



# Tokyo Metropolitan Government (TMG)

## Bureau of Finance, November 2022





# ① Basic Overview of Tokyo

## ② Financial Highlights

## ③ TMG Bonds

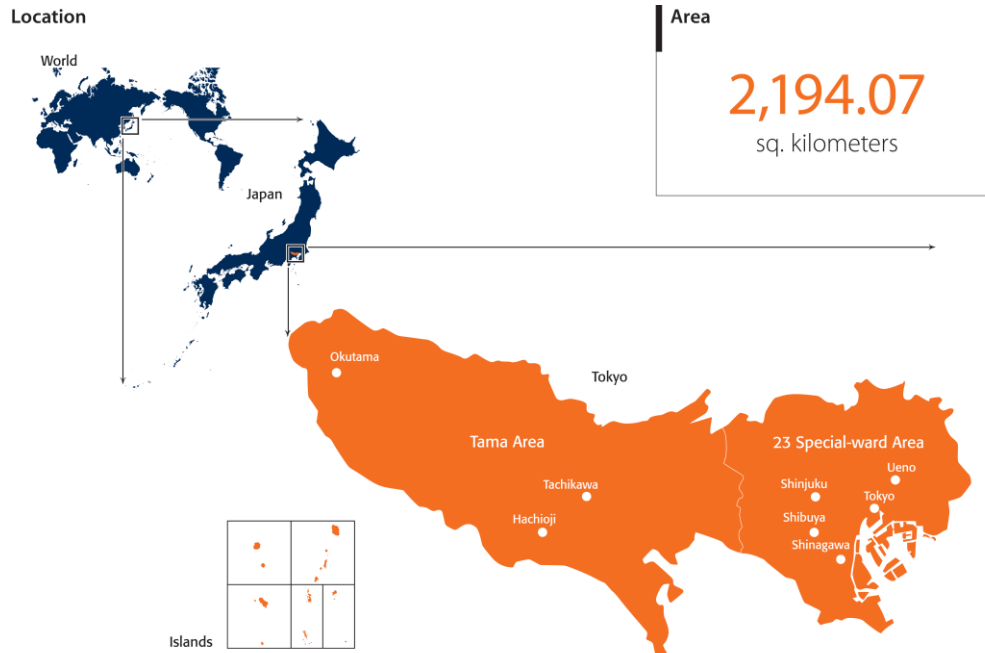
## ④ Strategies for Tokyo's Future

## ⑤ Appendix

# Tokyo at a Glance

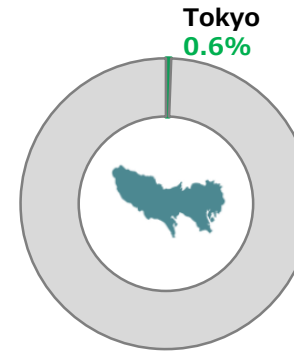
*Tokyo is the center and primary engine of Japanese economy*

## Location



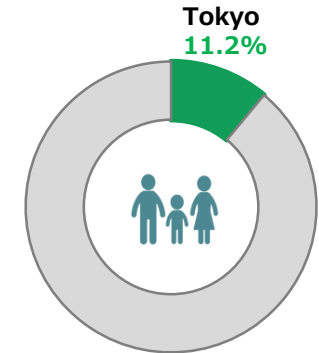
## Area

Tokyo: 2,194km<sup>2</sup>  
Japan: 377,974km<sup>2</sup>



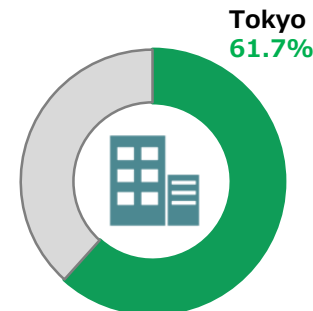
## Population

Tokyo: 14.0mn  
Japan: 125.3mn



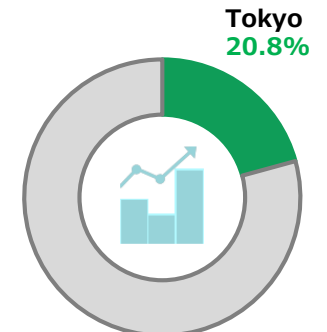
## Number of Companies with Paid-in Capital of above JPY 5bn

Tokyo: 1,111 Companies  
Japan: 1,802 Companies



## GDP

Tokyo: JPY 116tn  
Japan: JPY 557tn



\*Area as of April 1<sup>st</sup>, 2022

\*Population as of October 1<sup>st</sup> 2021

\*Number of companies as of FY2020

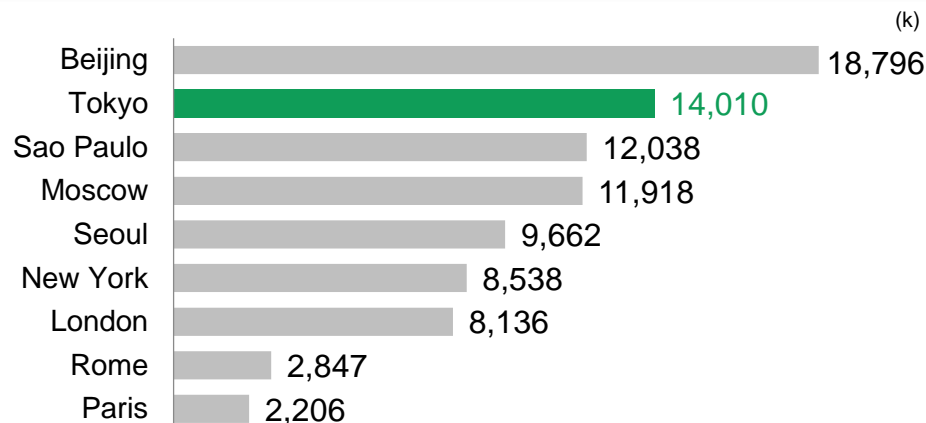
\*GDP as of FY2019

Source: Tokyo Metropolitan Government, Geospatial Information Authority of Japan, Ministry of Internal Affairs and Communications, National Tax Agency Japan, Cabinet Office

# Tokyo at a Glance

Tokyo compared to the world

## Population

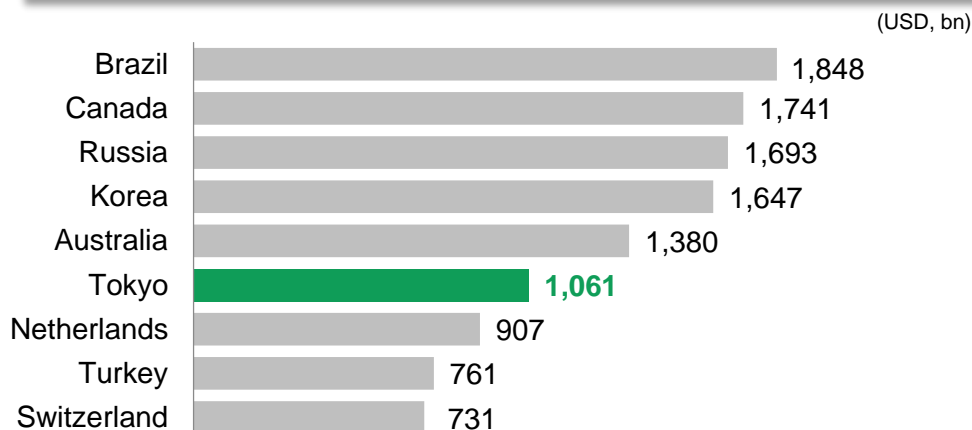


## Productive Age (15~64 yrs) Ratio

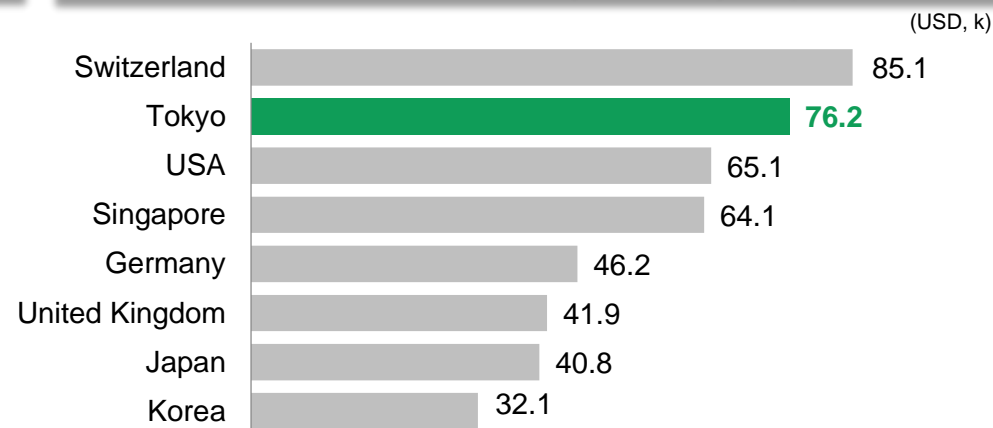
Rank	Country	Ratio (%)
1	Saudi Arabia	71.80
2	South Korea	71.67
3	Thailand	70.49
4	China	70.32
5	Luxembourg	70.13
⋮		
19	Canada	66.12
20	Poland	66.04
⋮		
51	Israel	59.77
52	Japan	59.52
53	Ethiopia	56.55

Tokyo (2021): 66.06

## Nominal GDP



## Nominal GDP (Per Capita)



\*Populations in Tokyo as of October 1<sup>st</sup>, 2021

\*GDP as of CY2019 except for TMG; TMG refers to FY2019

\*Applied FX rate: USDJPY=109.010 (as of 2019)

Source: Tokyo Metropolitan Government, Statistics Bureau of Japan



# Key Highlights

## Sound Fiscal Management

- High independent revenue ratio and low mandatory spending facilitates flexible fiscal management.
- High financial flexibility developed through organized reserve fund management and continuous effort on reducing outstanding debt for future financial needs.
- Municipal Bonds in Japan have systematic safeguards.
- SACP (Stand-alone Credit Profile)<sup>1</sup> is aa+, our A+ credit rating<sup>2</sup> is capped by Japan's sovereign rating.

