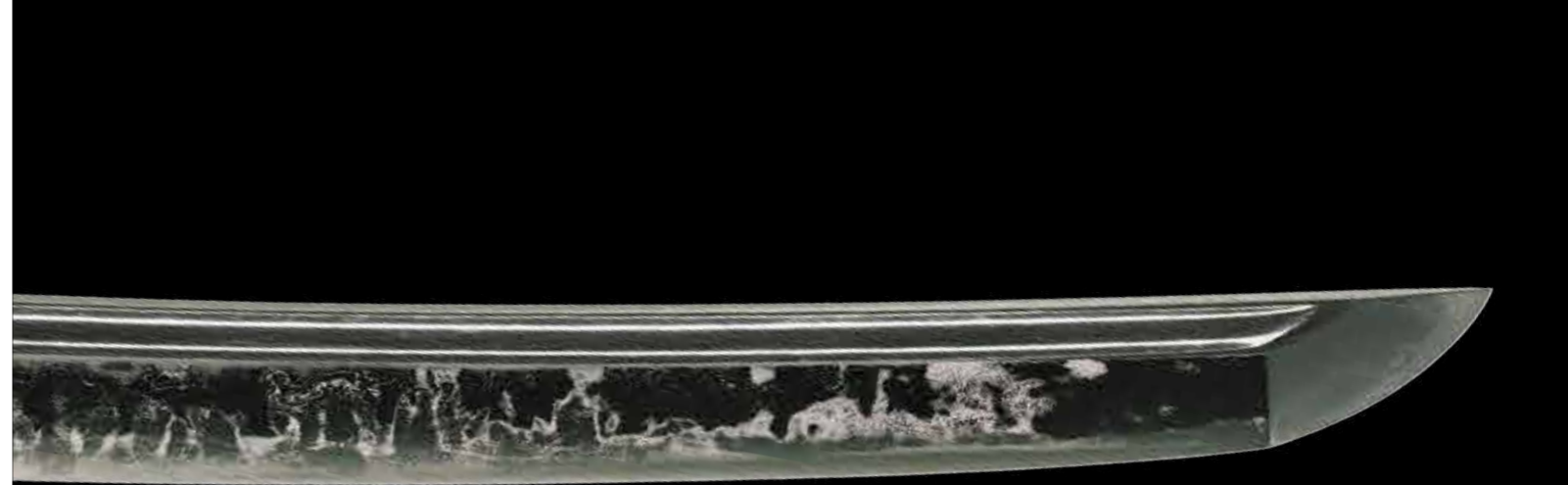


Attracting People, Growing Prosperity

Vibrant Setouchi City



Kuroshima Venus Road (Ushimado, Setouchi City)
A sandbar that appears only at low tide, connecting three islands—Kuroshima, Nakanokojima, and Hatanokojima—floating in the Seto Inland Sea. As the tide recedes, an approximately 800-meter-long arc-shaped sandy path emerges, allowing visitors to walk from one island to another.



Setouchi City

Sanchomo : Owned by Setouchi City (Photo : TV Setouchi Create)



Setouchi City Integrated Report 2025

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About Setouchi City

Setouchi City is located in the southeastern part of Okayama Prefecture and borders Okayama City, a government-designated city. It offers excellent transportation access, with the fastest travel time of approximately 21 minutes from Okayama Station via the JR Aiko Line, which connects to the Shinkansen. The southern part of the city faces the calm waters of the Seto Inland Sea, known for its serene beauty, where a stunning landscape of numerous islands unfolds. In addition, the city benefits from the mild climate and long hours of sunshine characteristic of the Seto Inland Sea region, supporting thriving tourism, agriculture, and fisheries industries.



Population **36,048** people
(National census in 2020)

Male **17,319** people
Female **18,729** people

General account budget **24.99** billion yen
(FY2025 initial budget)

No. 1 in Okayama Prefecture
Hometown tax donations **1.31** billion yen
(FY2024)

Future burden ratio **35.8%**
(FY2024)

About one-tenth of the 350% early financial stabilization threshold set by the national government, with a consolidated surplus indicating a sound fiscal condition.

Introduction

Overview of Setouchi City

Attracting People, Growing Prosperity

The Philosophy of Setouchi City

In Setouchi City, based on the "Setouchi City Autonomy Basic Ordinance", citizens, the city council, the mayor, and employees will share information while fulfilling their responsibilities and roles, and develop specific measures through citizen participation and collaboration. The Setouchi City Autonomy Basic Ordinance clarifies the basic philosophy of autonomy in Setouchi City, and establishes the basics related to the system of citizens' participation and collaboration in municipal administration, as well as the basic principles of municipal administration.

Vision

By utilizing limited financial resources efficiently and effectively, fully leveraging private-sector vitality, and communicating the value we create, we aim to maximize value with a limited budget. Together, citizens and the government will work as one to build a city where each community strengthens its unity and people can truly feel a sense of well-being.

Development and Value Creation

We will not only focus on resolving immediate issues in urban development, but also incorporate the perspective of Sustainable Development Goals (SDGs). While anticipating changes in the social and economic conditions surrounding our city, we will promote sustainable urban planning from a long-term and multifaceted perspective, to ensure that future generations can continue to have hope. In this process, we will create new value for our city.

City Strength

Easy Access—Just 21 Minutes by JR to Okayama Station

Okayama Station, served by the Shinkansen, is just a 21-minute ride on the JR Aiko Line. The Okayama city center is also within about a 30-minute drive, making the area convenient for commuting and school. The city offers a wide range of commercial facilities, providing a comfortable and livable environment.



Outstanding Child-Rearing Support—Among the Best in the Prefecture

The city offers free medical care up to age 18, monthly childcare coupons until age three, reduced childcare fees, free school lunches, and vouchers for extracurricular education. It also provides scholarship loans with no income restrictions. These initiatives enhance the child-rearing environment while reducing the financial burden on families.



Home to 42% of Japan's National Treasure—class swords

Home to the National Treasure sword "Tachi, Mumei Ichimonji (Yamat orige)," regarded as a master piece of the Bizen Fukuoka Ichimonji school from the Kamakura period. About 42% of Japan's National Treasure—class swords were produced in the Osafune area. The Bizen Osafune Japanese Sword Museum is the only museum in Japan where visitors can watch the entire sword-making process by active swordsmiths.



A Renowned Source of Premium Produce and Oysters

The city is rich in natural blessings and is known for its high-quality agricultural brands, including Chinese cabbage and cabbage from Ushimado, as well as olives and rice, all highly regarded nationwide. Its fisheries industry is also thriving, particularly oyster farming, which became the first in the world to receive MSC certification for sustainable aquaculture.



Akebono of Seto

The breathtaking sight of the rising sun shining through the many islands scattered across the Seto Inland Sea has been highly acclaimed. It has also been selected as one of the "Top 100 Sunrises in Japan," recognizing the country's most outstanding sunrise views.

The History of Setouchi City


Setouchi City was established on November 1, 2004, from the merger of Ushimado Town, Oku Town, and Osafune Town. Since then, we have been promoting urban planning while maximizing the effects of the merger.

Late 1940s (Merger) - The start of town and village merger
Late 1950s (Expansion of the transportation network) - 1962 Okayama National Sports Festival of Japan
1977 (Road Opening) - Opening of Okayama Blue Highway (now Okayama Blue Line)

2004 (Merger) - Ushimado Town, Oku Town, and Osafune Town merge to form Setouchi City.

City's History

1952 - Municipal mergers take place
Birth of each town
 Ushimado Town, Oku Town, and Osafune Town are formed



1960 - Urban infrastructure development is carried out.
Full opening of Akō Line
 Connection of Aoi Station in Hyogo Prefecture to Higashi-Okayama Station



Late 1960s - Roads designed with the aim of alleviating traffic congestion and promoting tourism.
Opening of Okayama Blue Highway
 An important route connecting the Hanshin area to the Okayama area.



2004 - Municipal mergers take place
Birth of Setouchi City
 Merger of Ushimado Town, Oku Town, and Osafune Town




2016 - Improvement of local medical care
Setouchi Municipal Hospital opens
 as a municipal public healthcare facility.



2024 - **20th Anniversary of the Establishment of Setouchi City**
 We held the "Setouchi City 20th Anniversary Celebration Ceremony"



2024 - **Setouchi City Citizens Day**
 On the occasion of our 20th anniversary, we designated November 1st as "Setouchi City Citizens Day".



Urban Development

1952 - Oku Town was established
 1954 - Ushimado Town was established
 1955 - Osafune Town was established
 1977 - Opening of Okayama Blue Highway
 1988 - Completion of Oku-Nagashima Bridge

More convenient access to the Kansai region!



