover the full amount of local government responsibility for recovery and reconstruction projects and lost local tax revenues in response to the Great East Japan Earthquake.
Example: Prefecture N

- Population: 2,160,000
- Number of prefectural government employees: 27,156
  (general administration: 5,187; education: 17,971; police: 3,848; etc.)
- Number of prefectural assembly seats: 58
- Revenues: 872.2 billion yen; expenditures: 857.1 billion yen (FY2011)
Example: City H

- Population: 240,000
- Number of municipal government employees: 2,119
- Number of municipal assembly seats: 36
- Revenues: 108.8 billion yen; expenditures: 104.6 billion yen (FY2011)
Example: Prefecture M (Disaster-Struck Area)

- Population: 2,330,000
- Number of prefectural government employees: 27,619  
  (general administration: 4,751; education: 18,222; police: 4,493; etc.)
- Number of prefectural assembly seats: 59
- Revenues: 1,987.9 billion yen; expenditures: 1,827.8 billion yen (FY2012)
5. DECENTRALIZATION REFORM

- Promotion of Decentralization Reform
First Phase of Decentralization Reform

June 1993: The Resolution on the Promotion of Decentralization Reform was unanimously adopted in both houses of the Diet.

July 1999: The Comprehensive Decentralization Act was promulgated.

- Clarification of the respective roles of central and local governments (changing the hierarchical relationship between the central and local governments to an equal and cooperative one)

- Abolishment of the system of delegated functions (an administrative system in which the central government delegates some of its authorities to the publicly elected chief executives of local governments, placing them as organs of the central government within a scope of delegated authority)

- Reexamination of the central government's involvement in local government (classification + dispute management procedures)

- Promotion of the devolution of authority (from central to prefectural, from prefectural to municipal)

- Reexamination of requirements to set up organizations (abolishment/relaxation of setup obligations for auxiliary organs and personnel)

Examined by the Committee for the Promotion of Decentralization
Promotion of Consolidation of Municipalities

To establish the foundation for administration and public finance...

Consolidation of municipalities

March 31, 1999: 3,232 entities
March 31, 2006: 1,844 entities
January 1, 2013: 1,719 entities
- Reexamination of obligations and conditions legally mandated by central government → expansion of authority to issue ordinances

- Transfer of administration/authority from central to local government, etc.

- Transfer of authority from prefectures to municipalities
Second Phase of Decentralization Reform (2)

- Legal establishment of a Forum for Deliberation between Central Government and Local Governments

- Reexamination of the legal system in each field, 4 times in 3 years
  May 2011: First package bill
  August 2011: Second package bill
  June 2013: Third package bill
  March 2014: Fourth package bill draft submitted at the Diet
Decentralization: Future Issues

- Expansion/consolidation of local tax resources
  + National treasury contribution reforms

- Changing from proposing recommendations from the central government to inviting proposals from the local governments

Examined by the Advisory Council on Decentralization Reform