

Outlook for Facility Management in Urban Local Governments -Fiscal Challenges and the Future Social Landscape-

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Outlook for Facility Management in Urban Local Governments

-Fiscal Challenges and the Future Social Landscape-

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1 Facility management and fiscal challenges

The public facility management is thought to be one of the significant strategy for current effective public administration. Then what are the keys for the future public facility management based on Japanese experiences? This paper considers this subject through outlining the fiscal challenges and measures relating to public facility and infrastructure (hereafter, “public facilities.”) in the light of the future social landscape.

(1) Management of public facilities etc. and public assets reform

Facility management including efficient use of public assets is now regarded as an important aspect of the public assets reform, which local authorities pursue as part of their fiscal management activities (Ref. **Table1**).

Table1 Structure of public assets reform

Public assets reform	Effective development and management of public assets		Development of public assets	PFI, etc.
			Management of public assets	Designated administrator, etc.
	Facility management	Effective use of public assets	Efficient asset management	Extending lives of public assets, comprehensive outsourcing of management, etc.
			Leveraging added value of assets	Paid advertising system, naming rights sponsorship, etc.
			Consolidation/reorganization of assets	Rearrangement of public facilities for quantitative reduction in total , etc.
			Making use of public assets	Conversion to a different use, turning to a multi-purpose complex, forming networks, strategic disposal by sale, etc.
		Demolition and removal of public assets		Use of efficient demolition/removal methods
	Enrichment of public assets information	Public accounting reform	Preparation of the four designated forms of financial statements, a fixed asset register and a database, etc.	

Source; Created by the author.

It is important for a local government to look at an overall picture of public assets while moving towards comprehensive facility management, bearing in mind passing on the use of these public assets to future generations.

(2) Points in considering fiscal management of public facilities etc.

A. Balance with various fiscal indicators

The fiscal management of public facilities might be measured by using the per-capita total floor area of the facili-

ties for a local government to compare it with those of other similar local governments.

But it is more important to take a comprehensive approach to facility management based on comparisons, as Hadano City Government did, in terms of various fiscal indicators which show the actual fiscal structure of the local government, such as a financial capability indicator, future burden ratio, and real debt service ratio.

B. Cross-sectional management

To facilitate the rational fiscal management of public facilities requires consideration of how to prepare an integral budget for renewal, repair and management costs. It is thus desirable to adopt a cross-sectional approach to the management of public facilities as far as possible, so as to avoid the adverse effects of bureaucratic sectionalism of administrative departments. For instance, if the necessary expenses to maintain and operate all the public facilities owned by the local government are divided into two categories, “management costs” and “maintenance costs,” under the latter concept of which (i.e. the total costs of repair and renewal for the facilities) the budget could be distributed both among related departments and fiscal years, as Yokohama City Government does.

Therefore, by introducing a cross-sectional approach like this, the local government will be able to work more systematically for the fiscal management. Similarly, the Fukuoka City Government sets the budget framework, called the assets framework, for the management of public facilities, which is administered centrally by the finance bureau.

C. Combination of several management methods

There are a variety of methods for facility management, as shown in Table 1. In reality, the facility management is not necessarily limited to using only one method. Rather, it is more important to combine methods for effective management, such as the extension of facility life and total quantitative reduction of facilities, leading to the control of overall life-cycle costs of the facilities.

D. Dissemination of factual information

In order to facilitate total quantitative reduction/life-extension measures for public facilities, it is necessary to present to residents the empirical data on actual costs and future prospects rather than an abstract or theoretical explanation. For this purpose, one good example is to publish the White Paper on Public Facilities which shows the operational status and cost information of each facility in a list to show the comparative cost-performance of facilities. It is also important for the local government to “express” the seriousness of the issues of facility updates and maintenance as a sincere message to the citizens, that is, taxpayers.

Take for example, the Fujisawa City Government, which investigates and analyzes its public facilities in terms of both cost and stock information (Ref. **Figure 1**). The cost information is figured out from the administrative cost account statements and other relevant materials to convey the total expenditures for managing the overall building and providing administrative services there, including the personnel expenses and other operational costs. The stock information relates to the physical state of land and buildings such as the aging issue, as well as their actual status of use and operation. Understanding the state of public facilities and administrative services provided there from the perspectives of both cost and stock information helps to cast new light on the issues and problems with current administrative works.

Figure1 Cost and Stock Information

Cost Information*		Stock Information		
Overall cost		State of properties	Usage data	Operational data
Costs for operating facilities	Costs for managing facilities			
Personnel Operation Outsourcing Other supplies and services (Supplies) (Communications and logistics)	Maintenance (Utilities) (Outsourced property management) (Minor repairs) Major repairs Major renovations Depreciation	Overview (Number and size of facilities, etc.) Physical information (Deterioration, earthquake resistance barrier-free design, etc.) Layouts	Purpose and operation descriptions Target users Local conditions Facility composition Usage data	Operational style Operational days/hours/records Allocated personnel Revenues Spending

*Identify all costs including hitherto-obscure costs for personnel and operational

The expectations are that public facilities are effectively leveraged based on the understanding of both cost and asset (stock) aspects of administrative services.

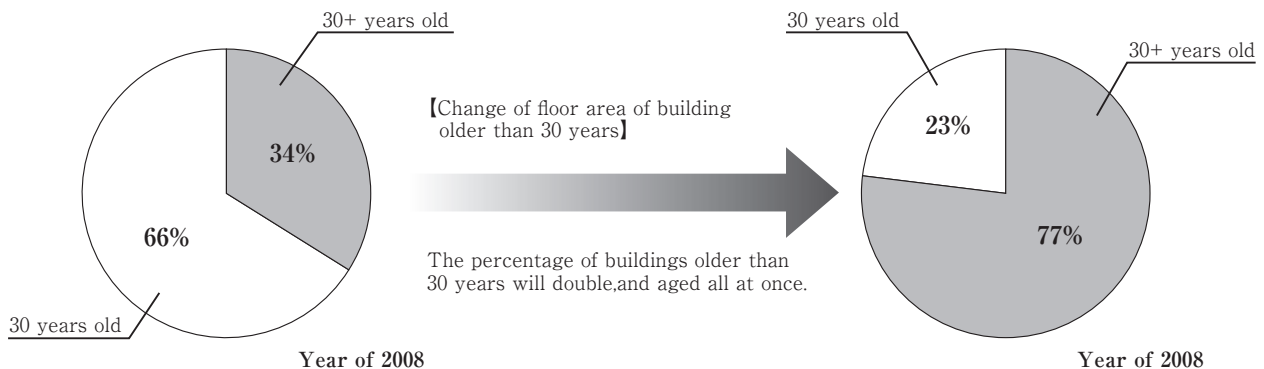
- For the future administrative management, it will be a fundamental necessity to employ new perspectives for facility management based on cross-sectional identification and analysis of the cost for providing administrative services in public facilities, which accounts for 60% of the total spending, and the stock conditions of land and properties as well as the services provided in the buildings.
- It will also be important to elucidate and analyze the current conditions of the facilities, and prepare and disclose the information to citizens in a form of "White Paper on Public Facility Management", to ensure the participation of the local population in considering measures for improvement.