2004 - Merger of Ushimado Town, Oku Town, and Osafune Town
 2005 - Opening of Setouchi Interchange on the Okayama Blue Line
 2011 - Opening of the north-south municipal road
 2018 - Completion of Setouchi Kirei Mega Solar Power Plant



One of the largest power outputs in Japan



Major Events in Various Fields

Culture and Tourism

2004 - Renewed opening of Bizen Osafune Touken Village
 2008 - Opening of Setouchi Kirari-kan
 2010 - Opening of Setouchi City Museum of Art
 2020 - The city acquires an Unsigned Ichimonji Tachi, the National Treasure "Sancho"

Healthcare and Welfare

1945 - Opening of Ushimado Town Hospital
 1952 - Opening of Oku Town Hospital







Childcare and Education

2016 - Opening of Setouchi City Public Library
 2016 - Ushimado Clinic closed
 2016 - The new hospital building of Setouchi City Hospital was completed

with inpatient services consolidated at the main facility

Purchased through donations including crowdfunding

For a more secure life

Disasters

1976 - Heavy rain from Typhoon No.17 [Damage situation]
 Houses with water above floor level: 775
 Houses with water below floor level: 3,026

1990 - Concentrated heavy rain from Typhoon No.19 [Damage situation]
 Houses with water above floor level: 741
 Houses with water below floor level: 2,326

2004 - Storm surge from Typhoon No.16 [Damage situation]
 Houses with water above floor level: 427
 Houses with water below floor level: 992

2011 - Heavy rain and storm surge from Typhoon No.12 [Damage situation]
 Houses with water above floor level: 16
 Houses with water below floor level: 73




About Setouchi City

Message

Towards the Realization of the Vision for the Future

Future Vision

Key Achievements

Governance

Data Section



A Firm Commitment to Attracting People, Growing Prosperity

Mayor of Setouchi City
Kentarō Kuroishi

Since assuming office as Mayor in June 2025, I have been advancing city governance with a sense of speed, guided by the vision of Attracting People, Growing Prosperity, and grounded in the pillars of transparency, public-private partnerships, and continuous renewal.

Setouchi City: A City with Global Potential

I decided to run for mayor because I saw boundless potential in this city. With excellent access—just 21 minutes by JR from Okayama Station, where the Shinkansen stops, and within 30 minutes by car—Setouchi offers a highly convenient living environment, with growing commercial development around stations. The Osafune area, where about 42% of Japan's National Treasure-class swords were produced, is home to the Bizen Osafune Japanese Sword Museum—the only place in Japan where visitors can observe the entire sword-making process by active craftsmen. This living heritage of history and craftsmanship continues to attract global attention. In addition, the city offers diverse appeal, including Ushimado—known as the “Aegean Sea of Japan”—home to the only yacht harbor in the prefecture. Combining convenience, culture, and nature, Setouchi City holds outstanding potential on the global stage.

Enhancing Convenience Through Expanded Transportation

To strengthen the foundations of daily life and business activity, we have prioritized expanding public transportation in FY2025. Immediately after taking office, we decided to expand parking at Osafune Station and improve municipal bus services,

including increased frequency on key routes, route extensions, and a shuttle service to the Bizen Osafune Japanese Sword Museum. Looking ahead to FY2026, we are rapidly advancing further initiatives such as tourist bus services and the introduction of ICOCA. These efforts have already led to the addition of four round-trip JR services starting in March 2026. We will continue to strongly promote improvements in transportation accessibility.

Toward an Even More Livable City with Exceptional Child-Rearing Support

Setouchi City is currently experiencing net population inflow, with particularly notable growth among children aged 0–4. Seizing this opportunity to invest in the future, we have incorporated comprehensive child-rearing support measures into the FY2026 budget. In addition to existing policies such as free medical care up to age 18 and monthly childcare coupons, we will newly introduce free childcare and school lunches, extracurricular education vouchers for junior high students, increased childbirth incentives, removal of income limits for scholarships, and subsidies for developing play spaces. As declining birthrates and aging populations threaten the continuation of community activities such as local events and maintenance work, Setouchi City is committed to tackling these challenges head-on. We aim to become a leading model for addressing demographic issues, creating a city where people of all generations can live comfortably.

A City People Want to Live In—and Continue Living In—A Truly Attractive City



Chairman of the Setouchi City Council
Hikaru Onoda

Setouchi City, which was established on November 1, 2004, marked a major milestone in 2024—its 20th anniversary. Over these two decades, society has undergone significant changes, with values and lifestyles becoming increasingly diverse. Amid these changes, our city has continued to move forward steadily, working hand in hand with our citizens while responding flexibly to evolving needs.

Setouchi City is a place rich in natural beauty, blessed with a mild climate, and steeped in history and culture. It is home to many proud regional assets, including the beautiful sea of the Ushimado area, the renowned sword-making culture of the Osafune area, and the abundant agricultural and marine products of the Oku area. In recent years, events and exchange programs that highlight these local strengths have increased, attracting many visitors from both within and outside the city. Citizen-led initiatives to energize the community have also become more active, bringing new vitality to the city as a whole.

At the same time, Setouchi City faces a number of challenges, including population decline, a declining birthrate and aging population, a shortage of workforce in local industries, economic stagnation, and the maintenance of public transportation. Among these, population decline and the falling birthrate are particularly urgent issues that could significantly impact daily life and the sustainability of the community if not addressed appropriately.

According to the analysis released in April 2024 by the Population Strategy Council, Setouchi City was not classified as a “city at risk of disappearance,” though the situation remains unpredictable and requires continued attention.

For this reason, the city is placing particular emphasis on childcare support, promoting the slogan “If you’re raising children, choose Setouchi City,” and working to provide some of the most comprehensive childcare policies in the prefecture. At the same time, it is essential to continue advancing comprehensive measures, including the enhancement of healthcare and welfare services, the promotion of migration and settlement, the revitalization of local industries, and the encouragement of social participation among women, seniors, and persons with disabilities.

In addition, Japan is currently facing a challenging environment marked by rising prices and increasing global instability, and Setouchi City is not immune to these impacts. In such times, the role of the city council—listening to the voices of citizens and reflecting them in municipal governance—has become more important than ever.

As a council, we will work in close partnership—like the two wheels of a cart—with Mayor Kentaro Kuroishi, who assumed office in June 2025 as the first new mayor in 16 years, to realize his vision of “Attracting People, Growing Prosperity.” At the same time, as one pillar of the dual representative system, we will maintain a healthy tension with the executive branch by thoroughly monitoring city policies and making proactive policy proposals.

As members of the council, we will continue working to make Setouchi City a place where people are glad to live and wish to remain—a city where young generations can easily pursue marriage, childbirth, and child-rearing, and where people of all ages and backgrounds can come together and enjoy a prosperous and fulfilling life.



Aiming for “Attracting People, Growing Prosperity”

We will pursue fundamental solutions to address the city’s challenges.

Q What kind of city does Setouchi aim to become?

▶ A City That Brings People Together

We will create a city where residents feel it is easy to live, while expanding opportunities for people to visit through tourism and other initiatives. By doing so, we will build pathways that encourage visitors to relocate and settle in the city.

▶ A City Where Take-Home Income Grows

By reducing living costs and increasing income, we aim to raise real take-home income. Through these efforts, we will deliver city management that enables residents to enjoy a more prosperous quality of life.

Capital of Setouchi City

01 Financial Capital

- Tax revenue
- Hometown tax donation
- Income generated by the utilization of the former Kinkai Salt evaporation ponds.



02 Manufactured Capital

- Transportation infrastructure (Okayama Blue Line, 3 stations of the JR Aiko Lines 3 stations, city buses, etc.)
- Improvement of living conditions through facilities like sewage systems and high-speed communication networks.
- Educational facilities (schools, kindergartens, libraries, etc.)
- Places for citizen activities (public halls, community centers, Ushimado Tepemok, etc.)

02

03 Intellectual Capital

- Setouchi City Museum of Art, Bizen Osafune Japanese Sword Museum
- Nagashima Hansen’s Disease National Sanatorium
- Documents related to the Joseon Tongsin (Korean delegations to Japan), registered as UNESCO Memory of the World
- Project "Children’s Playground" for outdoor play



04 Human Capital

- Population of 36,048 (National census in 2020)
- Basic policy for development of human resources
- Oku Senior High School (The only high school in the city)

04

05 Social and Relationship Capital

- Collaborative community building based on the Autonomous Basic Ordinance
- Historical and cultural resources (Sancho, etc.)
- Thriving agriculture and fisheries (MSC certified)