## Capital Markets Activities

- FY2022's issuance plan: About JPY 550bn (≈USD 3.76bn<sup>3</sup>) (April 2022-March 2023)
- Regular issuance of benchmark international bonds in global capital market.
- Promoting the expansion of domestic ESG market and the achievement of SDGs from financial sector through constant issuances of JPY-denominated ESG bonds for institutional investors.

## Tokyo's Strategies

- Formulated ““Future Tokyo” Strategy version up 2022” due to various changes after the Tokyo 2020 Olympic and the COVID-19 Pandemic.
- To realize “Zero Emission Tokyo” that will contribute to virtually zero CO2 emissions in the world by 2050, TMG has announced “Carbon Half”, which is a plan to halve GHG emissions by 2030 compared to 2000.

<sup>1</sup> SACP (Stand-alone credit profile) refer to Standard & Poor's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.

<sup>2</sup> On June 9<sup>th</sup> 2020, the outlook on the “A+” long-term sovereign credit rating on Japan was revised from positive to stable by S&P, which reflects S&P's view that the COVID-19 outbreak has set back Japan's fiscal stabilization process. Following this revision, on June 10<sup>th</sup> 2020, S&P has revised down the TMG's outlook on the long-term issuer credit rating from positive to stable.

<sup>3</sup> USDJPY=146.29 (as of October 27<sup>th</sup> 2022)





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# (1) TMG's Revenue and Expenditure

*FY2022's general account original budget marks JPY 7,801bn*

## TMG's Revenue, Expenditure and Balance (General Account)

(JPY, bn)

Classification		FY2018	FY2019	FY2020	FY2021	FY2022
		Actual	Actual	Actual	Actual	Original Budget <sup>1</sup>
Revenue		7,516	7,672	8,689	9,747	7,801
	Metropolitan Taxes	5,446	5,632	5,350	5,848	5,631
Expenditure		7,235	7,445	8,487	9,462	7,801
Balance		281	227	202	286	0

<sup>1</sup> Revised budget not reflected.

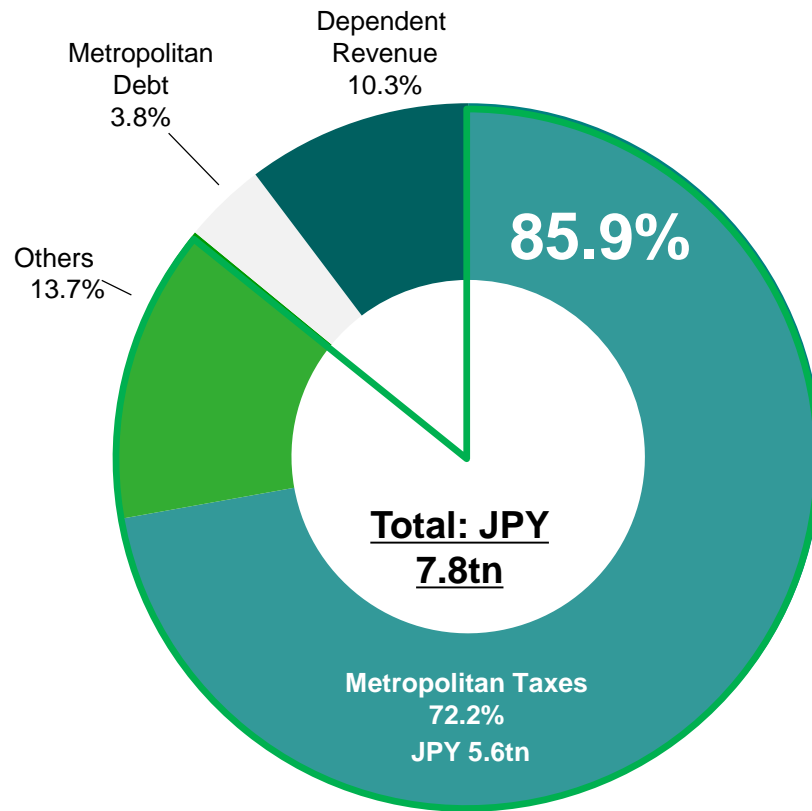


## (2) Revenue Sources

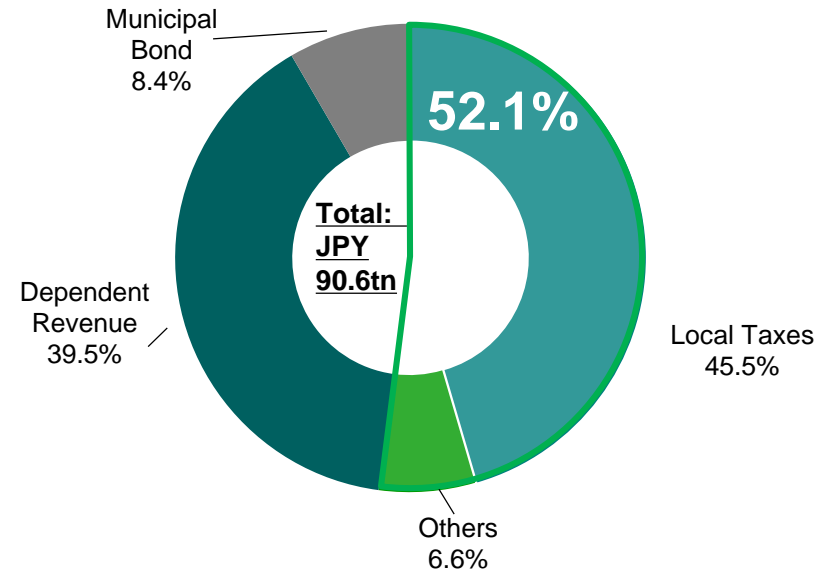
TMG's high independent revenue ratio provides flexibility in its fiscal management

### Breakdown of Revenue Sources

TMG's Independent Revenue<sup>1</sup> Ratio **85.9%**  
(FY2022 General Account Original Budget)



Independent Revenue Ratio of  
All Local Governments in Japan **52.1%**



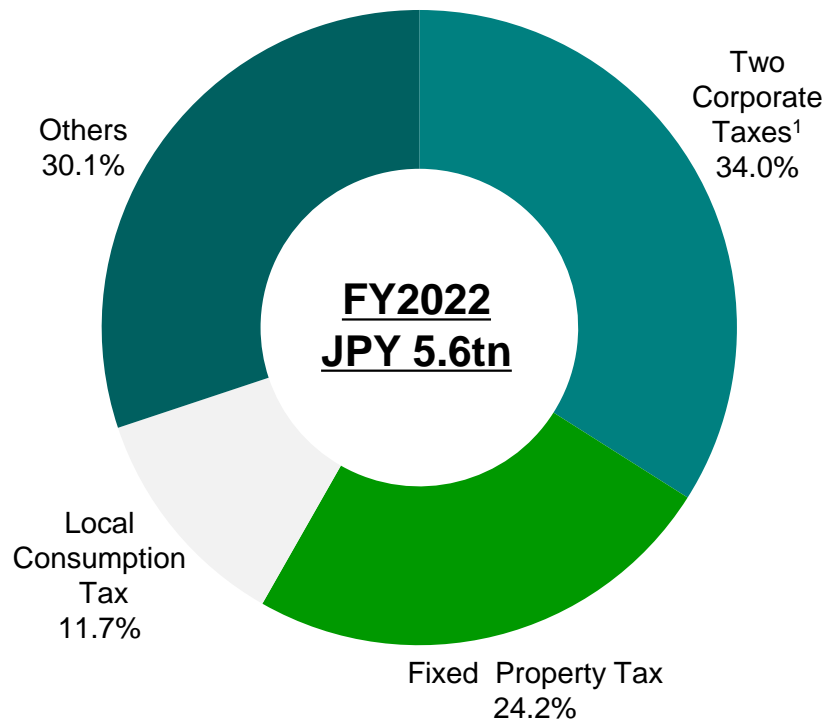
<sup>1</sup> Independent revenue : revenue which a local government can raise on its own without depending on the central government (i.e., local taxes, usage charges, charges for services, commissions, property revenues and miscellaneous revenue, etc.). Dependent revenue consists of local transfer tax, national treasury disbursement and etc.