Source: "White Paper on Public Facilities Management in Fujisawa City," Fujisawa City Government (translation by the author).

The Hadano City Government, after comparing the states of its public facilities in 2008 and in 2018, also presents the cost estimate of 75 billion yen required for large-scale renovations and updating works in the coming 40 years when maintaining all the facilities. In addition, as a result of an aging and declining population, the total local population is predicted to be approximately 160,000 in 2034 (10,000 down from 2013) and the productive-age population will be 96,000 (20,000 down from 2013). By contrasting the huge expense estimated for large-scale facility renewals and updating works with the decline in the productive-age population, who are the taxpayers, the Hadano City Government concludes in its White Paper on Public Facilities that, "It will be impossible in this city to maintain all the existing public buildings (Hakomono) in the near future," sending a clear message to the local citizens and others. As seen in this example, it is important to disseminate information and opinions which are fact-based and unambiguous. (Ref. Figure2)

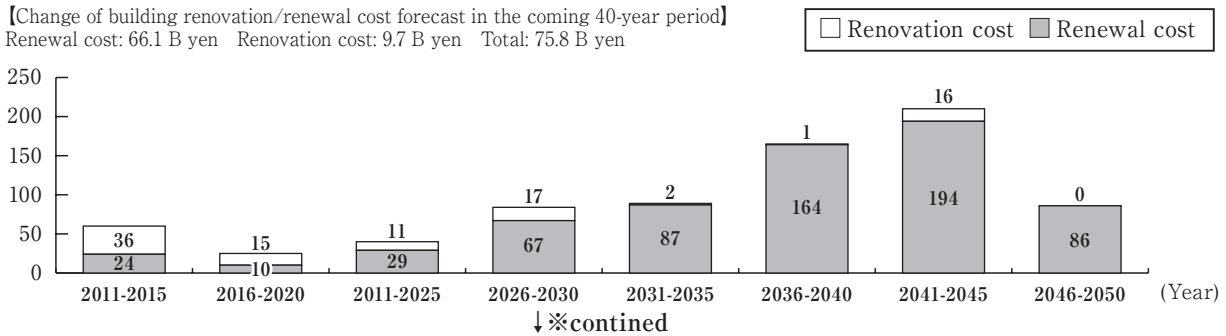
Figure2 Message to local residents expressed in White Paper on Public Facilities in Hadano City

(1) Hadano City had sharp population growth over a period in the mid-1960s to the 70s as a bedroom community. Many public buildings called "Hakomono" such as schools were constructed during this period, and these buildings will age and reach the time for renewal all at once.



(2) In order to maintain all the existing "Hakomono", the cost for large-scale renovation and renewal will be more than 75 billion yen to be expected in the coming 40 years, even if elementary/junior-high schools were streamlined according to the decline in the student population. In particular, the 10-year period following 2036 will see a peak demand for operating cost, which is estimated at 3.6 billion yen per year on average.

[Change of building renovation/renewal cost forecast in the coming 40-year period]
Renewal cost: 66.1 B yen Renovation cost: 9.7 B yen Total: 75.8 B yen



[Summary] The issue regarding public renewal has been discussed based on the case of Hadano City. This discussion leads to the three points of conclusion as follows.

- ① All the existing "Hakomono" cannot be maintained.
- ② This is not because of specific faults of Hadano City Government such as administrative neglect. The same can happen in any region across Japan, because the problem is related to the country's structural and social issues.
- ③ To pursue only the convenience and wealth of citizens today will result in passing on a heavy burden to future generations.

Source: "White Paper on Public Facilities in Hadano City", Hadano City Government (translation by the author).

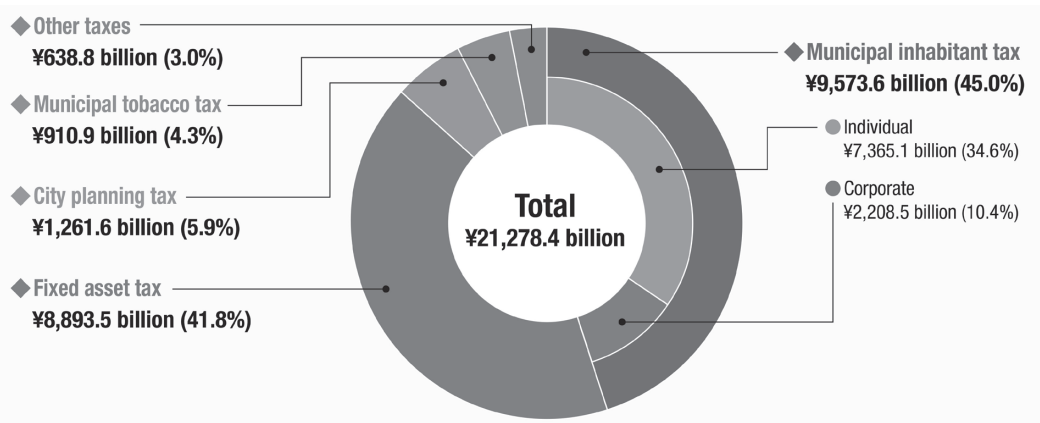
(3) Approaches for securing funds

A. Appropriate projection of tax revenue

The projection of productive-age population in the future is closely associated with future tax revenues of a local government. Therefore, in this demographic forecast, the shift of the productive-age population must be paid attention to, together with those of the elderly and youth.