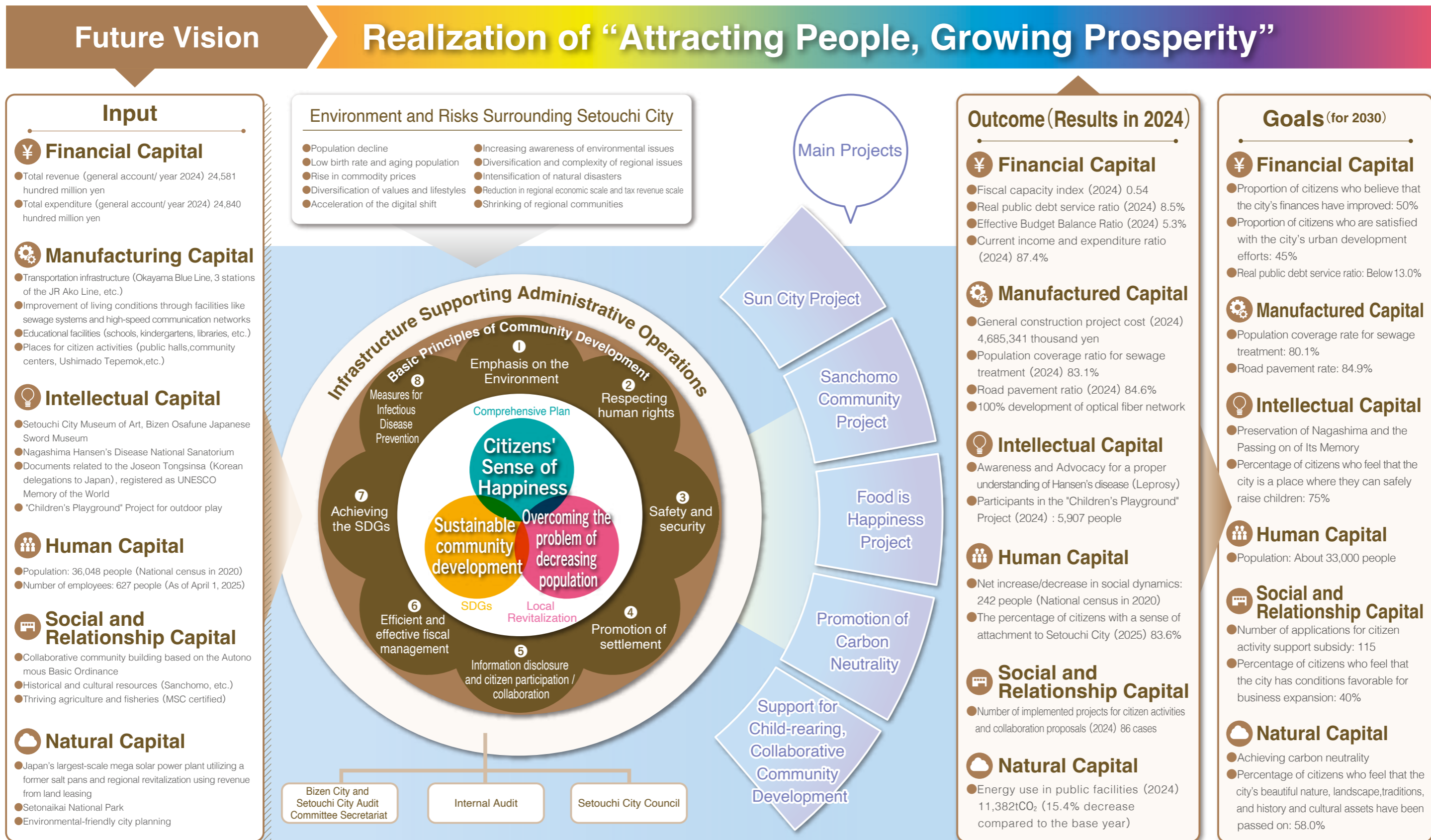
06 Natural Capital

- Japan’s largest-scale mega solar power plant utilizing a former salt pans
- Setonaikai National Park
- Environmental-friendly city planning

06

Value Creation Process

Guided by our vision of a city that Attracting People, Growing Prosperity, we will tackle residents' concerns and challenges at their root, and create a city where people can genuinely feel happy.



Risks and Opportunities

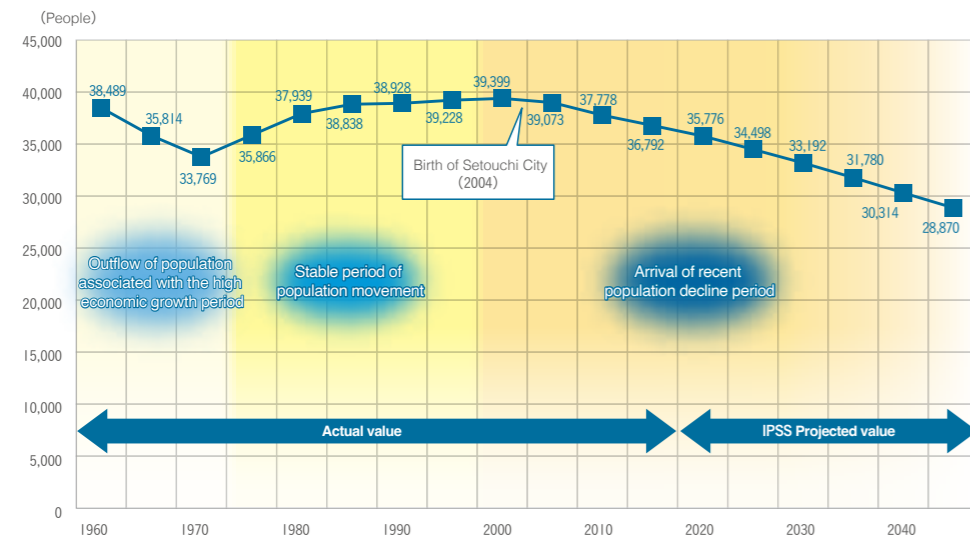
The environment surrounding Setouchi City is undergoing major changes, facing drastic changes in social structure such as the serious decrease in population and the aging of society, globalization of the economy, the advent of Society 5.0, and the escalation of global environmental issues. In advancing urban development, it is necessary to accurately recognize current trends and respond appropriately and flexibly to the changes of the times.

Setouchi City's Future Population Projection

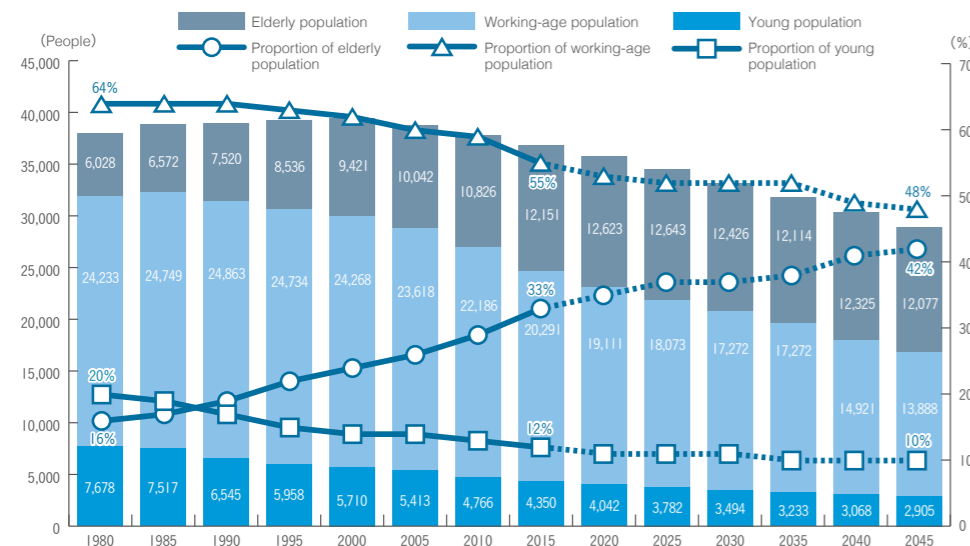
The population of the city is predicted to continue to decline in the future. Without implementing measures to revitalize the region, such as attracting businesses, improving working conditions, and promoting measures to reduce out-migration and increase in-migration, the population is predicted to be around 29,000 in 2045. Also, while the population of children and working-age adults is expected to decrease, the elderly population is expected to increase, with the aging rate projected to rise

to 42% by 2045.

A decline in population can lead to a reduction in the size of the regional economy and tax revenue, which could make it impossible to maintain citizen services and regional public transportation, creating a vicious cycle of decline. Therefore, measures to combat population decline are urgently needed.



Source: Setouchi City Population Vision (Revised in March 2020)
Up to 2015: Ministry of Internal Affairs and Communications "National Census"
From 2020 onward: National Institute of Population and Social Security Research "Future Population Projections by Region in Japan (March 2018 Projection)"



Source: Setouchi City Population Vision (Revised in March 2020)
Up to 2015: Ministry of Internal Affairs and Communications "National Census"
From 2020 onward: National Institute of Population and Social Security Research "Future Population Projections by Region in Japan (March 2018 Projection)"

Major issues in city planning

The major issues in city planning, analyzed based on the current situation of the city, social trends, citizen needs, and future prospects, are as follows.

Challenge 1 Human Resource Development

The key to future urban development lies in human resource development. It is necessary to cultivate the people who will be responsible for the future of the city through proactive initiatives such as school education and lifelong learning.

Challenge 2 Responding to Population Decline and Aging

The progression of population decline and the aging population will lead to a reduction in the future workforce for urban development, which will not have a positive impact on the growth of the community. Therefore, it is necessary to promote the settlement of people by creating employment opportunities, controlling population decline, and actively implementing medical care, childcare support, and senior welfare measures. This will lead to a city where citizens can live healthily, where raising children is easier, and everyone can live vibrant and healthy lives. Furthermore, through continuous interest and exchanges, it is important to recognize people who support the region in various ways (nonresident related population) as contributors to the community, and to promote the creation and expansion of this related population, as well as efforts from the host community.

Challenge 3 Development of Life Infrastructure and Living Environment

In order to create a comfortable and secure living environment where citizens can live with a peace of mind, it is necessary to actively promote disaster prevention and crime prevention measures, as well as advance the development of lifelines such as water supply, information and communication infrastructure, sewage systems, main roads, local roads, and public transportation networks. Additionally, it is essential to transform our way of life towards a carbon-neutral society and an environmentally conscious lifestyle through the promotion of renewable energy and the practices of waste reduction and recycling.

Challenge 4 Preserving Nature, Landscapes, Traditions, History, Culture, and Townscapes

It is necessary to cherish and pass on to the next generation the rich nature, beautiful scenery, traditions, history, culture, and townscape inherited from the local environment, climate and way of life.

