

Summary of Fiscal Year 2022 "Tokyo Metropolitan Government Annual Financial Report"

Summary of Fiscal Year 2022 Ordinary Account

- Due to decreases in expenses accompanying measures against COVID-19, and consequent decreases in national treasury disbursements, **total annual revenues and total annual expenses were 9,755.0 billion yen and 9,188.3 billion yen respectively.**
- Continuing from the previous fiscal year, **actual balance was nearly balanced (3.1 billion yen)**

■ Settlement results

(in billion yen, %)

Item	FY2022	FY2021	Change in amount	Percentage of change
Total annual revenues (A)	9,755.0	10,139.0	Δ 383.9	Δ 3.8
Total annual expenses (B)	9,188.3	9,589.5	Δ 401.2	Δ 4.2
Proforma balance (C=A-B)	566.7	549.5	17.2	-
Fiscal revenues to be carried forward (D)	563.6	548.6	15.0	-
Actual balance (C-D)	3.1	1.0	2.2	-
Ordinary balance ratio	79.5	77.8	-	-
Ratio of expenses for public bonds	4.7	5.0	-	-
TMG bonds balance	3,817.8	3,919.4	Δ 101.6	Δ 2.6

- The **actual balance was nearly balanced at 3.1 billion yen.**
- Mainly due to the increase in redemption funds for principal and interest under expenses for public bonds, **the ordinary balance ratio reached 79.5%** (an increase of 1.7 points compared to the previous fiscal year).
- Mainly due to the increase in metropolitan tax revenues, **the ratio of expenses for public bonds was 4.7%** (an improvement of 0.3 points compared to the previous fiscal year).

■ Annual Revenues

(in billion yen, %)

Item	FY2022	FY2021	Change in amount	Percentage of change
Metropolitan taxes	6,186.9	5,871.5	315.4	5.4
Two corporate taxes	2,269.0	2,119.2	149.8	7.1
Local transfer taxes	63.8	53.3	10.4	19.5
National treasury disbursements	1,258.5	2,514.6	Δ 1,256.0	Δ 49.9
Funds transfers	778.1	284.8	493.2	173.2
TMG bonds	238.7	248.5	Δ 9.8	Δ 3.9
Other	1,229.1	1,166.2	62.8	5.4
Total revenues	9,755.0	10,139.0	Δ 383.9	Δ 3.8

- Mainly due to increased revenues from the two corporate taxes as corporate earnings remain strong, **metropolitan tax revenues increased by 5.4% or 315.4 billion yen.**
- Mainly due to decreases in grants related to anti-Covid measures, **national treasury disbursements decreased by 49.9% or 1,256.0 billion yen.**
- Funds transfers increased by 173.2% or 493.2 billion yen,** mainly due to increases in withdrawals from funds.

■ Annual Expenses

(in billion yen, %)

Item	FY2022	FY2021	Change in amount	Percentage of change
General expenses	6,292.3	7,504.1	Δ 1,211.8	Δ 16.1
Personnel expenses	1,557.6	1,541.8	15.8	1.0
Investment expenses	780.6	766.9	13.7	1.8
Subsidizing expenses	2,230.3	3,914.1	Δ 1,683.8	Δ 43.0
Other	1,723.8	1,281.2	442.6	34.5
Expenses for public bonds	385.3	367.1	18.2	5.0
Tax-related expenses, etc.	2,510.8	1,718.3	792.4	46.1
Total expenses	9,188.3	9,589.5	Δ 401.2	Δ 4.2

- Mainly due to the decrease in subsidizing expenses for anti-Covid measures, **general expenses decreased by 16.1% or 1,211.8 billion yen.**
- Due to the increase in redemption funds for principal and interest, **expenses for public bonds increased by 5.0% or 18.2 billion yen.**
- Mainly due to increases in deposits to the special wards fiscal adjustment account, **tax-related expenses increased by 46.1% or 792.4 billion yen.**

■ Ratios set forth by the Fiscal Consolidation Law

(Unit: %)

Real deficit ratio	Consolidated real deficit ratio	Real debt payment ratio	Future burden ratio	Capital shortage ratio
-	-	1.2	17.3	-
(5.63)	(10.63)	(25.0)	(400.0)	(20.0)

- The real debt payment ratio was **1.2%.**
- The future burden ratio was **17.3%.**

⇒ This is below the standard set by the state.

※ Without deficit, the real deficit ratio and the consolidated real deficit ratio are not shown. Also, without capital shortage, the capital shortage ratios are not shown for every public enterprise account.
 ※ Figures in () are figures set forth by the national government in the early consolidation standard, etc.