The municipal inhabitant tax, which is levied on each individual and corporate income, etc., accounts for 45.0%, a large percentage of the total municipal tax revenue in the fiscal year of 2016, second to the property tax (Ref. Figure3).

Figure3 The breakdown of Municipality Tax (FY2016)



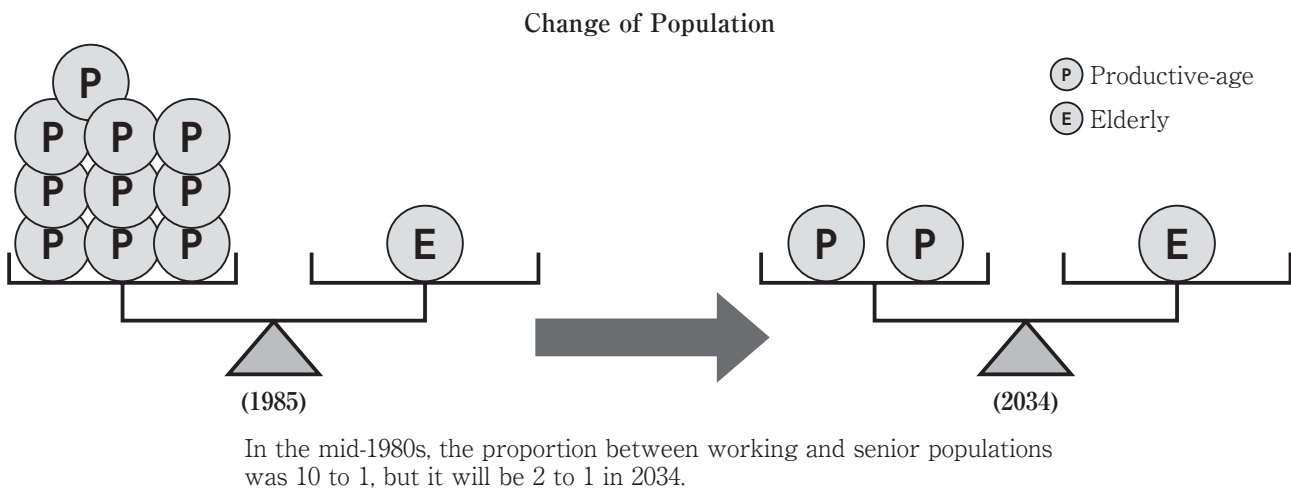
Source: "White Paper on Local Public Finance, 2018"

(http://www.soumu.go.jp/iken/zaisei/30data/chihouzaisei_2018_en.pdf)

This indicates that the local tax revenue significantly relies on the number of taxpayers residing in the municipality. The Hadano City Government compares the productive-age populations of 1985 and 2034; the decrease in the productive-age population will be greater than that in the total population, pointing out the possible decline in future tax revenues. (Ref. Figure4).

Figure4 Changes and prospects of population and the aher indicators in Hadano City

Year	Gross population (people)	Productive-age population (people)	Elderly population (people)	Floor areas of "Hakomono" (m ²)
S60 (1985)	142,000	96,000	9,000	210,000
H21 (2009)	170,000	116,000	33,000	310,000
H46 (2034)	160,000	96,000	49,000	?



Source; "White Paper on Public Facilities in Hadano City," Hadano City Government (translation by the author).

B. Accurate understanding of the "peak" of fiscal demands

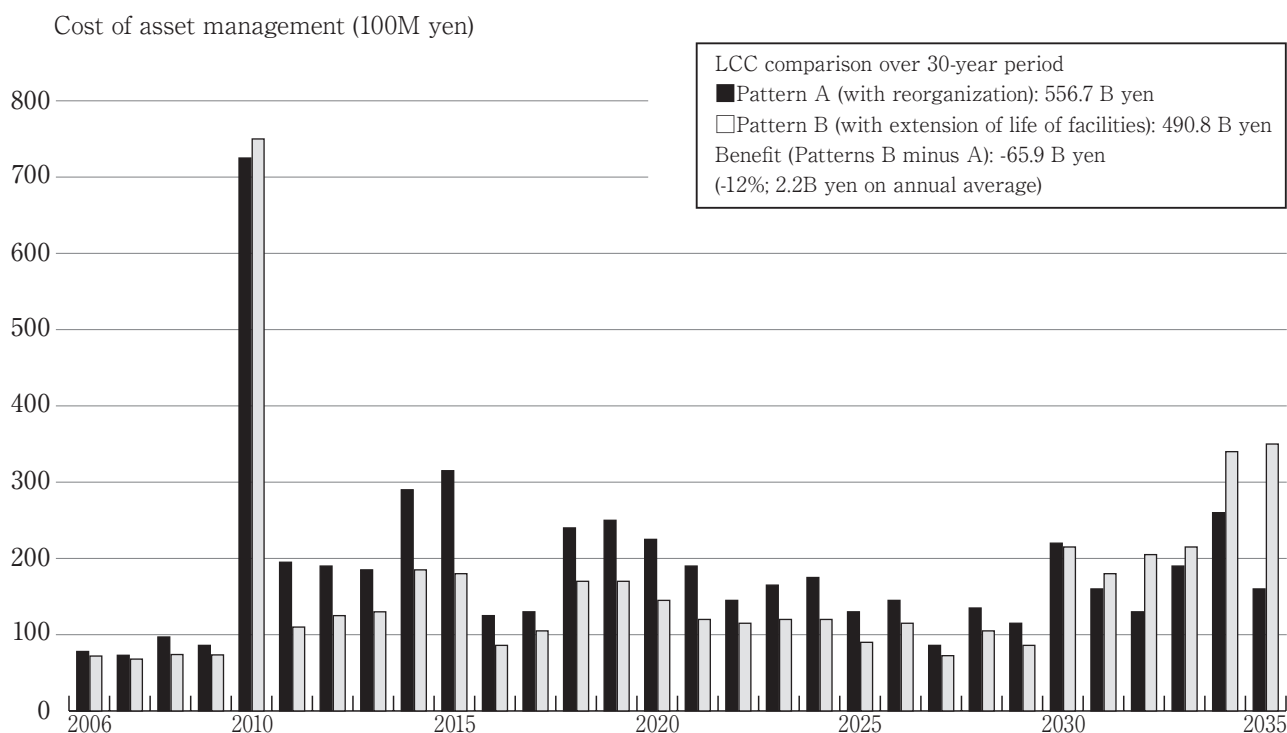
It is important for a local government to correctly calculate the necessary expenditures based on its policies for updating and renovating public facilities etc., and know exactly when and how much will be required most at the "peak". Each local government had a different period during which public facilities construction was focused (that is the first "peak"). Some pursued mass construction in the 1970s and 80s, when the country saw a population boost, while others may have done so during the period of economic measures in the early 1990s. The municipal mergers around 2008 also stirred up a construction rush. Those buildings that were constructed intensively during these specific periods will come to need updating all together, and this will be the second "peak". The most difficult task at that time will be to secure the funds for conducting the work. Local governments must have taken measures in advance to appropriately handle the fiscal needs which will grow sharply during those periods of facility updates.