Challenge 5 Promotion of Industry

In addition to promoting agriculture and fisheries that utilize favorable geographical conditions, it is necessary to foster various industries to secure employment opportunities and encourage settlement. Additionally, promoting tourism that capitalizes on the region's rich natural environment, history and culture is crucial. Efforts should be made to promote collaboration between tourism industry, agriculture, fisheries, and commerce through the production and sale of local specialty products, creating a strong and sustainable local economy.

Challenge 6 Sustainable Urban Development through Citizen Participation

In the context of the need for self-sustaining development by utilizing local resources and creating a unique regional identity, it is important to aim for a city where citizens can feel pride and attachment. This requires solving local issues through collaboration between citizens and the administration, and promoting sustainable urban development.

Challenge 7 Fiscal Soundness

Aiming for the establishment of stable fiscal management for the future, it is essential to secure autonomous financial resources. At the same time, in accordance with the fiscal management optimization plan and the public debt burden optimization plan, efforts must be made to reduce ongoing expenses, curb expenditures on investment projects and contributions to public enterprise accounts, and focus on the efficient allocation of limited financial resources and the further streamlining of expenditures.

FUTURE

The Future Vision of Setouchi City

Ushimado Olive Garden

A flagship sightseeing spot in Ushimado Town, Setouchi City, often called "the Aegean Sea of Japan." The olive grove, spread across a hill overlooking the Seto Inland Sea, is home to about 2,000 olive trees, and visitors can enjoy panoramic views of the serene, multi-island landscape from within the garden.

Main Initiatives for the Future of Setouchi City

Promotion of SDGs

SDGs stand for Sustainable Development Goals. These are global common goals proposed by the United Nations in 2015, pursuing the sustainability of the global environment and human society, and aiming for a future where no one is left behind.

In Setouchi City, by associating the 17 goals of the SDGs with the basic plan of the "Third Comprehensive Plan of Setouchi City", which is the city's highest-level plan, we aim to promote both the comprehensive plan and the SDGs in an integrated manner, working towards a city where everyone can feel happiness.



Setouchi City Integrated Report

In Setouchi City, to promote sustainable urban development through integrated thinking, the city has been creating an "Integrated Report" since the fiscal year 2022, primarily in collaboration with universities and other institutions. This report clearly explains the strategies, business achievements, etc. of Setouchi City in line with the framework of the International Financial Reporting Standards (IFRS) Foundation. The goal is to help citizens and stakeholders both within and outside the city understand the value of Setouchi City. Additionally, through the process of creating the Integrated Report, the city aims to foster organic connections between various departments of the city hall and develop staff capable of making decisions based on integrated thinking.



Staff meeting discussing the preparation of the Integrated Report 2025



A City Where People Gather Creating a Comfortable Place to Live

To expand employment opportunities, we will promote initiatives to attract businesses, while also improving daily life infrastructure—such as enhancing the convenience of public transportation and securing playgrounds for children. Through these efforts, we aim to make Setouchi City a place where people find it both easy to work and pleasant to live.



Job Creation and Transportation Development

Attracting Businesses

To create employment opportunities within the city, promote resident settlement, and support the growth of local companies, **an industrial park has been developed** in the Haji area of Osafune Town, Setouchi City, where efforts to attract businesses have been actively pursued. In addition, to encourage new companies to establish themselves within the city, secure diverse industrial talent, and create employment opportunities, businesses that set up new offices on privately owned land within the city can receive partial financial assistance for land



and facility development costs through the **Setouchi City Business Location Incentive Program**.

Looking ahead, further business attraction will be supported through initiatives such as **establishing a Vacant Land Bank System** to facilitate private-sector matching and **examining the development of a new municipal industrial park**. These efforts are expected to expand employment opportunities within the city and help curb the outflow of younger generations to areas outside Setouchi City.

Development of Sustainable Public Transportation “Increased JR Ako Line Services and Extension & Expansion of Municipal Bus Routes”



Within Setouchi City, there are three stations on the JR Ako Line, which serves as an essential transportation network supporting commuting, schooling, and travel to neighboring municipalities. To enhance the convenience of JR services, the city has promoted the use of public transportation by **expanding station parking facilities** and extending and increasing the frequency of municipal bus routes connecting to the stations. As a result of these efforts, it has been decided that, starting March 14, 2026, **four additional round-trip services will be added to**

the JR Ako Line schedule.

Looking ahead, Setouchi City will continue to improve connectivity between municipal bus services and JR lines, as well as create new tourism demand. Through these initiatives, the city aims to increase usage opportunities at its three stations and further enhance the convenience of public transportation, including JR services.

▼ Setouchi City in Numbers

Residents feel that Setouchi City is a comfortable place to live



76.2%

(FY2025 Resident's City Development Awareness Survey)

Residents wish to continue living in Setouchi City



86.3%

(FY2025 Resident's City Development Awareness Survey)

Number of companies attracted



Total of 7 cases

(FY2021–FY2025)

If you are raising children in Okayama, choose Setouchi City.

One of the Leading Childcare Support Systems in the Prefecture



Check the website!

To become an even more attractive city for families with children—whose numbers have been increasing due to in-migration—Setouchi City offers a wide range of childcare support measures. In addition to **providing free medical care for children up to age 18**, the city issues **“Sukusuku Child Tickets”** to households raising children under the age of three, which can be used to purchase diapers, formula, and other necessities.

Furthermore, starting in FY2026, the city will introduce several new initiatives, including: doubling the childbirth allowance;

making childcare fees free (with parental contributions required only for the first child); providing free school lunches for elementary and junior high school students; issuing vouchers for extracurricular education such as cram schools and lessons; and removing income requirements for the student loan program.

Through these initiatives, Setouchi City offers such comprehensive support for families with children that **the difference in annual disposable income can amount to several hundred thousand yen** depending on whether one lives in the city.

Bringing Smiles to Children! “The Food is Happiness Project”



Check the website!

Setouchi City is implementing a range of initiatives through its hometown tax donation program, **including promoting the use of locally produced ingredients in school and preschool meals, reducing the financial burden on parents**, spreading environmentally friendly cultivation techniques, advancing food education for children and parents, and supporting the operation of children's

cafeterias.

Through these efforts, the city is promoting the **“Food is Happiness Project”**, which uses the importance of food—rooted in Setouchi's rich agricultural and marine products—as a foundation to foster children's love for their hometown, revitalize agriculture and fisheries, and create a positive cycle in the local economy.

A City Where Children Enjoy Outdoor Play: Setouchi City “The Children’s Playground Project”



The mobile playground “Play Car”



Check the website!

To respond to the needs of families raising children—such as requests for more places to play and more accessible, enjoyable destinations like parks—Setouchi City is promoting the **“Children's Playground Project.”** This initiative makes use of the area's rich natural environment and local resources, with the support and participation of citizens across multiple generations.

Through efforts such as **hosting lectures on the value of outdoor play**, developing human resources involved in creating play environments, and

introducing vehicles known as **“Play Car” equipped with play equipment and materials**, the city is working to create an environment where all of Setouchi City becomes a place for children to play and feel a sense of belonging.

Public-Private Partnership Initiatives

Utilizing the blessings of the sun and the vast salt pan remains "Sun City Project"



Check the website!

The former **Kinkai Salt Field** site in Oku Town, Setouchi City, lies below sea level, which has posed ongoing maintenance challenges such as the need for pump drainage. As a result, it was sometimes referred to as a **“negative legacy.”** To address this, Setouchi City has **repurposed the site for one of the largest solar power generation projects in**

Japan and leases the land to a power generation operator.

Through this initiative, previously unused land has been transformed into a revenue-generating asset, with lease income being utilized to address local challenges and enhance the attractiveness of the community.

① Initiatives to maintain safety and security

The remains of the salt pan are bordered with the Kin-kai Bay along a levee of about 1.6 km, and require management to prepare for potential disasters. We carry out safety and security measures such as seawall reinforcement construction, ensuring safety and security in terms of regional disaster prevention. Safe and sustainable ongoing management of the remains and their surrounding environment is being carried out.

② Initiatives leading to the revitalization of the city

By utilizing the rental income, we are working on resolving local issues and promoting initiatives such as revitalizing the region for the future and implement initiatives that foster a sense of pride among children for their city, as well as efforts focused on building strong individuals in the community.

③ Eco-friendly Initiatives

Solar power generation is an environmentally friendly and domestically produced energy source that helps combat global warming. Moreover, we take into consideration the environment of many animals and plants in the salt pan remains so as not to alter saline wetlands, ensuring minimal impact on the local ecosystem.

Enhancing the Child-Rearing Environment through Public-Private Partnerships



Setouchi City is working to eliminate the effective waiting list for childcare by planning to **open a privately operated certified childcare center** in Osafune Town in April 2027. In addition, to address the shortage of **parks within the city and to secure and enhance places for children to play**, the city plans to develop play spaces—where people, especially

children, can gather—through public-private partnerships.

By advancing the development of a child-rearing environment through collaboration between the public and private sectors, the city aims to leverage the flexibility and speed that cannot be achieved by government alone, and to foster a community where the entire region supports the growth of its children.

▼ Setouchi City in Numbers

Sukusuku Child Ticket Distribution Rate



Percentage of Locally Produced Fresh Vegetables Used in School Meals:



Land rental fee (for 20 years) to "Sun City Project"





A City Where People Gather Creating a City People Want to Visit



Setouchi City ranks third in Okayama Prefecture in the number of nationally and prefecturally designated Important Cultural Properties. The city is rich in tourism resources, including the Ushimado area, which has flourished as a historic port town; the Oku area, home to cultural assets such as the birthplace of poet and artist Takehisa Yumeji; and the Osafune area, renowned as a center of Japanese sword production. By fostering close collaboration between local communities and the municipal government, the city is committed to preserving and passing on its historical and cultural heritage. Through the effective conservation and utilization of these cultural assets, Setouchi City aims to cultivate civic pride and enhance regional vitality.