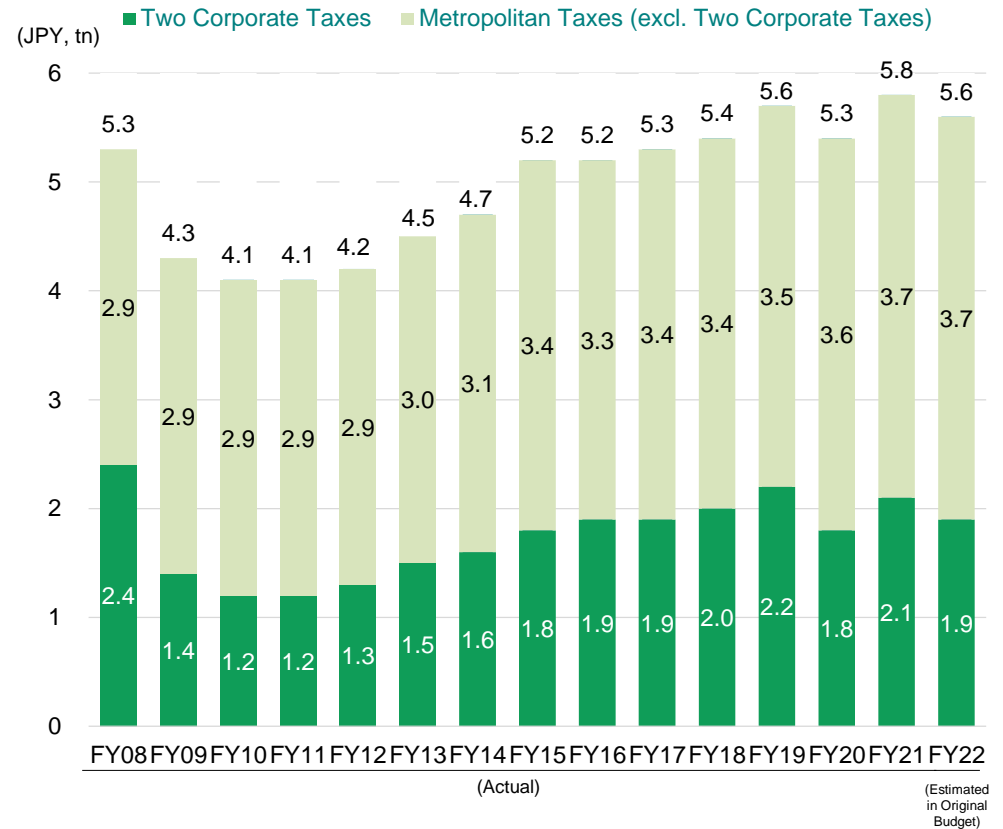
# (3) Diverse Tax Revenue Sources

TMG's tax revenue has diverse sources and has been steadily increasing

## Breakdown of Metropolitan Taxes



## Trends in Metropolitan Tax Revenue



<sup>1</sup> Corporate Enterprise Tax, together with Corporate Inhabitant Tax, constitute Two Corporate Taxes.

Corporate Enterprise Tax is a tax levied on corporations that are established in Tokyo and being engaged in profit-earning business in Tokyo.

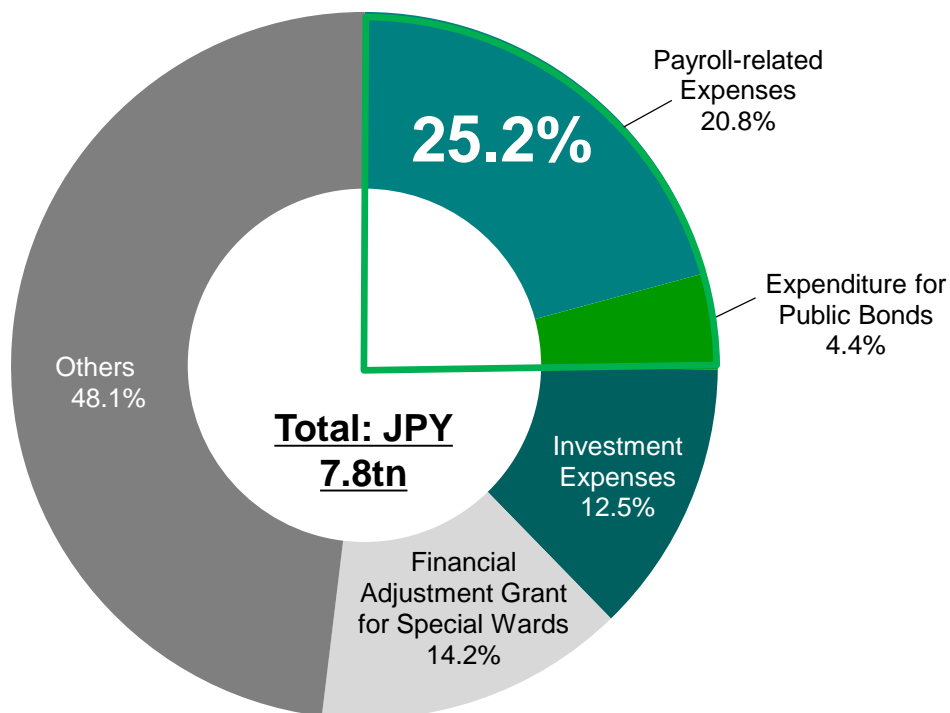
Corporate Inhabitant Tax is a tax levied on offices or business establishments in Tokyo which is included as part of Residents Tax.

# (4) Spending

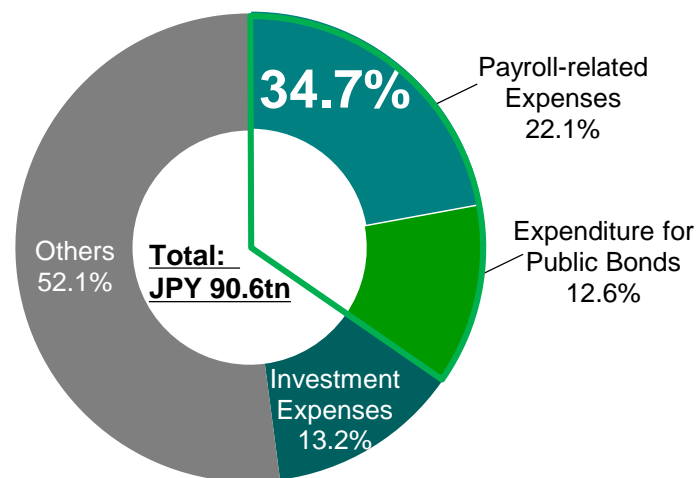
TMG's low mandatory spending facilitates its flexible fiscal management

## Breakdown of Expenditure

TMG Mandatory Fixed Expenses Ratio<sup>1</sup> **25.2%**  
(FY2022 General Account Original Budget)



Mandatory Fixed Expenses Ratio of All Local Governments in Japan **34.7%**



<sup>1</sup> Mandatory Fixed Expenses Ratio is the ratio of Mandatory Fixed Expenses (Payroll-related expenses + Expenditure for Public Bonds) to total expenses in the TMG's General Account Budget.