In principle, the following measures will be useful and necessary: (1) securing a reserve fund through cost-cutting in the local administration; (2) postponing the "peak" by extending the life of facilities; (3) adjusting the timing for renovation work through the extension of facility life to level out the spending demand; (4) quantitative reduc-

tion of existing facilities in total; and (5) general cost-cutting efforts (reduction of expenses). Whichever means are taken, the governments need to carefully plan their fiscal management.

Aomori Prefecture, for example, estimates the timing for renovating facilities owned by the Prefecture and the reduction of their life-cycle costs, by combining the reorganization, life-extension and other cost-cutting measures of facilities. (Ref. Figure5).

Figure5 Comparison of LCC estimates under the life-extension measures in Aomori Prefecture



Source: "Guideline for Life-extension of Prefecture-owed Facilities in Aomori," Aomori Prefectural Government/(translation by the author).

C. Securing revenues from advertising fees

Facility management involves not only large-scale measures at a macro-level such as quantitative reduction of facilities in total, but also leveraging measures of the added value of facilities at a micro-level. The typical example of a micro-level initiative is the procurement of advertisement fees from public properties. Recent approaches include placing advertisements on large projection screens in government office buildings, floor mats in their entrance halls, and benches in their reception areas, as well as utilizing the space of public properties such as space leasing works for setting up beverage vending machines on the premises. In other examples, including the Nagaryama City System of calling for a project proposal of designing a package of facility usage, such an approach as maximizing the available space of public facilities is planned and carried out.

D. Naming rights sponsorship

The tendering of naming rights is now a prominent measure of leveraging the added value of public facilities. Naming rights are the rights to give names to specific facilities, and this is a contractual claim including incidental claims. A local government grants the right to name a facility to a corporate entity (known as a partner), and the partner pays for the privilege based on a contract. The conventional practice set in a standard contract is to regard the name given by the partner as a trade name, while retaining the facility's official (legal) name unchanged.

The naming rights sponsorship introduced by local governments has become a popular means of gaining revenues since 2003. (Ref. Table2)

Table2 Status of the naming rights sponsorships introduced by local government as of October 2013

Name	Proprietor	Starting year	Contract Value (B yen) Nick name	Contract term (Year)	Per-annum contract value (Byen/year)	Naming rights partner (industry)
Tokyo Stadium	Tokyo Metropolitan Government	Initial Period				Ajinomoto (food)
		2003	1.2 Ajinomoto Stadium	5	0.24	
		Recent Years				
		2008	1.2 Ajinomoto Stadium	6	0.22	
Kobe sports park	City of Kobe	Initial Period				Hotto Motto (food)
		2003	0.2 Green Stadium Kobe	2	0.10	
		Recent Years				
		2011	0.14 Hotto Motto Field Kobe	4	0.035	
International Stadium Yokohama	City of Yokohama	Initial Period				Nissan Motor (transportation equipment)
		2004	2.35 Nissan Stadium	5	0.47	
		Recent Years				
		2013	0.45 Nissan Stadium	3	0.15	
Miyagi Baseball Stadium	Miyagi Prefecture	Initial Period				Nippon Paper Group (paper making)
		2005	0.6 Fullcast Stadium Miyagi	3	0.20	
		Recent Years				
		2008	0.75 Kleenex Stadium Miyagi	3	0.25	
Shibuya Public Hall	Special Ward of Shibuya	Initial Period				Initial partner : Suntory (beverage)
		2006	0.42 SHIBUYA C.C.Lemon Hall	5	0.084	
		Recent Years				
		—	—	—	—	

Source; Created by the author based on the information taken from related local governments' websites.

In terms of the values in initial and current contracts, there are cases of decrease (e.g., Tokyo Stadium) and increase (the Miyagi Baseball Stadium). The supply-demand balance is expected to change in the future depending on the advantages seen from the partner's viewpoint (e.g., the nature of the facility, the ability of attracting more customers, the frequency of mass-media exposure, and the advertising opportunities for the partner to portray its local contributions).

In recent years, apart from the approach in which the local government specifies facilities to be named, there are various other approaches to this naming rights sponsorship, one of which calls for sponsors who specify the facility to put their chosen names on (proposal-style sponsorship). This is the case of Yokohama City (Ref. Table 3).

Table 3 Naming rights sponsorship recruited based on the "suggestion offer model" in Yokohama City

Matano Park and Yokohama University of Pharmacy Stadium (*The first case in Yokohama.)	Counterpart: Tsuzuki Integrated Educational Institution/ Yokohama University of Pharmacy Contract term Contract term; 10 years, Aug. 1, 2009-Jul. 31, 2019 Contract value (annual): 10M yen
Bay Quarter Walk	Counterpart: Mitsubishi Logistics Corporation Contract term; 5 years, Dec. 1, 2009- Nov. 30, 2014 Contract value (annual): 8 M yen
Do Amenity-Shin-Yokohama Station square restroom-Kawayado Toilet Diagnosis Expert	Counterpart: Amenity Contract term; 3 years, Oct. 20, 2011 -Oct. 19, 2014 Consideration: provision of public toilets maintenance services to improve user comfort and proper maintenance (equivalent to 5.6 M yen for 3 years)
Cup Noodle Museum Park	Counterpart: Nissin Foods Holdings Co, Ltd Contract term; 10 years, Aug. 1, 2012 -Jul. 31, 2022 Contract value (annual): 5 M yen

Source: Created by the author based on "List of Naming Rights Sponsored Facilities" on Yokohama City Government web page.