Financial Reporting through the New Public Accounting System

— Ordinary Account Financial Statements —

■ Balance Sheet

Item	(in billion yen)		
	FY2022	FY2021	Change in amount
Total Assets	36,303.3	35,538.8	764.4
Administrative assets	8,100.8	8,079.5	21.3
Infrastructure assets	15,053.3	15,024.5	28.8
Fund reserves	4,222.4	4,047.9	174.4
Total liabilities	6,518.7	6,582.3	Δ 63.5
TMG bonds	5,425.0	5,491.9	Δ 66.9
Total net assets	29,784.5	28,956.5	828.0
Total liabilities and net assets	36,303.3	35,538.8	764.4

- **Administrative assets** such as TMG schools, and **infrastructure assets** such as roads and bridges, account for **about 60%** of the **36,303.3 billion yen** asset total.
- **TMG bonds** account for **about 80%** of the **6,518.7 billion yen** liabilities total.
- Total net assets came to **29,784.5 billion yen**, an increase of 828.0 billion yen compared to the previous fiscal year.

■ Administrative Cost Statement

Item	(in billion yen)		
	FY2022	FY2021	Change in amount
Ordinary balance			
Administrative revenues	7,840.8	8,751.1	Δ 910.3
Local taxes	6,184.9	5,834.5	350.4
Administrative expenses	7,224.5	8,592.5	Δ 1,368.0
Subsidizing expenses, etc.	2,061.3	3,682.0	Δ 1,620.7
Ordinary balance	583.5	120.0	463.5
Special balance	Δ 64.4	Δ 14.9	Δ 49.5
Balance for the current period	519.0	105.0	414.0

- Total administrative revenues was **7,840.8 billion yen**, of which **local taxes** accounted for **about 80%**.
- Total administrative expenses was **7,224.5 billion yen**, of which **Subsidizing expenses**, **tax-related expenses**, and **payroll-related expenses** accounted for **about 70%**.
- The balance for the current period came to **519.0 billion yen**, an increase of 414.0 billion yen compared to the previous fiscal year.

■ Cash Flow Statement

Item	(in billion yen)	
	Amount	
Balance of administrative service activities	904.9	
Balance of social capital improvement activities	Δ 781.8	
Balance of administrative activities cash flow	123.0	
Balance of financing activities	Δ 105.8	
Balance carried forward from the previous year	549.5	
Proforma balance (carried forward to the next year)	566.7	

- The balance of administrative activities cash flow stood at **123.0 billion yen in net revenues**, mainly due to increased metropolitan tax revenues.
- The balance of financing activities was **105.8 billion yen in net expenses**, as TMG bonds issuance decreased due to decreased operating expenses following careful examinations of annual expenses.

— Comprehensive Financial Statements —

Item	(in billion yen)		
	FY2022	FY2021	Change in amount
Total assets	50,194.6	49,184.0	1,010.6
I Current assets	4,063.7	3,907.4	156.2
II Fixed assets	46,130.9	45,276.5	854.4
III Deferred assets	0	0	Δ 0
Total liabilities	13,507.3	13,375.1	132.2
I Current liabilities	1,482.8	1,300.1	182.6
II Fixed liabilities	9,856.5	9,880.6	Δ 24.0
III Deferred revenues	2,167.9	2,194.3	Δ 26.4
Total net assets	36,687.3	35,808.9	878.4
Total liabilities and net assets	50,194.6	49,184.0	1,010.6

- The scope of TMG comprehensive financial statements covers the **ordinary account for TMG itself**, **3 special accounts outside of the scope of the ordinary account**, **10 public enterprise accounts**, and for organizations other than TMG, **32 policy cooperation bodies**, and **4 local independent administrative corporations**.
- Totals for the TMG comprehensive balance sheet all showed increases compared to the previous fiscal year, with **50,194.6 billion yen** for total assets, **13,507.3 billion yen** for total liabilities, and **36,687.3 billion yen** for total net assets.

Fiscal Year 2022 Financial Results Topic and Future Financial Management

Fiscal Year 2022 Financial Results Topic

- Full-scale responses, such as the formation of **supplementary budgets that effectively utilize TMG financial resources**, as well as **national government grants**, are being taken, in order to implement necessary measures appropriately without missing any opportunities amid the increasing severity of environments surrounding the livelihoods of Tokyo citizens and businesses, due to the soaring costs of raw materials and the progressively weaker yen triggered by the Ukraine crisis after the initial budget formation, in addition to the on-going Covid crisis.