# (5) Reserve Funds for Future Obligations

TMG has a total JPY 3.8tn of Reserve Funds set aside for future obligations

## Reserve Fund

(JPY, bn)

<b>Funds for General Purposes</b>	<b>727.2</b>
Adjusting Fund for Finance	727.2
<b>Funds for Special Purposes</b>	<b>1,481.9</b>
Social Infrastructure Improvement Fund	492.8
Advanced Welfare City Realization Fund	194.8
Others	794.3
<b>Sinking Fund</b>	<b>1,543.7</b>
<b>Total</b>	<b>3,752.9</b>

(As of 31<sup>st</sup> March 2022)

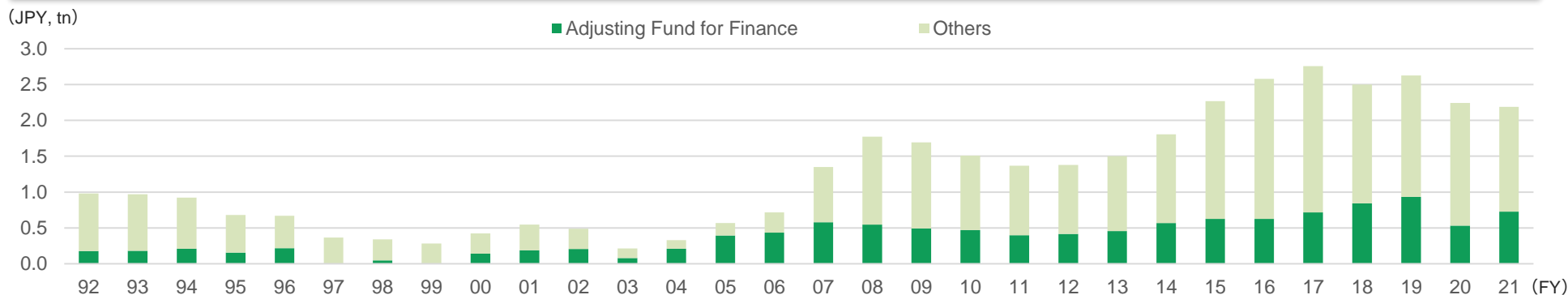
### Funds for General Purposes

- ✓ As of 31<sup>st</sup> March 2022 (FY2021 results) TMG had roughly JPY 727.2bn set aside as funds to be used for general purposes.

### Sinking Fund

- ✓ TMG reserves a sinking fund to address future obligations.
- ✓ TMG has reserved JPY 1.5tn as a sinking fund in its general account in FY2021, about 20% of the outstanding TMG bonds.

## Outstanding Reserve Fund (Based on Ordinary Account Results)<sup>1</sup>



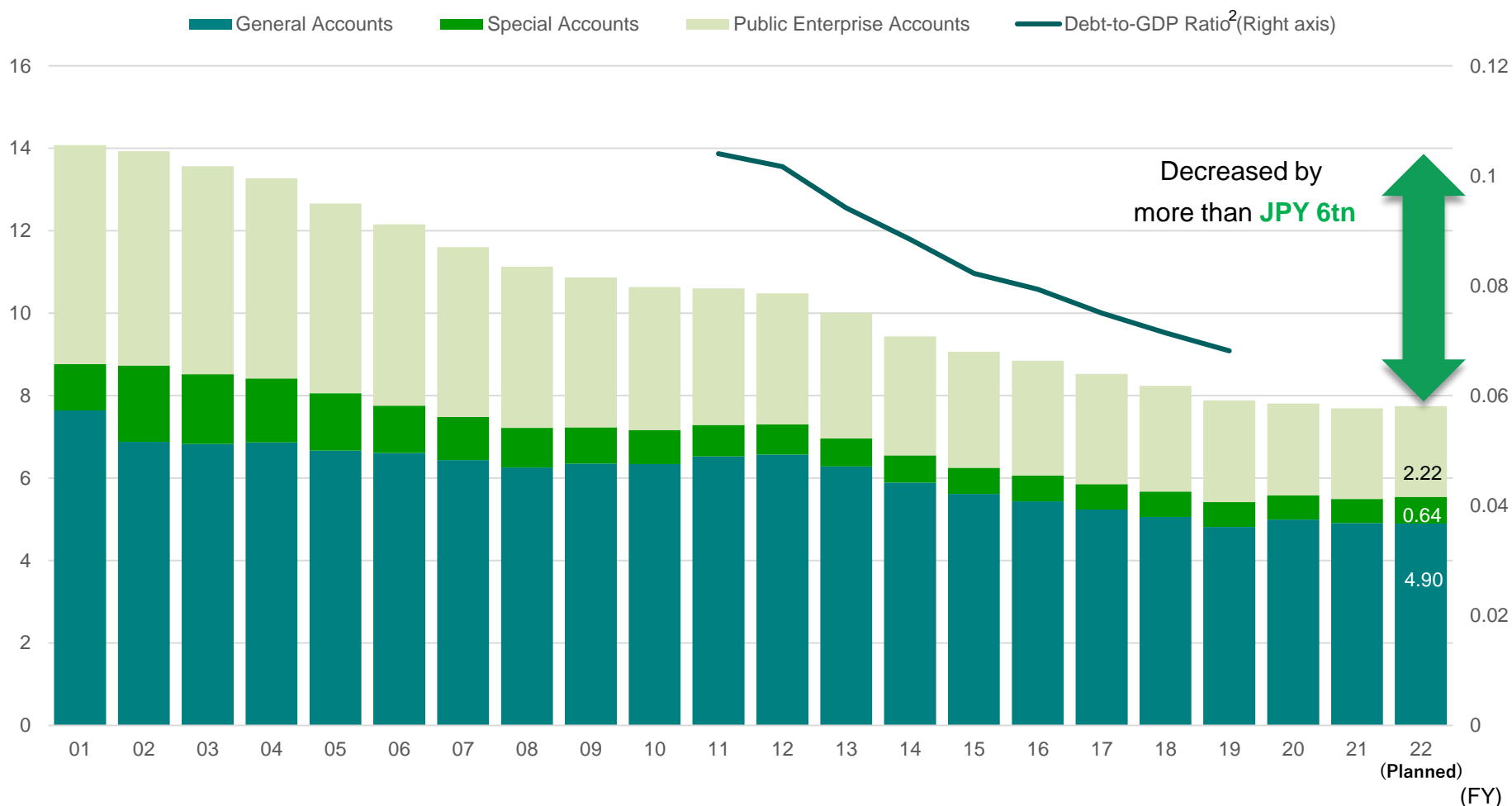
<sup>1</sup> Based on Ordinary Account and does not include Sinking Fund, etc.

Applied new scheme for Reserve Funds implemented since FY2017 for the calculation of past years' amounts as well.

# (6) TMG's Outstanding Debt

TMG has been successful in reducing its outstanding debt

## Trends in TMG's Outstanding Debt (All Accounts)<sup>1</sup>



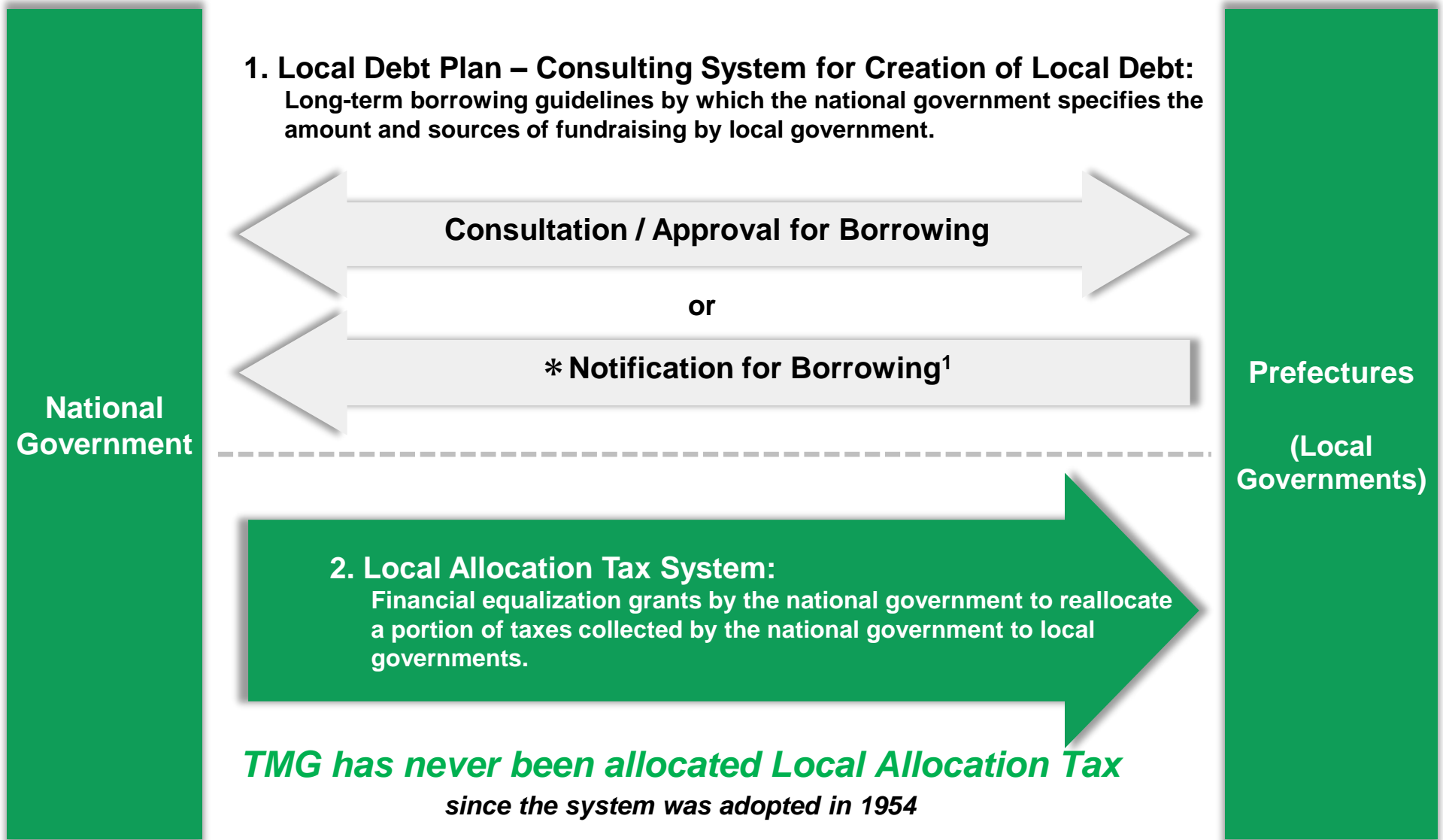
<sup>1</sup> Excluding Nippon Telegraph and Telephone Bonds from All Accounts

<sup>2</sup> Total Outstanding Debt vs Tokyo's GDP Ratio is calculated based on TMG's nominal GDP figures from FY2011 onward, when GDP calculations refer to the latest method/criteria.