The public facilities chosen by sponsors for naming include a baseball pitch in a park area, a pedestrian deck, public toilets and a lawn area. This illustrates that, seen from the potential sponsors, the naming rights may be found valuable for such facilities close to their locations but that local governments are likely to overlook them. In a broad sense, this style of naming rights sponsorship can be a potential process to discover local assets to be leveraged, and can also be an important method in the future.

(4) Approaches for reducing financial burden

A. Prolonging the life of public facilities

In general, architectural structures have been rebuilt every 30 to 40 years on average, but the actual life of structural frames is said to be longer. While conventionally public facilities were rebuilt due to changing social needs and/or material deterioration despite structural soundness, maintaining the facilities for a longer period contributes to a cost reduction as far as the structural frame is sound. Thus, it is an effective choice to extend the facility life by refurbishment for continuing safe and comfortable use, instead of a total reconstruction. By taking the life

extension option for public facilities etc. the facility renovation/updating expenses can be made smaller during the certain period than the conventional practice of rebuilding new facilities. There are cases of combining this method with the quantitative reduction of public facilities, etc. in total.

B. Quantitative reduction of public facilities in total

It is an important task to reorganize existing facilities, which involves having clear criteria to determine which facilities should be kept, consolidated or terminated. Some governments engage in this task by taking the public opinions from an awareness survey into consideration and others by utilizing an objective score-based evaluation scheme. For example, the Hadano City Government sets up certain target figures for the rearrangement of public facilities in its policy; “during the coming 40-year period, primary/junior-high schools and other facilities will be reduced by 26% and 43% respectively, with a total of 31% reduction, an equivalent to 72,400 square-meters of floor area. This would achieve a saving of 34.7 billion yen in facility renewal and operational costs, and contribute towards solving the funding shortage.”

In municipalities where municipal mergers resulted in having too many public facilities, some of them may be offering redundant administrative services. Thus, it is necessary for such municipalities to conduct a post-merger investigation to plan a new optimal facility distribution. Take Misato Town in Akita Prefecture; their public facilities reorganization plan takes 147 facilities, and sorts them into the categories of “merger, partial merger, management review and status quo”. Having clear target figures is valuable for the purpose of having internal consensus, ensuring accountability to citizens, and planning fiscal management.

C. Efficient operation and management of public assets

There are some examples in which local governments manage their public assets efficiently by the comprehensive outsourcing of maintenance and inspection works for a number of public facilities that come under various administrative divisions to a single agent, thereby attaining low maintenance cost and some inclusive services (such as a breakage repair service). For example, in Nagareyama City, each public facility such as a government building or a school building previously commissioned the maintenance work for elevators, electric systems and air conditioning systems separately.

This system did not allow the local government to have a comprehensive view of the total works and costs involved in facility maintenance. Thus, they switched to inclusive facility management outsourcing¹, centralizing the delegation of the maintenance and inspection works. As a result, they achieved a significant reduction in administrative work relating to facility management, as well as a saving of 11 million yen in spending.

D. Efficient facility demolition/removal

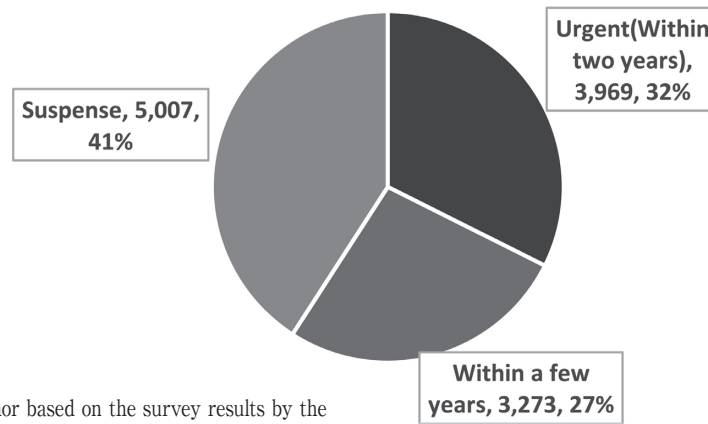
The Ministry of Internal Affairs and Communications conducted a survey aimed at all prefectural and municipal governments in Japan, on the demand for demolition and/or removal of public facilities as of September 1, 2013.

The survey asked about the public facilities that the local governments considered demolishing and/or removing. The survey results are as follows:

(a) Of all the facilities nominated in the survey, 5,756 properties (47%) are presently in a non-operational “dormant” state. And there are 12,251 properties that are under consideration for demolition/removal by the local authorities. Of these facilities, demolition of 3,969 properties (32.4%) are considered for the subsequent 1 to 2 years, while there are 5,007 buildings (40.9%) that have no specific time set forth. The survey result shows that the urgent demand of the demolition of the public facilities is remarkable. (Ref. **Figure6**)

¹ The overall 51 commissions derived from 34 facilities (total of commission fees approx. 57 million yen) were integrated into just 1 commission.

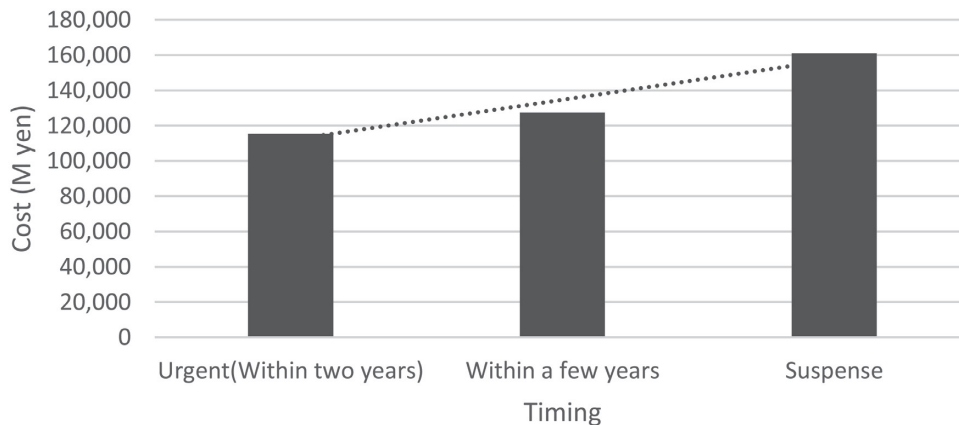
Figure6 Responded facilities (2013 survey)



Source; Created by the author based on the survey results by the Ministry of Internal Affairs and communications (abbr:MIC).