Discover the Charms of Setouchi City

The National Treasure “Sancho” Illuminating the Future of Setouchi City “The Sancho Community Project”

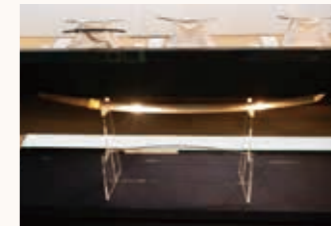


Check the website!



The Osafune area of Setouchi City is recognized as one of Japan's foremost centers of sword production, **having produced approximately 42% of all nationally designated treasure-class Japanese swords**. Even today, master swordsmiths continue to forge blades, and the area is widely regarded as **a sacred ground of Japanese sword-making**.

To prevent the outflow of this invaluable cultural asset outside the prefecture, Setouchi City launched the “Sancho Homecoming Project” to bring back the National Treasure “**Tachi Mumei Ichimonji (Sancho)**” a masterpiece of the Bizen Fukuoka Ichimonji school from the Kamakura period and a beloved sword of the warlord Uesugi Kenshin. In March 2020, with support from numerous contributors both



in Japan and abroad, the city successfully acquired Sancho. Now owned by Setouchi City, Sancho plays a vital role not only in education for younger generations and regional revitalization, but also in inspiring swordsmiths and enhancing their craftsmanship. Building on this, the city has launched the “**Sancho Community Project**”, positioning Sancho as a central symbol to elevate the city's value and create opportunities for more visitors to experience Setouchi City.

Uniquely Captivating Tourist Attractions



Check the website!

Setouchi City is blessed with abundant tourism resources, making full use of its beautiful landscapes shaped by the sea and islands, as well as its rich natural environment. Among its highlights is the “**Kuroshima Venus Road**”, which appears offshore of Ushimado. This sandy pathway emerges from the sea only at low tide, allowing visitors to walk from island to island. Its romantic and otherworldly scenery—also known as a “lover's sanctuary”—continues to captivate many visitors.

Another notable attraction is the “**Ushimado Yacht Harbor**”, the

only yacht harbor in Okayama Prefecture, taking full advantage of the calm waters of the Seto Inland Sea. It is also one of the largest facilities of its kind in western Japan. The sight of numerous yachts lined up across the harbor is truly spectacular, offering a quintessential Setouchi coastal landscape.

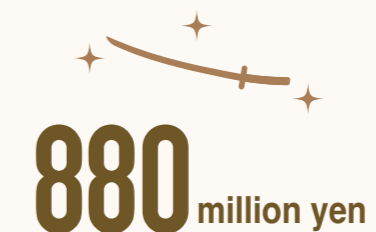
In addition, the city is home to the “**Japan's Largest Dagashi Shop**”, widely recognized for both its expansive retail space and unparalleled selection. From nostalgic traditional sweets to the latest confectionery, the shop offers a diverse range of products, making it a lively and enjoyable destination for visitors of all ages.

▼ Setouchi City in Numbers

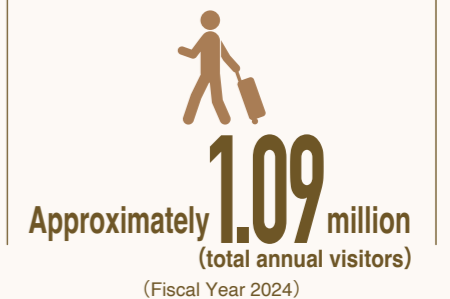
Number of national and prefectural cultural properties in Okayama Prefecture



Donations for the Sancho Homecoming Project



Number of Visitors to Setouchi City





A City Where Take-Home Income Increases Reducing Costs, Enhancing Prosperity

Setouchi City aims to deliver tangible improvements in residents' quality of life by both reducing living costs for those who reside in the city and expanding income opportunities for those who work here. Through this dual approach, the city seeks to effectively increase real take-home income and promote a more prosperous standard of living for all.



Reducing Living Costs & Increasing Income

Expanding Market Access for Local Products



Setouchi City is strengthening its support framework to enable a wide range of local businesses and producers to participate as suppliers of return gifts under **the hometown tax donation program (furusato nozei)**. Through this initiative, the city is promoting **the expansion of online marketing and creating new sales opportunities**. In addition,

the city is **undertaking measures to increase visitor numbers at Michi-no-Eki "Kuroisan Green Park"**, a roadside station that showcases and sells local products. It is also expanding distribution channels for locally produced goods through a comprehensive partnership agreement with YouMe Town, a major retail operator. Through these initiatives, Setouchi City is building a sustainable framework that contributes to **higher income** levels for local businesses and producers while enhancing the value and reach of its regional products.

Expanding Sales Opportunities Through the Private Use of Public Land



Starting in October 2025, Setouchi City launched **a lunchtime food service initiative at the City Hall main office parking area**, featuring food trucks and other mobile vendors. This initiative aims to enhance employee welfare for municipal staff, create vibrancy in the surrounding area, and expand sales opportunities for local



businesses. Looking ahead, the city will further promote **the private-sector use of publicly owned land**. By supporting events such as markets and food truck gatherings led by private operators, Setouchi City seeks to generate increased activity and drive greater sales opportunities for local businesses.

Permitting Secondary Employment for Municipal Employees



Setouchi City plans to **introduce a policy allowing municipal employees to engage in secondary employment** under clearly defined approval criteria. This initiative is designed to support employees in autonomously developing their careers, pursuing personal fulfillment, and adopting more flexible working styles

that enable them to apply their skills and experience as active contributors to the local community. Through participation in community activities and collaboration with the private sector, the city aims to enhance the capabilities of its workforce while also contributing to regional revitalization.

▼ Setouchi City in Numbers



※Calculated by dividing total expenditures of the general account by the population as of April 1, 2025.



※1 Personal Hometown Tax Donation Program



※2 Corporate Hometown Tax Donation Program

▶ Please see pages 46-47 for more details.

For a sustainable urban planning

For Everyone to Live Happily

Setouchi City pays attention to the differences in citizens' ages, lifestyles, and situations, and proactively promotes initiatives to realize the ideal state for each of these conditions. The results of these efforts are regularly assessed through the "Citizen Community Development Awareness Survey."

Toward Solving Difficult Challenges

The issues surrounding Setouchi City have become more complex and diverse, and there are an increasing number of issues that cannot be solved by the various departments of the City Hall alone. To address these challenges, the city has established a cross-organizational promotion system and is collaborating with citizens, citizen groups, businesses, and others to work towards solutions.



City-building in collaboration with the community
 "What Should We Do? Our Evacuation Shelter — Thinking About Shelter Management at Osafune Junior High School"

PROJECT

**Setouchi City's Achievement Record
 (April 1, 2024 – March 31, 2025)**



Ushimado Art Harmonia "Harborwind Circus art"

This public art installation is located in the park on the southern side of Ushimado Yacht Harbor. The design of the artwork incorporates ideas contributed by local children, reflecting the creativity and spirit of the community.

City Hall Supporting The Lives of All Citizens

Achievements

1



Children



Initiatives to Reduce the Financial Burden on Child-Rearing Households



Setouchi City is implementing a range of measures to reduce the financial burden on families raising children and to support the healthy development of children. These include the “**Child Medical Expense Subsidy Program**”, under which out-of-pocket medical expenses are, in principle, fully covered for children up to March 31 following their 18th birthday. In addition, households raising children under the age of three are provided with “**Sukusuku Child Tickets**”, which can be used at participating local stores to purchase essential items such as diapers and infant formula. In Fiscal Year 2024, the range of eligible items

was expanded, making the program more accessible and user-friendly. The city has also introduced measures to reduce the burden of school meal costs, including subsidies for kindergarten meals and the provision of free school lunches at elementary and junior high schools.

Furthermore, to streamline fee collection processes at schools and improve convenience for parents, **a cashless payment application was introduced in October 2024 for use in schools and kindergartens**. This allows parents to make payments easily from home via smartphone using bank transfers, credit cards, or

even convenience store payments—eliminating the need to prepare and bring cash on designated collection days, and reducing concerns about lost cash. A survey of staff responsible for fee collection indicated that 30% reported a “significant reduction” in workload, while 60% reported a “reduction,”

demonstrating that the initiative not only eases the burden on child-rearing households but also contributes to work style reform for school staff.



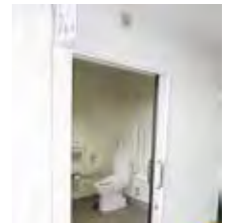
- DA TA • Child Medical Expense Subsidy Program: **¥199.951 million** (Fiscal Year 2024)
- Sukusuku Child Support Program: **¥22.893 million** (Fiscal Year 2024)
- Sukusuku Child Ticket Distribution Rate: **99.7%** (Fiscal Year 2024)
- Kindergarten Meal Subsidy and Free School Lunch Program (Elementary & Junior High Schools): **¥112.073 million** (Fiscal Year 2024)

School Environment Improvement Initiative



To create a comfortable and hygienic learning environment, Setouchi City **undertook a comprehensive upgrade of restroom facilities in kindergartens and elementary and junior high schools** between Fiscal Years 2021 and 2024. This included the installation of Western-style toilets and the transition to dry-floor systems. At the same time, efforts were made to reduce environmental impact by enhancing the functionality of sanitary fixtures and improving the energy efficiency of lighting systems. In addition, to accommodate diverse users, multipurpose restrooms were installed, ensuring that facilities are accessible and safe for all.