# (7) Systematic Safeguards for Local Government Bonds in Japan

*Local Government Bonds in Japan have systematic safeguards*



<sup>1</sup> Local governments that meet the following requirements, such as TMG, can issue LGBs without consulting with the Minister for Internal Affairs and Communications or the prefectural governor.

1) Real debt payment ratio is less than 18%, 2) real deficit is 0, 3) consolidated real deficit ratio is 0, 4) future burden ratio is less than 400% (prefectures and government-ordinance-designated cities) or 350% (municipalities)

# (8) TMG Credit Profile

*Solid credit ratings on TMG's fiscal management and wealthy economy from S&P Global Ratings (S&P)*

## Extract from TMG Rating Report by S&P as of Oct. 26<sup>th</sup> 2022

- ✓ **“Flexible fiscal management under a very wealthy economy as Japan's capital”**
- ✓ **“S&P believes *TMG fiscal balance will remain positive for the next two years despite an uncertain economic environment*”**
- ✓ **“We expect *high levels of tax revenue to continue* amid moderate, albeit slowing, economic growth, thanks to a strong revenue base centered on large corporations”**
- ✓ **“We forecast *reduction in TMG's debt will progress reflecting its recovering fiscal balance and contained debt management*”**
- ✓ **“We think TMG will continue a certain amount of capital expenditure for decarbonization and strengthening urban infrastructure. However, *we expect its high tax revenues and capacity for strong and stable financial management will continue to help reduce debt over the next two years, as debt issuance will be contained while drawing down various reserves*”**

### Rating(S&P)

Issuer Credit Rating <sup>1</sup>		Stand-Alone Credit Profile <sup>2</sup>
TMG	Japan	TMG
A+/Stable	A+/Stable	aa+

<sup>1</sup> TMG's A+ credit rating is capped by Japan's sovereign rating.

On June 9<sup>th</sup> 2020, the outlook on the “A+” long-term sovereign credit rating on Japan was revised from positive to stable by S&P, which reflects S&P's view that the COVID-19 outbreak has set back Japan's fiscal stabilization process. Following this revision, on June 10<sup>th</sup> 2020, S&P has revised down the TMG's outlook on the long-term issuer credit rating from positive to stable.

<sup>2</sup> SACPs (Stand-alone credit profile) refer to S&P's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.





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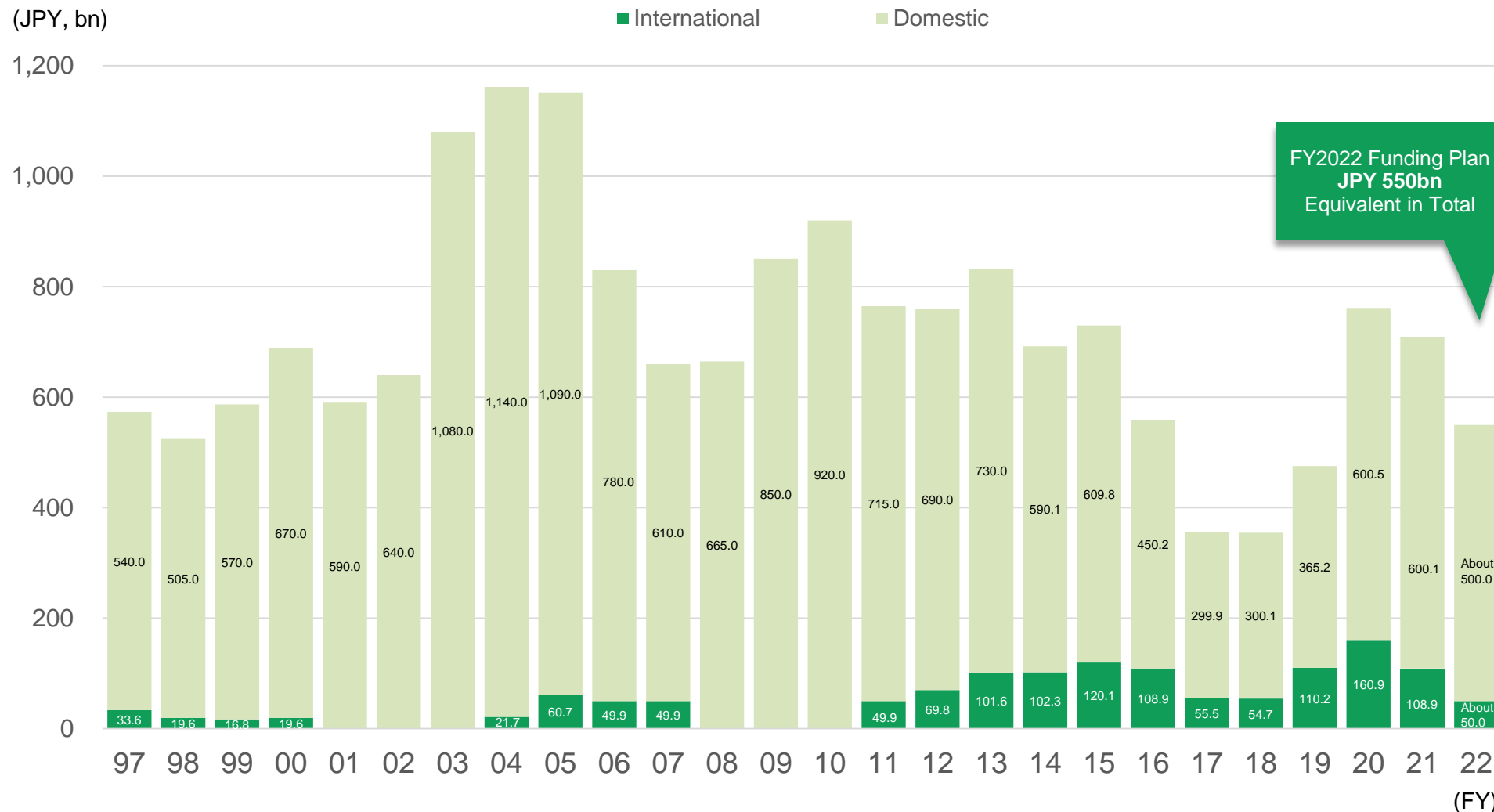
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# (1) TMG's Issuance Amount of Public Bonds

*Continuous issuances of benchmark-sized international bonds*



\*Based on all accounts (including refunding bonds)

\*FY2022 is based on issuance plan.

\*Non-JPY denominated bonds' issuance amounts are calculated upon FX rate on their issuance date, rounding down the amount under JPY 100mn.

# (2) TMG's Commitment to the International Capital Markets

TMG has successfully managed to provide a wide range of products, and committed to international capital markets

## Case Study: TMG's Latest Issuances in USD

### June 2022: USD 144A / Reg.S 3yr 500mn

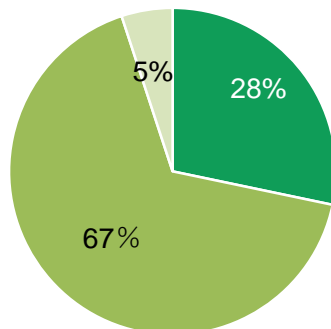
Pricing Date	7-June-22
Format	144A / Reg.S
Issue Amount	USD 500mn
Tenor	3yr
Coupon (%)	3.375%
Launch Spread (vs MS)	SOFR MS+57bp
Launch Spread (vs Treasury)	T+49.63bp
Listing	London & Tokyo PRO-BOND

#### Key Highlights:

- Successful execution of a USD 500mn 3yr transaction
- The orderbook was 1.5x oversubscribed, swelling to \$740mn
- Distribution centered on high quality investors with 75% allocations to CB&OI with diversified regions