(b) The demolition cost of the facilities considered for dismantlement within two years amounts 115 million yen. Moreover the cost for the ones within a few years amounts 128 million yen, and the cost for the ones of suspense amounts to 161 million yen. Thus the local government are facing continuing and growing demand of the demolition. (Ref. Figure7)

Figure7 Demolition cost (2013 survey)



Source; Created by the author based on the survey results by MIC.

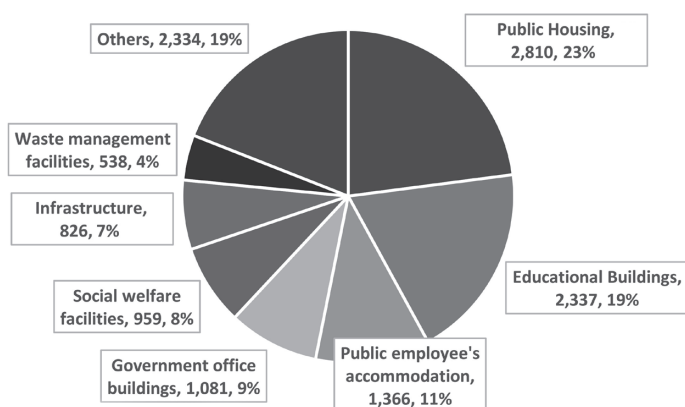
This is why the local governments are required to make adequate renewals of the public facilities and to decrease the total amount of them in accordance with their own plans. And in this regard they have to secure a source of revenue for those managements.

(c) There are only 3,489 locations (29%) of public facilities where there are already plans in place for the land use after the demolition. In other words, 72% of the intended projects of demolition have no consensus on the use of land after the removal of the structure.

(d) The average age of the facilities considered for demolition is 41 years. The average per-facility removal cost is 35 million yen. The most cost-demanding facility type is waste treatment plants, requiring 236 million yen on average.

(e) To look at the figures by facility types, 2,810 public housing buldings account for the largest proportion (23%), followed by 2,337 educational buildings. (Ref. Figure8) Those field have been typical local government functions and the local governments are expected to estimate the precise demand of renewal.

Figure8 Number of Public Facilities with possibility of demolition (2013 survey)



Source; Created by the author based on the survey results by MIC.

MIC has given advice that the local governments establish Public Facilities Comprehensive Management Plan(abbr.:Plan). In 2018 most local governments (99.6% of total units) have established the Plans. (Ref.Table3)

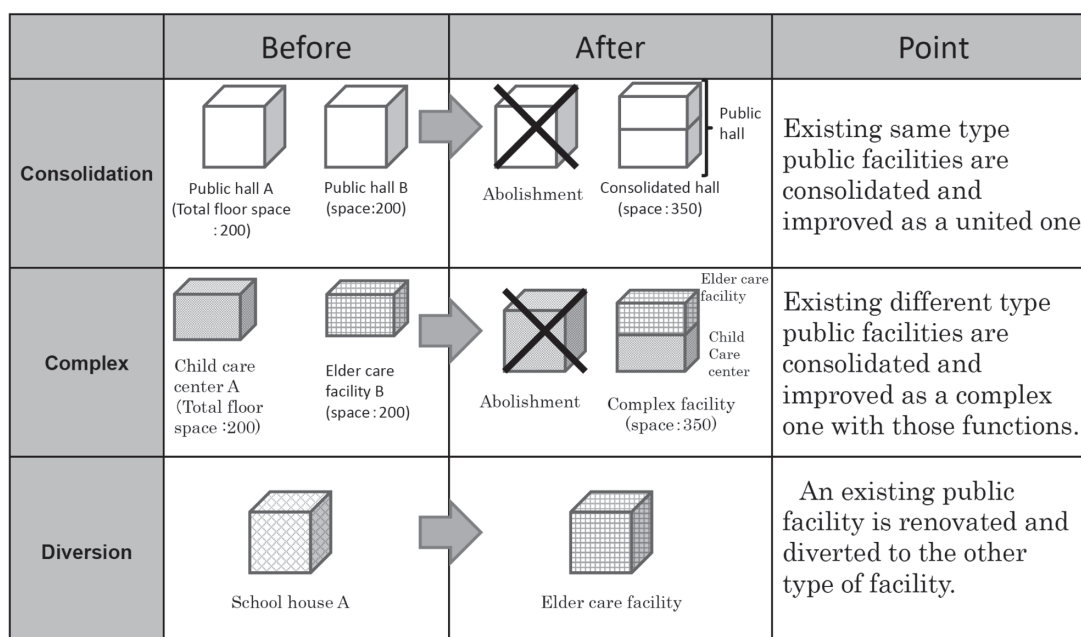
Table3

Classification	Prefecture		Designated City		Municipality		Total			
	Bodies	Share	Bodies	Share	Bodies	Share	Bodies	Share		
Response bodies	47	100.0%	20	100.0%	1,721	100.0%	1,788	100.0%		
Plan to formulate	47	100.0%	20	100.0%	1,721	100.0%	1,788	100.0%		
Breakdown	Established	47	100.0%	20	100.0%	1,714	99.6%	1,781	99.6%	
	Unestablished	0	0.0%	0	0.0%	7	0.4%	7	0.4%	
	Planned Time	FY2018	0	0.0%	0	0.0%	4	0.2%	4	0.2%
		FY2019 and after	0	0.0%	0	0.0%	3	0.2%	3	0.2%
No Plan	0	0.0%	0	0.0%	0	0.0%	0	0.0%		

Source; Materials by MIC (translation by the author).