These initiatives have helped alleviate children’s psychological discomfort associated with traditional Japanese-style toilets, while also improving the efficiency of daily cleaning operations and reducing the burden on staff. The city will continue to implement planned facility improvements to support the healthy development of children and further enhance the quality of the educational environment.



- DA TA • Ratio of Western-style toilets in kindergartens: **98%** (Fiscal Year 2024)
- Ratio of Western-style toilets in elementary and junior high schools: **89%** (Fiscal Year 2024)

Support for Prefectural High Schools within the City



Okayama Prefectural Oku High School is the only high school located within Setouchi City. It serves as a vital hub for developing the next generation of local leaders and functions as a core component of the regional community. However, due to declining birth rates and a growing tendency for junior high school graduates to apply to high schools in Okayama City, a decrease in student enrollment has been a concern.

a priority initiative. This includes cooperation with the regional studies program “Be a SETOUCHI leader !”, as well as support for career education and the development of individuals capable of contributing to society. From the perspective of regional revitalization, Oku High School plays a significant role as part of the city’s appeal. High school students, along with other children, represent the future of Setouchi City, and it is essential for the entire community to support their growth. Moving forward, the city will continue to collaborate with Oku High School, serving as a bridge between the school and the community. Through these efforts, Setouchi City aims to enhance the attractiveness of the school, foster the next generation of local leaders, address population decline, and realize sustainable regional revitalization.

In response, Setouchi City has adopted a policy of supporting Oku High School in close collaboration with the local community, positioning it as a vibrant center for young people. Under the Second Setouchi City “City of the Sun” Comprehensive Strategy for Regional Revitalization, **support for Oku High School students—aimed at fostering human resources who will contribute to regional development**—has been designated as

- DA TA • Number of students enrolled at Oku High School: **334** (as of May 1, 2024)
- Subsidy for High School Attractiveness Enhancement Program: **¥1.999 million** (Fiscal Year 2024)



About Setouchi City

Message

Towards the Realization of the Vision for the Future

Future Vision

Key Achievements

Governance

Data Section

2 Elderly People



Setouchi City has an aging rate of 34.7% (2020 National Census), with some areas exceeding 50%, indicating a rapidly aging population. In light of this situation, creating an environment where elderly residents can continue to live safely and comfortably in familiar communities has become a critical policy priority. To address this, the city is strengthening support networks through close collaboration with relevant organizations, ensuring the seamless provision of medical, health, and welfare services at the community level. Guided by the vision of becoming a **“city where people can live long lives with a smile”**, Setouchi City is working to enhance and reinforce its support systems—aiming to increase the number of elderly residents who can maintain their own lifestyles

through the end of life, while also reducing the burden on their families.

In addition, to maintain and improve the quality of life of elderly residents and promote their social participation, the city **provides partial subsidies for hearing aid purchases**. This program targets residents aged 65 and over who belong to non-taxable households and experience hearing difficulties in daily life due to aging. Through this initiative, the city seeks to help elderly residents maintain their quality of life and live healthy, fulfilling lives—while also contributing to the extension of healthy life expectancy and the long-term reduction of medical and long-term care costs.

- Number of recipients of the Hearing Aid Purchase Subsidy Program: **19** (Fiscal Year 2024)
- Number of participants in community lectures and outreach programs: **307** (Fiscal Year 2024)

3 People with Disabilities



In accordance with the Act for Eliminating Discrimination against Persons with Disabilities, Setouchi City is committed to providing reasonable accommodations and strengthening support systems for persons with disabilities. To support communication in daily life for individuals with hearing impairments, the city implements **“a Communication Support Program”**, which **dispatches sign language interpreters or note-taking (captioning) assistants** as needed. In addition, for public lectures and events hosted by the city, sign language interpreters and captioning services are provided, and **the use of hearing loop systems** is promoted to ensure accessible communication and information. Furthermore, to facilitate smooth communication at service counters and other points of contact, the city offers sign **language training programs for municipal staff**, enhancing their ability to respond appropriately to diverse

needs.

Beyond these efforts, Setouchi City is working to further strengthen reasonable accommodations for both children and adults with disabilities. The city promotes the development of an inclusive community where individuals with physical, intellectual, mental, and developmental disabilities are respected as equal members of society and can lead lives true to themselves. At the same time, the city is improving living environments so that persons with disabilities and their families can continue to live with peace of mind in familiar communities, while also working to reduce the burden on family caregivers. In addition, the city promotes support measures that enable independent living, including assistance with mobility and daily activities, thereby encouraging participation in employment and community life.

- Number of cases utilizing hearing loop systems: **9** (Fiscal Year 2024)

4 Foreigners



Foreign residents account for approximately 2% of Setouchi City's population, and this number has been steadily increasing in recent years. Looking ahead, the number of foreign residents is expected to continue growing, particularly due to employment opportunities with local businesses. However, differences in language and cultural practices may lead to concerns about social isolation within the community. To address this, Setouchi City **has appointed a Coordinator for International Relations** and is actively implementing a range of initiatives, including international exchange programs, information services for foreign residents, and the promotion of inbound tourism. In

Fiscal Year 2024, the city also expanded its **“Easy Japanese training program”**—previously conducted for municipal employees—by offering outreach sessions at local high schools. These sessions provide opportunities to learn how to communicate in simple, easy-to-understand Japanese that is more accessible to non-native speakers.

Through these initiatives, the city aims to prevent the isolation of foreign residents while fostering greater understanding and mutual respect between local residents and the international community.



- Number of registered foreign residents: **799** (as of March 31, 2025; +10 year-on-year)
- Number of “Easy Japanese” training sessions held: **5** (Fiscal Year 2024)

5 People living in depopulated areas



Setouchi City operates a total of eight municipal bus routes, consisting of six 10-passenger van routes and two mid-sized bus routes. To encourage greater usage, **a flat fare of ¥100 per ride** has been introduced. In addition, a bus location system was implemented in Fiscal Year 2023 to further improve convenience and accessibility. The city also provides **subsidies for taxi fares** to eligible residents, including elderly individuals living in areas with limited access to public transportation, persons with severe physical or mental disabilities, and individuals requiring long-term care under the Long-Term Care Insurance Act.

In the Maejima district of Ushimado Town—an island area where ferry transport is required to access the mainland—the city

introduced **an EV (electric vehicle)-based local transportation service** in August 2021. This service supports elderly residents and others who have difficulty traveling independently, such as those without a driver's license, by providing transportation from their homes to the ferry terminal on the island.

Through these initiatives, Setouchi City has effectively eliminated areas with limited access to public transportation. Even from Maejima, residents can now utilize public transit for their mobility needs, contributing to the prevention of traffic accidents among the elderly, the promotion of health, and the reduction of CO₂ emissions.

- Municipal bus operation outsourcing cost: **¥69.921 million** (Fiscal Year 2024)
- Maejima local transportation service outsourcing cost: **¥0.473 million** (Fiscal Year 2024)
- Number of users of Maejima island transportation service: **600** (Fiscal Year 2024)
- Total municipal bus ridership (all routes): **161,810** (Fiscal Year 2024)



6 People working in the city



◇Securing and Developing the Next Generation of Agricultural Producers



Due to the impacts of a declining birthrate and aging population, the number of farmers leaving agriculture has increased, leading to a shortage of agricultural producers. In response, Setouchi City is **implementing measures to support new entrants and young farmers, enabling them to start and sustain agricultural operations with confidence.** In addition to financial support during the preparation and early stages of farming, the city offers training programs for

returning farmers and subsidies for the introduction of agricultural machinery, helping to stabilize their management foundations.

Furthermore, the city promotes the utilization of abandoned farmland, supports the cultivation of crops that are relatively easy to begin—such as fruit farming—and assists in securing sales channels. Through these efforts, Setouchi City aims to ensure the retention of new agricultural producers and the stabilization of their income.

- Number of new farmers: **4** (Fiscal Year 2024) (cumulative total: **40**)
- Number of core agricultural producers: **215** (Fiscal Year 2024)

◇Development of an Industrial Promotion Hub



To address the outflow of young people from the city, Setouchi City is advancing initiatives to create attractive industries and diverse employment opportunities within the local area. As a central measure, the city is **developing an industrial promotion hub facility** designed to support businesses and individuals seeking employment. In Fiscal Year 2024, detailed design work for the facility was carried out. The facility will serve as a platform

to foster interaction among a wide range of stakeholders—including businesses, students, and local residents—aiming to generate new business opportunities and innovative ideas. Looking ahead, the city will promote the effective utilization of the facility and increase user engagement, thereby expanding employment opportunities, supporting entrepreneurship, and contributing to the overall development of local industries.

◇“Yume Work Setouchi” (Lifelong Active Participation Promotion Program)

Setouchi City is promoting opportunities for employment and social participation for job seekers, businesses seeking personnel, and individuals interested in volunteer activities. To support this effort, the city has established the **“Yume Work Setouchi Free Employment Placement Service”**, staffed with employment counselors and job development coordinators. This service functions as a bridge, connecting individuals seeking jobs or volunteer opportunities with local businesses and organizations in need of human resources.

ahead, the city will further strengthen collaboration with Hello Work (Public Employment Security Offices) while enhancing service delivery and information sharing—particularly through the industrial promotion hub currently under development. Through these efforts, Setouchi City aims to expand opportunities for residents to play active roles within the community.