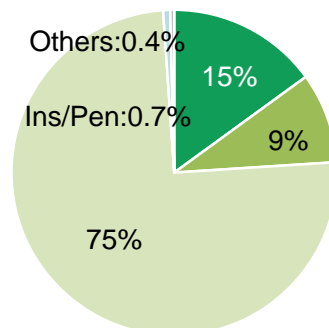
By Region

Asia EMEA US



By Investor Type

AM/HF Bank CB/OI Ins/Pen Others



### May 2021: USD 144A / Reg.S 5yr 1.0bn

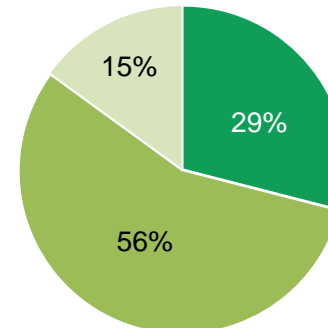
Pricing Date	11-May-21
Format	144A / Reg.S
Issue Amount	USD 1,000mn
Tenor	5yr
Coupon (%)	1.125%
Launch Spread (vs MS)	MS+25bp
Launch Spread (vs Treasury)	T+33.4bp
Listing	London & Tokyo PRO-BOND

#### Key Highlights:

- Successful execution of a USD 1.0bn 5yr transaction
- The orderbook was 1.6x oversubscribed, swelling to \$1.6bn
- Distribution centered on high quality investors with 29% allocations to CB&OI with diversified regions

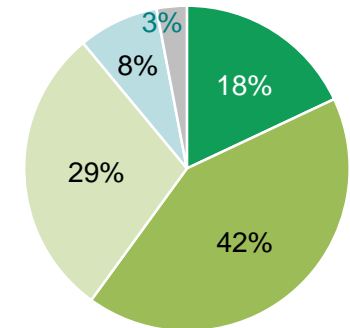
By Region

Asia EMEA US



By Investor Type

AM/HF Bank CB/OI Ins/Pen Others



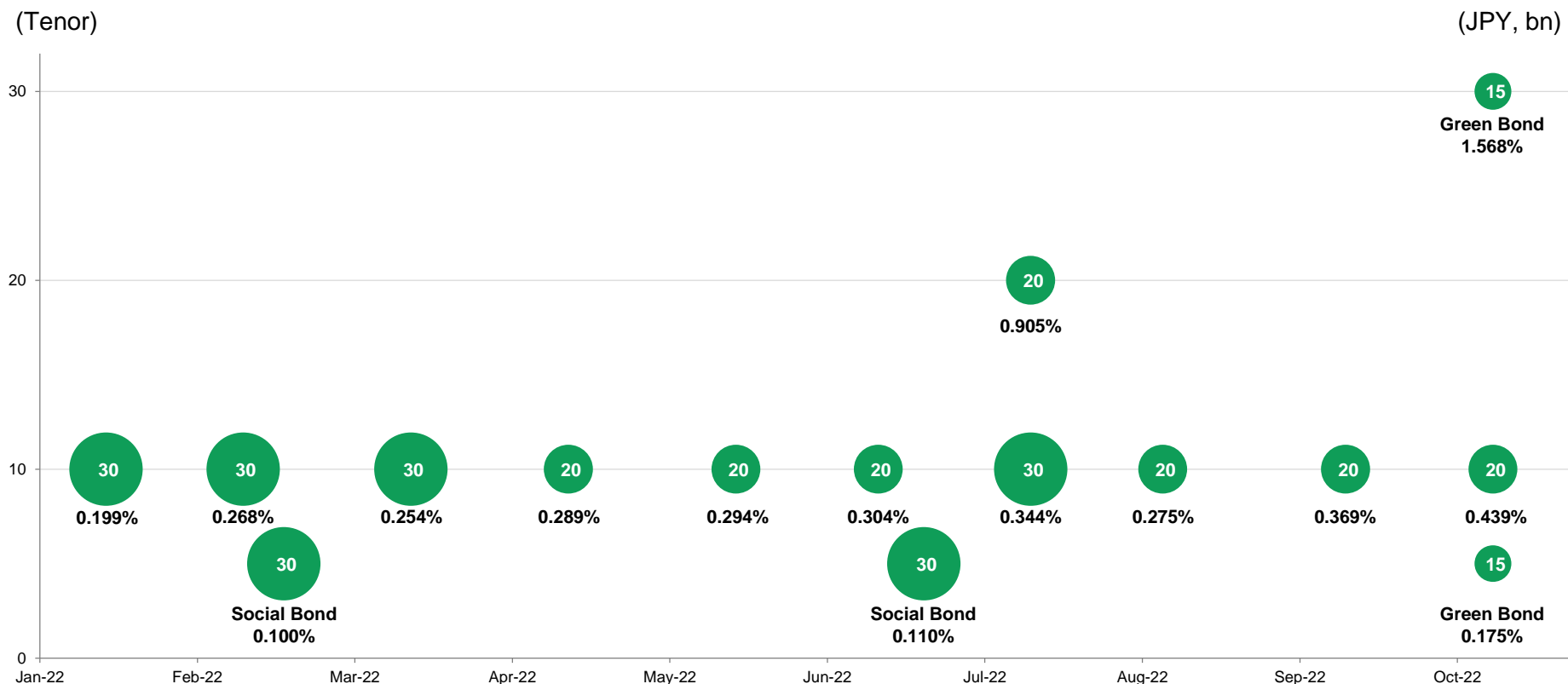
\*Investors' breakdowns are consolidated at the time of allocation

# (3) TMG's Domestic Issuance Summary for 2022

TMG has continuously issued JPY-denominated domestic bond

## TMG's Issuance Record Since 2022 (Tenor/Issue Amount/Coupon, JPY-denominated Public Bonds Only)

- ✓ TMG has continuously issued JPY-denominated domestic bond as the primary municipal bond issuer in Japan, providing by far the highest liquidity to the JPY municipal bond market.



\*Bubble size indicates the issue amount



# (4) TMG's Funding Program for FY2022

TMG is planning to raise approximately JPY 550bn in total for FY2022

## Plan for FY2022 Public Offerings<sup>1, 2</sup> : Total JPY 550bn equivalent (≈USD 3.76bn)

### ✓ International Bonds: About 50bn JPY Equivalent (≈USD 342mn)

	2022									2023			FY2022 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
International Bonds	About 50bn (≈USD 342mn) in total												About 50bn (≈USD342mn)

### ✓ Domestic Bonds: About 500bn JPY in Total (≈USD 3.42bn)

	2022										2023			FY2022 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
10-year Bonds <sup>3</sup>	About 20bn (≈USD 137mn) once a month <sup>3</sup>												About 260bn (≈USD 1.78bn)	
Medium-Term and Super Long-Term Bonds	About 20bn (≈USD 137mn) per single issuance												About 40bn (≈USD 273mn)	
Green Bonds								About 40bn (≈USD 273mn) in total					About 40bn (≈USD 273mn)	
Social Bonds	About 60bn in total (≈USD 410mn)												About 60bn (≈USD 410mn)	
Flex Term	Maturity not yet determined												About 100bn (≈USD 684mn)	

USDJPY=146.29 (as of October 27<sup>th</sup>, 2022)

<sup>1</sup>As of April 1<sup>st</sup>, 2022. This plan is subject to change at any time.

<sup>2</sup>The issue amount of FY2022 will depend on funding needs and market conditions.

<sup>3</sup>10-year bond's funding amount is subject to increase according to the funding needs of TMG.

# (5)TMG's ESG Bonds

Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds

## Issuance History of TMG's ESG Bonds (JPY for Institutional Investors, AUD/USD for Retail Investors)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022(Plan)
Green Bonds	● Tokyo Environmental Supporter Bond AUD 125mn	● Green Bond JPY 10bn AUD 117mn	● Green Bond JPY 10bn USD 89mn	● Green Bond JPY 10bn USD 94mn	● Green Bond JPY 20bn AUD 139mn	● Green Bond JPY 30bn AUD 122mn	● Green Bond JPY 40bn equivalent in total
		SPO					SPO(TBU)
Social Bonds		Inaugural green bonds issued by a Japanese local government				● Social Bond JPY 60bn SPO	● Social Bond JPY 60bn in total SPO(TBU)
		Continuous Issuance of ESG Bonds to Promote the Expansion of Domestic ESG Bond Market					
					Inaugural social bonds issued by a Japanese local government		

\*In FY2020, TMG issued JPY 60bn bond with full net proceeds to be used in accordance with TMG's COVID-19 response measures.