Measures against COVID-19

- Firmly securing financial resources from the national government** for spread prevention measures to be applied as common nationwide measures in accordance with national policies.
- Utilizing TMG financial resources for measures that take actual conditions in Tokyo into consideration, such as the implementation of measures for groups with a higher risk of developing serious illness, such as the elderly, amid a wave of infections caused by the emergence of the highly infectious omicron strain.

Basis of measures	Expenditure
1 Measures to prevent the spread of COVID-19	848.2 billion yen
2 Reinforcement/enhancement of safety nets that the support economic activities and livelihoods of Tokyo citizens	214.5 billion yen
3 Approaches aiming for compatibility with spread prevention measures and socio-economic activities	61.3 billion yen
4 Approaches to overcome immediate crises by promoting transformation of social structures	0.8 billion yen
Total	1,124.9 billion yen

■ Measures taking actual conditions in Tokyo into consideration ¥311.4 billion

Small and medium enterprise financing system, etc.,
Support projects for measures against COVID-19 by small and medium enterprises, etc.,
Projects to promote the acceptance of elderly persons requiring care, etc.

TMG financial resources 85%



■ Common nationwide approaches ¥813.5 billion

Spread prevention assistance fund,
Hospital bed securing fee subsidy for patient acceptance,
Regional tourism support projects, etc.

TMG financial resources 8%



Measures in view of steep rises in prices

- Regarding **direct support in relation to steep rises in prices**, financial resources from the national government are utilized based on the view that such support should be provided by the national government.
- Proactive utilization of TMG financial resources** in relation to approaches that contribute to the stable supply of electricity, and approaches that lead to decarbonisation and changes in industrial structures, with an eye to the future.

Basis of measures	Expenditure
1 Approaches that protect the livelihoods of Tokyo citizens and Tokyo's economy from crises such as steep rises in prices.	103.6 billion yen
2 Approaches that deal with energy crises and approaches that lead to the realization of decarbonisation.	115.3 billion yen
Total	218.9 billion yen

TMG Financial Status and Colossal Financial Demands

- Even with the impacts of the Covid crisis and steep rises in prices, etc., FY2022 **financial capabilities were maintained at a certain level**.
- Meanwhile, forecasting the future of TMG finances remains difficult, and there is a need for financial management that recognizes the **colossal financial demands facing the TMG**.

Unavoidable financial demands

- Social security related expenses and social capital stock maintenance and renewal costs have increased** due to changes in population structures and the passage of time.

Investment in the future

- There is a need for the proactive promotion of measures with a view to the future**, in order to pass down of a "Future Tokyo" full of hope to subsequent generations.

Realization of a children-first society

- With the rapid progression of the low birth rate, **measures for Tokyo**, which accounts for a high percentage of births in Japan, **are important**.
- Enhancement of approaches for child/child-rearing households**, with a view towards the realization of a society in which those who so wish can bear and raise children with ease.

Increasing the city's resilience

- Promotion of the "TOKYO Resilience Project"** in order to pass down a safe and secure city for future generations.
- Total project scale estimated to reach ¥15 trillion by the 2040s.**

Realization of a carbon-free society

- As a **major consumer of energy**, the city **must lead and contribute to the conversion to a carbon-free society**.
- Advancement of social change for the **realization of Zero Emission Tokyo**, with the promotion of combined and multi-layered measures for decarbonisation.

Reinforcement of international competitiveness

- There is a need to **utilize Tokyo's merits of agglomeration**, in order to reinforce the international competitiveness of Japan as a whole.
- Support for start-ups and proactive investment in growth sectors such as GX/DX**, is essential.

Financial Management with an Eye to the Future

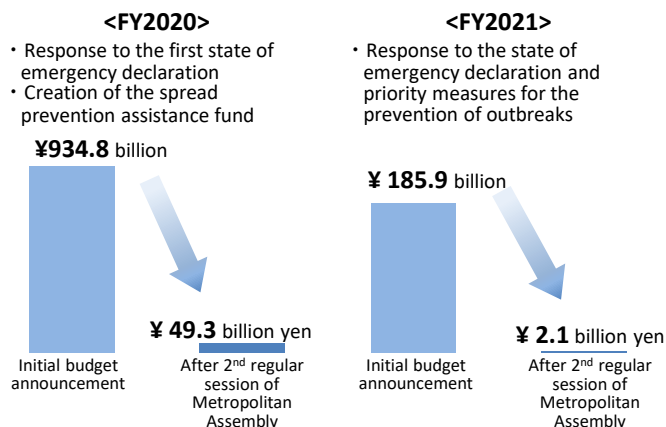
- For the proactive promotion of measures for the realization of a bright “Future Tokyo”, in addition to responses to unavoidable financial demands, we are **promoting sustainable financial management by maintaining financial capabilities and promoting the metabolism of measures.**