The special financial support which is the special loan is prepared for the projects in the Plans. Those projects are classified into several types; consolidation, complex, diversion and others. (Ref.Figure9)

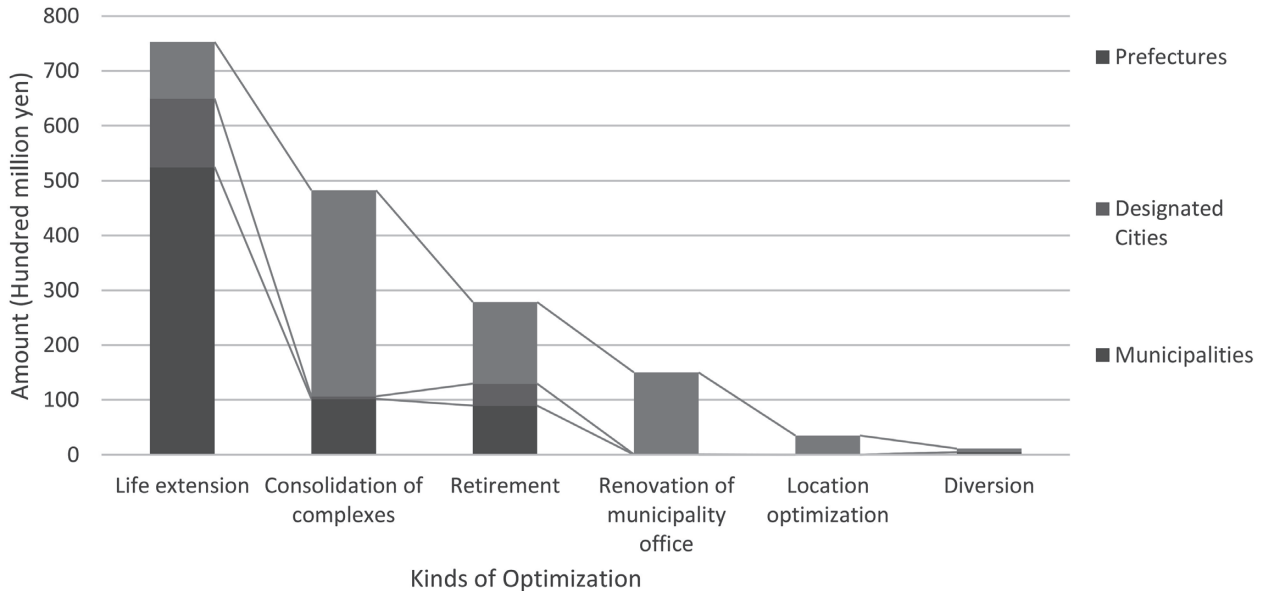
Figure9 Concept of Public Facility comprehensive project (Special loan)



Source; Materials by MIC (translation by the author).

Those projects are planned by the local governments for the purpose of establishing more effective renewal and maintenance of the public facilities. Life extension, consolidation, and retirement of the public facilities have large share in those projects in FY2017 survey. (Ref. Figure10)

Figure10 Public Facilities Optimization Projects (FY 2017)



Source: Created by the author based on the survey results by MIC.

A sample of this project is Kashima City; it had five schools pools which were forty years old and it consolidated them into one indoor heated pool. This project aims at an adequate amount of facilities and higher quality of public service. (Ref. Figure11)

Figure11 Sample: Public Facilities Optimization Project

Sample: Public Facilities Optimization Project

Kashima City (Population 67,000) Indoor heated pool

Outline

Five schools had pools that were 40 years old; therefore, they have been consolidated into one indoor heated pool that is utilizable by citizens.

Point

Existing Pools

Older

Consolidation

→

Both Functions:
School Pool and
Citizen Pool

Completed Image

Cooperation with stakeholders

A committee (city official, school official, and residents) was established for cooperation. Questionnaires were distributed to students and teachers.

Consolidation

Maintenance (operation, cleaning, etc.) costs can be reduced through consolidation.
 ※ Total pool area 4,228.8㎡ → 771.56㎡

Effects

(A) Enhancements for convenience (School Pool and Citizen Pool)
 (B) Reduction of the burden for maintenance of older public facilities
 (C) Creation of bustle space; exchanges among various generations (from infants to elderly people) in a pool

Source: Materials by MIC (translation by the author).

2 Future social landscape and facility management

(I) Public accounting reform and facility management

Since 2007, local governments are pursuing a public accounting reform which mainly involves the development of standardized financial statements based on the accounting model recommended by MIC. This reform aims to facilitate appropriate asset and liability management conducted by local governments, including the development of fixed asset registers as a part of the asset management.

Pursuant to Article 16-2 of the Ordinance for Enforcement of the Local Autonomy Act, local authorities must, in principle, declare the land and property areas in their asset registers. The outlines of the asset registers are as follows;

(a) A comprehensive fixed asset register covering asset fair value and accumulated depreciation is an indispensable prerequisite to identify fiscal conditions accurately as well as to prepare the financial statements based on the designated model.

(b) A fixed asset register should be prepared for each asset, and state the following information: account item, property title, acquired date, acquisition value (or equivalent if the property was acquired on a non-compensation basis), depreciation or accumulated direct asset consumption (in the case of capital consumption), and register value; for a format of the fixed asset register. (Ref. Figure12)

This necessitates additional administrative work to calculate the asset fair value and accumulated depreciation required for asset management. This calls for the need to prepare a fixed asset register as part of the public accounting reform so that the precise asset value is obtained. The fixed asset register would serve not only as a means to ensure the asset value, but also as an important information resource in policy making to determine service continuation/termination of individual facilities. This is expected to be crucial data in facility management, and swift preparation of the register is anticipated at all local governments.