## ESG Bonds Issuance Summary in FY2022

	Green Bonds Series 6		(Series 5 in FY2021)	Social Bonds Series 3
	For Institutional Investors		For Retail Investors <sup>1</sup>	For Institutional Investors
Tenor	5yr	30yr	5yr	5yr
Currency	JPY		AUD	JPY
Coupon	0.175%	1.568%	1.830%	0.110%
Amount	JPY 15bn	JPY 15bn	AUD 122mn	JPY 30bn
Pricing Date	October 14 <sup>th</sup> , 2022		November 18 <sup>th</sup> , 2021	June 24 <sup>th</sup> , 2022
SPO	ISS ESG			R&I

<sup>1</sup> For domestic investors only

# (6)Use of Proceeds / SPO (Tokyo Green Bonds Series 6)

Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds

- TMG has carefully selected the eligible projects that have positive environmental impacts
- Obtained Second Party Opinion from ISS ESG that the Tokyo Green Bonds Framework is in line with ICMA's Green Bond Principles

## Eligible Projects for Tokyo Green Bond Series 6 (17 projects)

### Smart Energy & Urban Development

- Rebuilding and repairing of facilities\*
- Installation of LEDs for facilities and roads
- Development of cycling routes and areas
- Installation of charging infrastructure for zero-emission vehicle (ZEV)
- Purchase of zero-emission vehicles(ZEV)
- Energy conservation within water facilities
- Energy conservation and global warming prevention within sewage facilities



Installation of solar power generation equipment

### Adaptation for Climate Change

- Development of medium and small size rivers
- Development of tidal wave protection facilities
- Development of Tokyo port facilities and islands coastal protection facilities
- Flood countermeasures



Development of regulating reservoir



Development of Levee and water gates in Tokyo port area

### Improvement of Living Environment

- Heat island countermeasures (heat insulation and water absorption)
- Use of environment friendly metropolitan buses
- Improvement of centralized sewerage system

### Natural Environment Conservation

- Rebuilding and repairing of facilities\*
- Development of parks
- Greening along watersides
- Development of the marine park

\* "Rebuilding and repairing of facilities" are categorized in multiple environmental categories

SPO  
Obtained

ISS ESG

- In line with Green Bond Principles
- Obtained SPO that all the project categories indicated below can be mapped with respective SDGs goals, and contributing to those goals as well

	Use of Proceeds	Contribution or Obstruction	Sustainable Development Goals		
Green Real Estate Development	Improved energy and resource efficiency in green real estate	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
	Sustainable plantings in green real estate	Limited Contribution		11 SUSTAINABLE CITIES AND COMMUNITIES	
Renewable Energy	Solar power(rooftop PV system)	Significant Contribution	7 AFFORDABLE AND CLEAN ENERGY		13 CLIMATE ACTION
Sustainable Water and Wastewater Management	Wastewater treatment facility	Significant Contribution		6 CLEAN WATER AND SANITATION	
	Improved energy and resource efficiency in water plant	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY		13 CLIMATE ACTION
Transportation	Public transport vehicles (low pollution non-step bus)	Significant Contribution		13 CLIMATE ACTION	
	Clean transportation charging stations	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY		13 CLIMATE ACTION
	Clean transportation Plug-in hybrid vehicles / Electric motorcycles	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY		13 CLIMATE ACTION
Adaptation to Climate Change	Flood prevention (excluding dams)	Limited Contribution	3 GOOD HEALTH AND WELL-BEING	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
Sustainable Road Development	Heat insulation on roads and pedestrian and cycling paths	Limited Contribution		13 CLIMATE ACTION	

Significant Obstruction Limited Obstruction No Net Impact Limited Contribution Significant Contribution

# (7)Use of Proceeds / SPO (Tokyo Social Bonds Series 3)

*Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds*

- TMG has carefully selected the eligible projects that are for those who are in need of social support
- Obtained Second Party Opinion from Rating and Investment Information, Inc. (R&I) that the Tokyo Social Bonds Framework is in line with ICMA's Social Bond Principles

## Eligible Projects for Tokyo Social Bond Series 3 (25projects)

### Disaster countermeasures for facilities and infrastructure

- Removal of utility poles
- Development of facilities for parks designated as emergency evacuation sites
- Construction of waste disposal sites in the Port of Tokyo
- Subsidize costs for safety measures
- Earthquake resistance of Tokyo metropolitan high schools
- Installation and reinforcement of emergency backup power generation systems in water supply and other facilities
- Earthquake response in sewage operations



Removal of utility poles

### Promotion of industry and employment continuity and generation

- Renovation of employment and job placement promotion facilities etc.

### Infrastructure development for long-term care services

- Provision of subsidies to develop geriatric health services facilities
- Provision of subsidies to develop special nursing homes for the elderly

### Development of child welfare facilities

- Construction and renovation of facilities for individuals (children) with intellectual disabilities

### Measures for aging public facilities and infrastructure

- Life extension of bridges
- Life extension of port facilities
- Port renovation
- Fishing port renovation
- Airport redevelopment
- Renovation of Tokyo metropolitan libraries
- Renovation of cultural facility
- Upgrade of police facilities
- Upgrade of fire stations
- New establishment, expansion and renewal of water supply stations
- Reconstruction of facilities in water reclamation centers and pumping stations



Renovation of Tokyo metropolitan libraries

### Building an educational environment to fully draw out the individuality and potentials of each

- Construction and renovation of Tokyo metropolitan schools
- Construction and renovation of schools for special needs education



























### Universal design for accessible public facilities

- Make sidewalks barrier-free

SPO  
Obtained



- In line with Social Bond Principles
- Obtained SPO that all the project categories indicated below can be mapped with respective SDGs goals, and contributing to those goals as well

Use of Proceeds	Sustainable Development Goals						
Disaster countermeasures for facilities and infrastructure							
Measures for aging public facilities and infrastructure							
Promotion of industry and employment continuity and generation							
Building an educational environment to fully draw out the individuality and potentials of each							
Infrastructure development for long-term care services							
Development of child welfare facilities							
Universal design for accessible public facilities							





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# (1)Tokyo's Long-term Strategy

*Overcome the crisis and clear a path for Tokyo's bright future*

- ✓ In March 2021, TMG proudly announced **“Future Tokyo: Tokyo's Long-Term Strategy”**.
- ✓ For the policy development, TMG has set the concepts of **”Structural Reform”** and **”Sustainable Recovery”** as the center of their “Future Tokyo” strategy.
- ✓ The strategy provides **Tokyo's 20 visions to be achieved in 2040s**, aiming to realize Tokyo to become a safe, beautiful, and enjoyable city leading the world with the whole nation of Japan and, enable people to shine. It is constituted of **20+1 strategies towards 2030** and **122 projects**.
- ✓ Additionally, TMG formulated **““Future Tokyo” Strategy version up 2022”** in February 2022 due to various changes after the Tokyo 2020 Olympic and the COVID-19 Pandemic.
- ✓ In particular, we will utilize **a wide range of hard and soft legacy brought about through the Tokyo 2020 Olympic**, such as crisis management and sustainability initiatives, to realize “Tokyo's Future” with diversity and inclusiveness.



「未来の東京」戦略  
～渋沢・後藤の精神を受け継ぎ、新たな地平を切り拓く～

## <Examples of the strategies and projects>

- ✓ **Strategy12: Strategy for a Tokyo That Has Earning Potential and Generates Innovation**
- ✓ Create the environment needed to transform Tokyo into the world's most business-friendly city where people, goods, money, and information gather from around the globe
- ✓ Project Example: **Project to realize “Global Financial City: Tokyo”**
  - Formulate **“Global Financial City: Tokyo” Vision 2.0** to advance Tokyo's status as a world-class global financial city
  - By strongly promoting **“Tokyo Green Finance Initiative,”** which is a strategic initiative to develop Tokyo's green finance ecosystem, TMG will create a virtuous cycle involving the environment and the economy from Tokyo and simultaneously promote the greenifying of Tokyo's “urban system” and “financial system,” aiming to improve the lives of Tokyo residents and achieve sustainable economic development



- ✓ On July 13<sup>th</sup> 2021, TMG announced **“Tokyo Sustainability Action”**, which outlines the TMG's initiatives and approaches for realization of the SDGs.
- ✓ This publication is based on “Future Tokyo: Tokyo's Long-Term Strategy” and has been prepared as a Voluntary Local Review (VLR), an international initiative in which local governments voluntarily review their measures and progress to achieve the SDGs, and submit a public report on the results of the review to the United Nations.