- Number of individuals placed in employment: **80** (Fiscal Year 2024)

7 Tourists and tourism industry workers



◇“Kuroisan Green Park” Roadside Station — A Vibrant Destination for Travelers

Along the Okayama Blue Line, a toll-free expressway running through Setouchi City, there are two roadside stations (Michi-no-Eki) that serve as key stopover points for many visitors.

One of them, Kuroisan Green Park, has been redeveloped under the concept of a “destination in itself” and began operations in January 2025. The facility now features **an experiential farm,**

the **“Strawberry House”**, where visitors can enjoy hands-on agricultural experiences, as well as **a BBQ area where local specialty oysters can be enjoyed.** These initiatives have enhanced the site’s appeal as a travel destination.

In recognition of these efforts, Kuroiyama Green Park was ranked **No. 2** in the “Roadside Stations in Okayama Prefecture

“You Want to Visit as a Travel Destination” ranking announced in September 2025.



- Number of visitors: **545,060** (Fiscal Year 2024) (99.0% year-on-year)
- Sales: **¥97.89 million** (Fiscal Year 2024) (134.3% year-on-year)

8 Various organizations such as NPOs



◇Creating Learning Opportunities and Supporting Cultural Activities for Citizens



Setouchi City operates **three community centers and three libraries**, which serve as key hubs supporting lifelong learning and community interaction.

At the community centers, particular emphasis is placed on experiential programs that make use of local resources and regional attractions. These initiatives help foster a sense of purpose among residents and strengthen connections within the community. Meanwhile, the city’s libraries promote community-based activities through collaboration with citizens and local organizations. In July 2024, the Osafune Community Center and Osafune Library were relocated to the newly developed “Yumetopia Osafune” complex. As part of this development, three facilities—the Setouchi City Cultural Center, Osafune Community

Center, and Osafune Library—were newly opened. These facilities now work in close coordination to serve as integrated hubs for learning, interaction and cultural activities.

Through these initiatives, the city contributes to the enhancement of citizens’ well-being, as well as the advancement of education and culture. In addition, by accommodating uses in accordance with the Social Education Act, the city expects to further increase facility utilization and improve operational efficiency.



- Number of programs hosted by the three community centers: **178** (Fiscal Year 2024)
- Participant satisfaction rate for community center programs: **92%** (Fiscal Year 2024)
- Total number of books lent by the three libraries: **330,411** (Fiscal Year 2024) (97.8% year-on-year)
- Total number of library visitors: **150,915** (Fiscal Year 2024) (101.5% year-on-year)

◇Civic Activity Support Subsidy and Collaborative Proposal Project Subsidy



In order to respond flexibly to rapidly changing socio-economic conditions and increasingly complex administrative challenges, it is essential to work not only within government but also in collaboration with diverse stakeholders. Setouchi City supports civic activities and collaborative projects with the municipality through programs such as the **“Citizen Activity Support Grant”** and the **“Collaborative Proposal Project Grant”**. These initiatives contribute to solving local challenges and creating vibrant

communities. Since Fiscal Year 2023, the city has also introduced the **“Student Challenge Grant”**, which supports initiatives led by students and others that contribute to regional revitalization. Through this program, the city is also fostering the next generation of community leaders.

These efforts have advanced the resolution of local issues through collaboration among various stakeholders, while also strengthening community ties and promoting regional vitality.

- Citizen Activity Support Grant: **¥12.091 million** (81 projects (including Student Challenge Grant) (Fiscal Year 2024)
- Collaborative Proposal Project Grant: **¥4.17 million** (5 projects) (Fiscal Year 2024)



City Hall working to solve administrative issues

2 in cooperation beyond departmental boundaries

Each department of the City Hall is working on solving issues in coordination with each other.



1 Advancing Toward Zero Carbon



Setouchi City is actively working to reduce greenhouse gas emissions across the entire community as part of its efforts to address climate change. In April 2023, the city was selected for the Ministry of the Environment's Decarbonization Leading Area Program, and in March 2024, it formulated the Local Action Plan for Global Warming Countermeasures (Area-wide Policy Edition). Under this plan, the city has set an ambitious target of **achieving net-zero CO₂ emissions by 2040**, a goal that is ten years ahead of the national target. As part of these efforts, the city established Setouchi Citizens' Electric Power Company in February 2024, with plans to promote the local production and consumption of renewable energy by maximizing the use of solar power.

These initiatives leverage natural capital to advance decarbonization, contributing to environmental protection and the preservation of local industries. In addition, the city is strengthening its environmental infrastructure by expanding public sewerage systems and providing subsidies for the installation of combined septic tanks. Efforts such as community-based marine debris cleanup activities further enhance social and relational capital while promoting environmental beautification.

Looking ahead, the city will continue to foster human capital through public awareness initiatives and strive to realize a sustainable society. Its goal is to build a future in which nature, society, and the economy coexist in harmony.

- Renewable energy capacity introduced through the Decarbonization Leading Area Program: **130.4 kW**(Fiscal Year 2024)
- Renewable energy capacity introduced through Priority Measures Acceleration Program: **278.97 kW**(Fiscal Year 2024)



2 Human Rights Awareness Initiative



Nagashima Island, located in Oku Town, Setouchi City, is home to Japan's only **two national Hansen's disease sanatoriums: "Nagashima Aiseien" and "Oku Komyoen"**. In order to build a future free from prejudice and discrimination, it is essential to preserve and pass on the historical records and experiences associated with this island. While Hansen's disease education has been conducted in local elementary and junior high schools, challenges have included a significant burden on teachers and inconsistencies in students' levels of understanding. In response, Setouchi City developed **a video**

learning resource that clearly presents the history of Nagashima, designed for standardized use across schools. This video was released on the city's official YouTube channel in February 2025.

Through this initiative, the video is now accessible to anyone—both within and outside the city—at any time, supporting broader human rights education and encouraging interest in visiting Nagashima. The city aims to promote accurate understanding of Hansen's disease and increase the number of visitors inspired to learn more through this resource.

- DA TA Number of views of the "Journey to Inherit the Stories" video (YouTube): **877** (Fiscal Year 2024)

For more information on the Hansen's disease awareness video, please visit the official website!



3 Disaster Preparedness and Resilience Initiatives



Setouchi City is advancing disaster preparedness through its **"Community Disaster Resilience Enhancement Program"**, working in collaboration with local residents and schools. Key initiatives include **evacuation shelter setup and management drills, as well as training programs for evacuation support leaders**, aimed at developing local disaster response capacity. In addition, the city is strengthening self-help and mutual assistance frameworks by working with welfare professionals to develop individual evacuation plans for persons requiring special assistance during disasters. The city is also enhancing disaster resilience by improving shelter management systems, deploying disaster prevention equipment, and promoting com-

munity interaction within neighborhoods. Furthermore, under the **"Seismic Assessment Subsidy Program"**, the city encourages earthquake-resistant upgrades of buildings through financial assistance, with the goal of reducing damage in the event of a major earthquake. As part of measures to address water outages during disasters, **manhole toilets** have been installed at designated evacuation shelters such as community centers, improving sanitation and living conditions during evacuation.

Through these comprehensive efforts, Setouchi City is committed to building a safe and disaster-resilient community.

- DA TA • Total number of participants in training and drills: approximately: **250** (Fiscal Year 2024)
- Number of manhole toilets installed at early-opening evacuation shelters: **5 units** (Fiscal Year 2024) (cumulative total: **21 units**)



4 Initiatives to Ensure the Safety and Security of Citizens



Setouchi City is implementing a wide range of initiatives to create a community where residents can continue to live safely and with peace of mind.

The city's Fire Department has conducted **first aid training programs for municipal employees and city council members**, with the aim of improving survival rates and supporting successful recovery. In cases such as sudden cardiac arrest—where individuals lose consciousness and breathing and cardiac function cease—the prompt response of bystanders can be lifesaving. These training sessions include hands-on instruction in cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs), helping to raise awareness

and preparedness in support of community safety.

In addition, Setouchi City Hospital **introduced laparoscopic surgical equipment** in January 2024. This advancement enables minimally invasive procedures for conditions such as bile duct and gastrointestinal (stomach and colorectal) surgeries, which were previously performed through open surgery. As a result, patients can now receive treatment with reduced physical burden.

Moving forward, the city will continue to provide ongoing training and further enhance the quality and reliability of its healthcare services, striving to ensure a safe and secure living environment for all residents.

- DA TA • Number of participants in first aid training: **422** (Fiscal Year 2024)
- Number of laparoscopic surgeries performed: **32** (Fiscal Year 2024)



5 Promoting Mental Health and Well-Being for Citizens



Prolonged social withdrawal (hikikomori) can lead not only to social isolation but also to challenges such as difficulty in employment and financial insecurity. To address these issues, Setouchi City has been implementing the **"Hikikomori Support Station Program"** since April 2021, commissioned to the Setouchi City Council of Social Welfare. Through this program, the city provides careful consultation services for individuals and their families, as well as safe and welcoming spaces where participants can spend time comfortably. It also offers opportunities such as light work experiences, supporting gradual steps toward social participation and independence. These initiatives help encourage early intervention and prevent further difficulties in daily life. Going forward, the city will continue to strengthen collaboration with relevant organizations, promote understand-

ing through training programs, and foster the development of community supporters—building an environment where the entire community works together to provide support.