Strategic utilization of funds

- The strategic utilization of funds is extremely important for **steady responses to future colossal financial demands and emergency issues.**

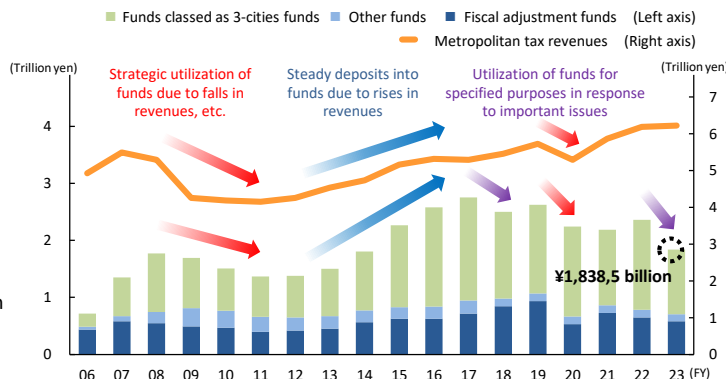
■ Utilization of fiscal adjustment funds

- Through **strategic preparation** based on the experience of past funds balance depletion, we **can also respond to unexpected changes in social conditions** occurring after initial budget formation, such as the Covid crisis.



■ Utilization of funds for specified purposes

- In FY2022, working towards the reinforcement of a financial foundation to enable the capital, Tokyo, to continuously evolve into city that generates new value, we **created new funds** and implemented **reserves for existing funds**, which are **proactively utilized in FY2023.**



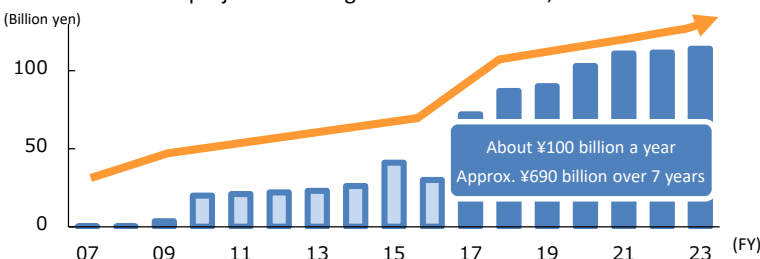
Strategic utilization of TMG bonds

- Systematic and strategic utilization** taking the benefits and burdens for future generations into consideration.
- ESG investment support and the realization of SDGs from the financial sector.**

Integrated implementation of reviews

■ Amount of financial resources secured through project reviews

- Steady **securing of financial resources** through thorough and well-organized budget formation, such as thorough post-project verification of projects reaching their ends of terms, etc.



■ Establishment of group cooperation project evaluation

- Shifting evaluations of policy cooperation organizations to a **mechanism that leads to reviews of specific projects etc., from a perspective that places greater priority on achievements**

- Setting of collaborative targets for the TMG and policy cooperation organizations to work toward, and project targets for the organizations.
- Analyses of target achievement status and issues, with the opinions of outside experts taken into consideration.
- Evaluation of directionality of specific projects reviews, etc.

Mechanisms that promote independent reviews by each bureau

- For projects requiring further reviews, in principle, the ceiling will continue to be set at **minus 10% of the total amount.**

Impact of the National Government's Unreasonable "Measures to Correct Uneven Distribution"

- Unreasonable reviews of local corporation tax in FY2008, the so called "Measures to Correct Uneven Distribution", have resulted in decreased revenues of 1.3 trillion yen for a single year and a cumulative decrease of 7.9 trillion yen.
- The **reduced revenues** amount for the TMG and municipalities within Tokyo due to the "Hometown Tax" are **increasing every year**, rising to **decreases of approx. 170.0 billion yen for a single year and a cumulative decrease of approx. 760.0 billion yen.**
- The impact these measures have on TMG finances is significant, and when comparing general revenue source amounts per capita including local taxes and local allocation tax grants, **the level in Tokyo is below the average of prefectural government**, indicating that **there are no irregularities requiring correction.**