# (2)TMG's Environmental Goals

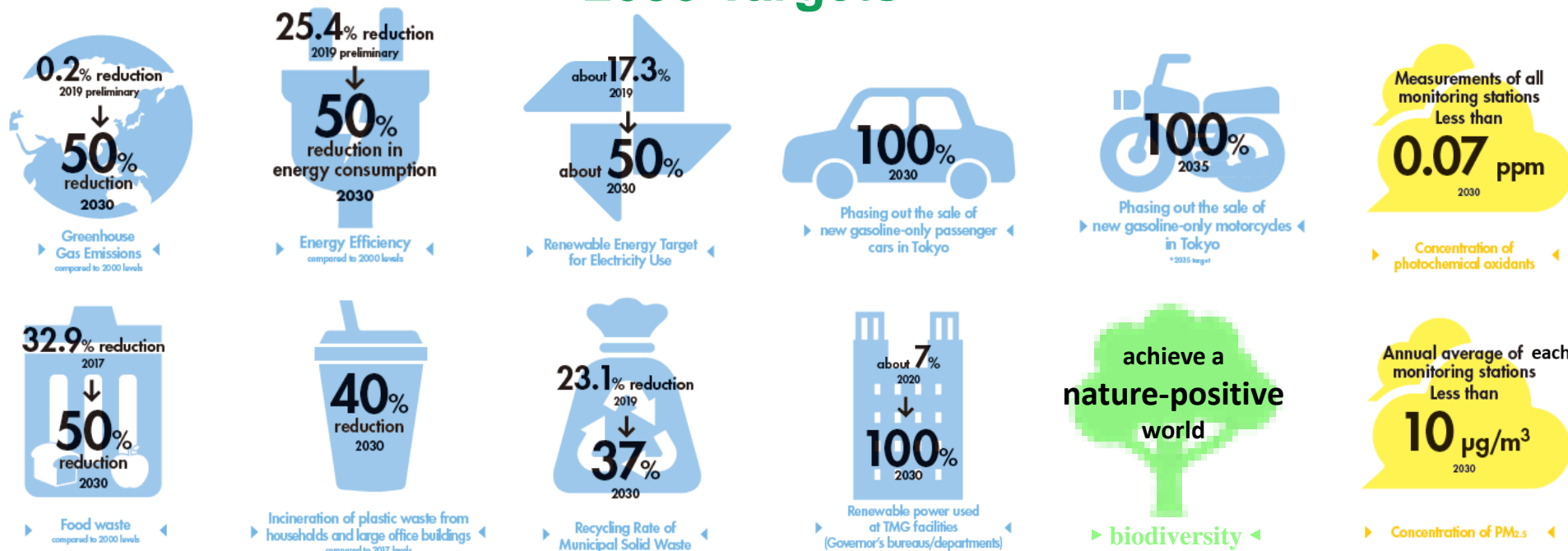
TMG determines policy targets and goals to develop cutting-edge environmental and energy initiatives.

- ✓ To realize "Zero Emission Tokyo" that will contribute to net zero CO2 emissions worldwide by 2050, TMG has announced "Carbon Half" that will halve GHG emissions by 2030 from a 2000 baseline.
- ✓ In September 2022, TMG formulated the new Tokyo Environmental Master Plan, as well as the Basic Policy for Revisions to the Current Ordinance regarding the mandatory solar power generation installation.

Tokyo Environmental Master Plan  
September 2022



## 2030 Targets



Sources: "Zero Emission Tokyo Strategy 2020 Update & Report", March 2021, / "Tokyo Environmental Master Plan"  
"Basic Policy for Revision of Ordinance Programs to Achieve Carbon Half"



- 
- ① Basic Overview of Tokyo
  - ② Financial Highlights
  - ③ TMG Bonds
  - ④ Strategies for Tokyo's Future
  - ⑤ Appendix



# (1) TMG's Accounts

## Local Governments' Ordinary Accounts

— Account Classification defined at Local Autonomy Law etc.

■ Unified Account Classification at Public Finance in Japan

### General Accounts

- Fundamental accounts for TMG, which comprehensively manage cashflows for administration
- Main revenue source is tax income
- Include all types of expenditures imperative for basic operation of local governments

### Special Accounts

- The Special Accounts are established for the execution of specific projects or in cases where there is a necessity for treating specific revenues and expenditures separately from the general ones
- 17 Special Accounts in total

### Public Enterprise Accounts

- Accounts managing cashflows of financially independent public enterprises(i.e. waterworks, underground railways, hospitals, etc.)
- 11 Public Enterprise Accounts in total

## (2)FY2020 Results - Ordinary Account

### Ordinary Account Results

(JPY, bn)

Classification	FY2021	FY2020	Increase/ Decrease	Rate of Change
Annual Revenue	10,139	9,055	1,084	12.0
Metropolitan Tax	5,872	5,293	579	10.9
Two Corporate Taxes	2,119	1,752	367	21.0
National Treasury Disbursements	2,515	1,221	1,294	106.0
TMG Bonds	249	492	-243	-49.5
Others	1,504	2,049	-545	-26.6
Annual Expenditure	9,590	8,610	980	11.4
General Expenditure	7,504	6,596	908	13.8
Expenditure for Public Bond	367	388	-21	-5.4
Others	1,718	1,626	93	5.7
Formal Balance	550	445	104	—
Fiscal Revenue to be carried forward	549	444	104	—
<b>Actual Balance</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>—</b>

\*These figures reflect the cash flows until 31<sup>st</sup> May in the following fiscal year which are attributable to the receivables and payables accrued in the relevant fiscal year.

# (3)FY2020 Results - Public Enterprise Accounts

## Public Enterprise Accounts Results (FY2021)

(JPY, bn)

Account	Profit/Loss Account <sup>1</sup>			Capital Account <sup>2</sup>		
	Revenues	Expenditures	Current Balance	Revenues	Expenditures	Capital Balance <sup>3</sup>
Hospitals	189	176	12	14	28	-14
Central Wholesale Market	21	32	-11	—	3	-3
Urban Redevelopment Project	0	—	0	3	3	0
Waterfront Area Development Project	54	29	25	0	6	-5
Port and Harbor Project	5	4	1	0	0	-0
Transportation	53	59	-6	7	10	-2
Urban Rapid Transit Railway	135	137	-2	66	105	-39
Electric Power	1	1	0	—	0	-0
Waterworks	352	319	33	27	135	-109
Industrial Waterworks	2	6	-4	0	0	-0
Sewerage	383	357	26	166	342	-176

<sup>1</sup>The profit/loss account is an account that records current revenues and expenditures relating to the operation of the business, such as fee revenues, payroll expenses, rent, operating costs, interest expenses and depreciation expenses.

<sup>2</sup>The Capital Account is an account that records capital revenues and expenditures, such as revenue from borrowings, revenue from the sale of properties, expenditures for construction and improvement and expenditures for repayment of borrowings.

<sup>3</sup>The "Capital Balance" figures in the above table do not take into account any balances transferred between fiscal years or any deficit compensations made.

# (4)Key Financial Indicators and the Ratios

Ratio	Details	Results (%)					
		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Ordinary Balance Ratio	Ordinary Balance Ratio is the ratio of the "general revenue sources for the ordinary expenses (such as personnel expenses and bond expenses)" to the "total of ordinary general revenue sources (such as the Metropolitan taxes and local debt with some exceptions)", which indicates flexibility of fiscal structure. For the purpose of calculating the weighted average of all prefectures, "special share of revenue decrease compensation loans" and "extraordinary financial measures loans" are not included in the ordinary general revenue sources.	79.6	82.2	77.5	74.4	84.9	77.8
		(102.3)	(103.0)	(100.7)	(99.8)	—	—
Ratio of Bond Expenses Burden	Ratio of Bond Expenses Burden is the ratio of the "general revenue sources for Bond Expenses" to the "general revenue sources", which indicates fiscal burden level of Bond Expenses by showing the amount of the general revenue sources appropriated to Bond Expenses.	7.3	8.5	6.8	5.6	5.3	5.0
		(18.4)	(18.6)	(18.2)	(17.7)	—	—
Financial Capability Index	Financial Capability Index is an average over three fiscal years (including the fiscal year indicated) of standard financial revenue (being an amount calculated in accordance with the Local Allocation Tax Act of Japan (Act No. 211 of 1950, the "Local Allocation Tax Act") as being a certain proportion of standard tax revenues) divided by standard financial needs (being the annual amount of expenditure estimated to be required for a local authority to perform its administrative affairs at a reasonable level, as calculated in accordance with the Local Tax Allocation Act).	1.101	1.162	1.179	1.177	1.150	1.073
		(0.51)	(0.52)	(0.52)	(0.52)	—	—
Real Debt Payment Ratio	Real Debt Payment Ratio is the ratio of the "general revenue resources appropriated to pay off bonds" to the "standard financial scale". The term "standard financial scale" denotes the scale of ordinary general revenue sources which would normally be raised or received by the relevant local authority under normal conditions (being the total of the standard tax revenue and ordinary local allocation tax).	1.5	1.6	1.5	1.5	1.4	1.5
		(11.9)	(11.4)	(10.9)	(10.5)	—	—
Future Burden Ratio	Future Burden Ratio is the ratio of the "future debts including those of the public-private joint sector as well as expected future debts on the General Account" to the "standard financial scale".	19.8	12.5	22.7	23.6	24.2	37.5
		(173.4)	(173.1)	(173.6)	(172.9)	—	—

\* In the table, top line figures indicate those of TMG and the bottom line figures in parenthesis indicate simple or weighed average of all prefectures.

Source: White Paper on Local Public Finance, Outline of the Ratio for Determining Soundness and Financial Shortfall Ratio based on fiscal 2015 to 2019 account settlements (each published by Ministry of Internal Affairs and Communications).



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