Figure12 Items of the fixed asset register

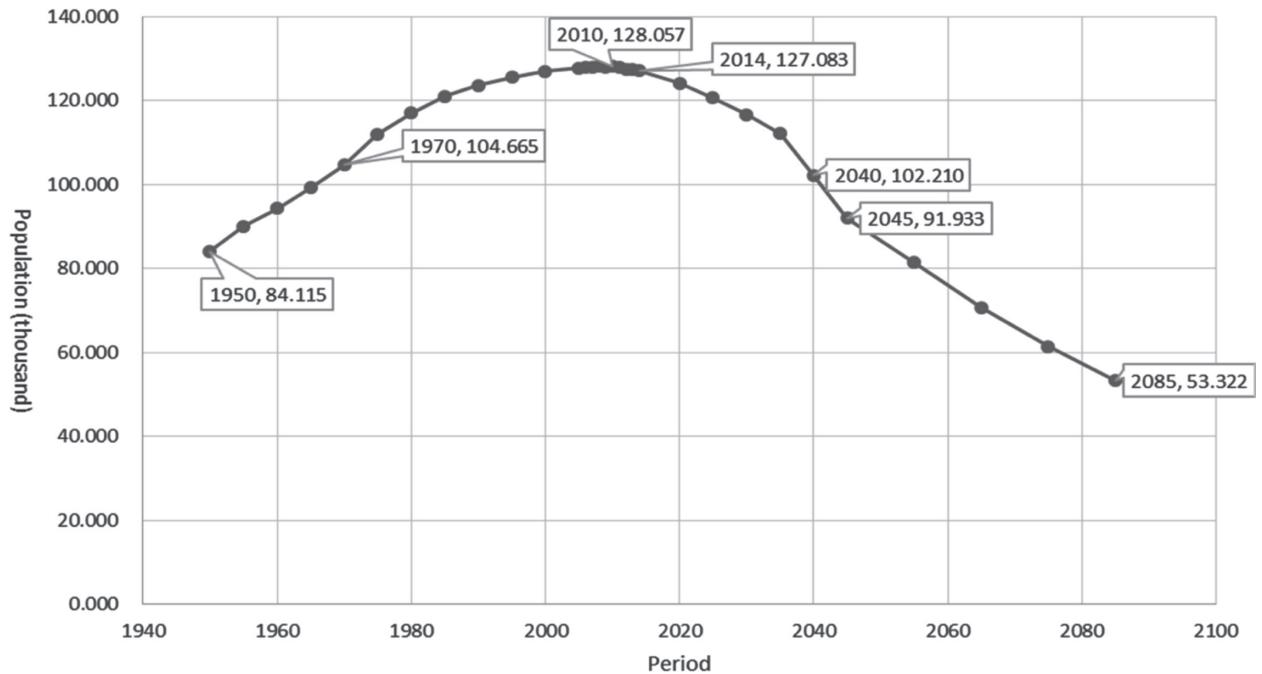
Item	
No.	
Extension	
Responsible department	
Account item	
Property title	
Lease status	
Useful life category	
Useful life	
Acquired year and date	
Service start year and date	
Acquisition value or equivalent	
Date of addition/reduction/transfer	
Register value before addition/reduction/transfer	
Reason for addition/reduction/transfer	
Increase in value	
Breakdown of increase in value	Acquisition price
	Increase by non-compensation inter-sectional transfer
	Other non-compensation acquisition
	Increase identified through investigation
	Increase by account transfer
Decrease in value	Increase by reassessment, etc.
	Disposal
	Decrease by non-compensation inter-sectional transfer
Breakdown of decrease in value	Other non-compensation transfer
	Decrease by errors in register
	Decrease through internal transfer or subdivision
	Depreciation
Decrease by reassessment, etc.	
Register value after addition/reduction/transfer	
Budget item	
Breakdown of acquired funds	
Usage	
Project category	
Baseline estimated assets	
Additional information	
Class for salable assets	
Flag for complete disposal of the entry	

Source; Materials by MIC (translation by the author).

(2) Compact City

Japanese population has taken a downward turn since the year of 2010, and Japan is faced with the issues of an abrupt depopulating society. (Ref. Figure13)

Figure13 Change of the population of Japan



Source: Created by the author.

In this kind of environment, we need to find ways to “realize a concentrated urban structure” through more efficient urban management. In order to bring about such an urban structure, it is considered necessary to accumulate city functions close to the daily lives including medical welfare, education and culture facilities in the neighborhood of major urban districts or transport hubs within the city.

The national government slows down the development of new downtowns in suburbs while pursuing the compact city scheme, aiming to revitalize city centers and develop central areas where most urban activities should take place, by encouraging immigration into central areas, together with urban development.

The report submitted in December 2013 by the Social Asset Development Assessment Committee and Transport Policy Council of the Ministry of Land, Infrastructure, Transport and Tourism, stated: “Regarding the regions where conventional methods of facility maintenance and renewal would present certain possible difficulties, bearing in mind the changing social structure, efforts should be made to concentrate social assets, to redirect the functions and/or usage of certain facilities for more efficient employment and so on to “realize the concentrated urban structure”, in which the administrative and other services necessary for residents’ day-to-day activities in the city are brought closer to their homes, thereby keeping the level of services offered while reducing the facility maintenance/renewal costs.”

The idea of a compact city is similar to the concept of the Shrinking City pursued in Europe and North America. When developing ideas for future reallocation of public facilities, we need to take into consideration not only the quantitative reduction of facilities in total based on the fiscal balance, but also “the transition to a concentrated urban structure”. The reallocation should be thus considered to meet the requirements for the concentrated urban structure, while also taking into account the issues specific to the locality.

3 Conclusion

Based on Japanese experiences, what are the keys for the future public facility management? We have to consider the public facility management in the context of local administrative management and community development.

Facility management not only involves operating public facilities, but also has a close relationship with administrative management and community development. As stated above, it is important to accurately grasp and analyze the projection of population distribution, including the elderly, the young, and those of productive age. The growing elderly population will place the public infrastructure for senior citizens high in the priority order for maintenance, while a diminishing young population reduces the need for schools and other facilities aimed at young people. The decline in the productive-age population implies fewer taxpayers, and it will be crucial to accurately identify the demand for public facilities that cater to the needs of this working population. In other words, facility management is a synonym for administrative management with the awareness of the trends of the three age-bound population groups.

Additionally, the facility management should be conducted in association with community development. As society progresses in aging and the population distribution changes, facility management must be pursued in tandem with various measures to adapt to the changing social landscape, such as the need to concentrate urban functions into city centers. And when a community gets itself cornered in selecting demolition, consolidation, complex, diversion, or uncontrollability (doing nothing) of the public facilities, it makes out what the facility management means.

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