In addition, to ensure that residents facing anxiety or personal challenges can value their lives and live with a sense of security and individuality, the city promotes **mental health** awareness through consultations with public health nurses and information dissemination via newsletters and official LINE channels. Public lectures are also held in collaboration with the Setouchi City Library to deepen understanding of mental health. By promoting accurate knowledge of mental health, the city aims to create an environment where individuals can seek help early and practice self-care when facing difficulties, while also reducing stigma and expanding community-based support networks.

- DA TA • Community spaces for social engagement: "Hinata-bokko" (**twice** a week), "Hinata-bokko Osafune" (**three times** a week)
- Number of registered hikikomori supporters: **36** (cumulative)(Fiscal Year 2024)
- Number of mental health information dissemination activities: **10** (Fiscal Year 2024) (3 via newsletters, 3 via website, 2 via LINE, 2 via library publications)

6 Infrastructure Development to Support Comfortable Living



In recent years, incidents such as water leaks and road collapses caused by aging water and sewer infrastructure have been reported across Japan, underscoring the growing importance of proper maintenance and **planned renewal of pipeline systems**. In Setouchi City, aging water pipes are also increasing, and the city is advancing a systematic replacement program. During renewal, **earthquake-resistant pipes** are being adopted to strengthen lifeline infrastructure against seismic events.

With regard to sewer systems, the city is conducting inspections of **pipeline facilities to ensure appropriate repair and rehabilitation of aging infrastructure**. To date, **inspections covering 3.85 km have been completed**, and the city aims to complete inspections of all targeted facilities by Fiscal Year 2028, taking into account factors such as pipeline importance and age.

In the maintenance of local roads, the number of requests and

reports related to road damage has been increasing, making it necessary to establish a more rapid and efficient response system. In response, Setouchi City has introduced a **"Road Damage Reporting Application"**, enabling residents to report road conditions in real time. By utilizing location data and photo functions within the app, city staff and maintenance crews can accurately assess on-site conditions, allowing for prompt responses—particularly for minor repairs. As a result, the rate of same-day responses has improved, contributing to shorter response times overall. Moving forward, the city will continue to promote citizen-participatory road maintenance, aiming to create a community where issues are quickly identified and addressed, and to ensure safe and comfortable local roads.

- DA TA • Seismic resilience rate of water pipelines: **19.9%** (Fiscal Year 2024) (+0.7 percentage points year-on-year)
- Response rate to local road damage reports: **75%** (Fiscal Year 2024) (696 out of 931 cases; +5 percentage points year-on-year)

For more information on the Road Damage Reporting Application, please visit the official website.



7 Enhancing Convenience for Citizens



Setouchi City has **introduced cashless payment systems** at 11 locations, including City Hall service counters and public facilities, to improve convenience for residents. This allows citizens to pay various fees without the need to prepare cash, reducing the burden associated with payments while also improving the efficiency of administrative processing at service counters.

In addition, for payments such as water utility fees, the city has expanded beyond traditional bank transfers and cash payments via invoices to include cashless payments through smartphone

applications and convenience store payments, with services launched in February 2025. This enables residents to make payments anytime, 24 hours a day, regardless of location.

Furthermore, to ensure tax payment opportunities even outside the operating hours of City Hall and financial institutions, the city has expanded electronic payment options—including credit card payments—through the nationwide Local Tax Common Payment System.

These initiatives contribute to both enhanced convenience for residents and greater efficiency in administrative operations.

- DA TA • Cashless payments for water utility fees: **170 cases**
- Convenience store payments: **926 cases** Total: **1,096 cases** (Fiscal Year 2024)

8 Initiatives Toward Realizing a Diverse and Inclusive Society



Setouchi City aims to create a society in which the city government, citizens, and businesses each fulfill their respective roles and work collaboratively to respect both differences and shared values. The city strives to ensure that all individuals can live authentically without isolation.

Under the **“Partnership and Familyship Declaration System”**, introduced in October 2022, couples—where one or both partners identify as sexual minorities—may formally declare their partnership, which is officially recognized by the city. This recognition enables access to certain administrative services. In Fiscal Year 2024, the scope of applicable services was expanded to include the issuance of emergency transport certificates and certificates related to fire damage, further enhancing the system’s usability.

In addition, to promote inclusive communication, the city

formulated the **“Guidelines for Promoting Diversity and Inclusion”** in February 2024. As the information society continues to evolve, these guidelines aim to prevent audiences from being unconsciously influenced by fixed gender roles or stereotypes. They encourage the use of expressions that foster empathy and inclusiveness, ensuring that no one feels discomfort or exclusion. The guidelines also present key perspectives to consider in communication while encouraging individuals to reflect on inclusive expression. Moving forward, Setouchi City will continue to promote the use of these guidelines across various media and advance public awareness of inclusive communication that takes diverse audiences into account.

For more information on the **Guidelines for Promoting Diversity and Inclusion**, please visit the official website.



9 Sports Promotion Initiatives



Following its designation as a **“Women’s Baseball Town”** in October 2023, Setouchi City has launched full-scale initiatives to foster human development and community building through sports, in collaboration with the women’s hardball baseball team **“Setouchi Blue Shines”**, which is based in the city. As part of school partnership programs, team coaches and players visit elementary schools to conduct the **“SMBP Setouchi Blue Shines Compassionate Sports Program”**, where students experience the importance of respectful and considerate play while reflecting on human rights. In addition, as part of outreach and awareness initiatives targeting both local residents and visitors, the city hosted the Women’s Baseball Town Commemoration Lecture and Exhibition Game Event. The lecture featured former professional baseball player Kimiyasu Kudo, who shared insights into the appeal and potential of women’s baseball. The commemorative game between the Hanshin Tigers Women and the Setouchi Blue Shines also attracted significant public interest.

Furthermore, to create an environment where everyone can

enjoy sports, the city is actively supporting the development of sports organizations and instructors, youth sports club activities, and the maintenance and renovation of sports facilities. It is also working to facilitate the transition of school-based extracurricular sports activities to community-based programs, promoting the sustainability of regional sports.



- Participants in the **“SMBP Setouchi Blue Shines Compassionate Sports Program”** : **160** (total across 2 elementary schools)(Fiscal Year 2024)
- Participants in the **Women’s Baseball Town Commemoration Lecture and Event** : **700** (total)
- Total users of sports facilities : **13,295**people (Fiscal Year 2024)

10 Expanding Engagement and Promoting Migration and Long-Term Settlement



To expand its network of people connected to the city (“related population”), Setouchi City established the **“Setouchi Fan Club”** in Fiscal Year 2020. In Fiscal Year 2024, the city hosted four online meetings in collaboration with local organizations. Participants were sent local specialty products in advance, and during the sessions, stories behind these products and the region’s unique attractions were shared. As a result, participants actively shared their experiences on social media, contributing to increased awareness and promotion of the city’s appeal.

At the same time, the city is proactively **promoting migration and long-term settlement** to address regional challenges such as population decline, labor shortages, and the growing number of vacant houses. Efforts include enhancing consultation services for prospective residents, supporting the use of subsidies for renovating vacant homes, developing remote work environments, and facilitating exchange programs. These

initiatives aim to create an environment in which individuals can begin a new life in Setouchi City with confidence. Through these measures, the city seeks to increase the number of new residents, promote the effective use of vacant housing, and encourage the creation of new business activities within the community. At the same time, it aims to revitalize local communities and strengthen collaboration between existing residents and newcomers. In addition, Setouchi City is working to further enhance livability by organizing exchange events, strengthening childcare support systems, and improving daily living support services.

Guided by its vision of a **“Attracting People, Growing Prosperity”**, Setouchi City will continue its efforts to mitigate population decline and build a sustainable community in which people of all generations can live together in harmony.

DATA • Number of Setouchi Fan Club members: **2,664** (Fiscal Year 2024)

Setouchi Fan Club

The Setouchi Fan Club is a membership program that is completely free to join, with no admission or monthly fees.

By becoming a member, you will receive regular updates featuring the latest news and highlights from Setouchi City, as well as access to a variety of exclusive member benefits.

For more details, please visit the official website!



Relocation and Settlement Portal “Live in Setouchi”

We offer a dedicated website that provides a wide range of useful information for those considering relocating to Setouchi City.

In addition, the Setouchi City Migration and Exchange Promotion Council offers one-stop support, responding to a variety of inquiries related to relocation and community exchange.

For more details, please visit the official website!



Governance

Setouchi City Council



The council is a forum for discussing measures to make Setouchi City more comfortable, safe, and secure. They scrutinize the budget (proposals), ordinances (proposals), etc. proposed by the mayor and oversee the execution of the city administration. To revitalize the operation of the council, tablet devices were introduced in 2021 to

achieve paperless meetings. This has led to increased efficiency in council and councilor activities, as well as cost reductions in printing expenses and work time. Council members represent the citizens, raise public opinions in council meetings, and critically monitor the city's policies, working to achieve better local governance.

Bizen City and Setouchi City Audit Committee Secretariat

Bizen City and Setouchi City have jointly established the "Bizen City and Setouchi City Audit Committee Secretariat" on April 1, 2016, and are jointly carrying out affairs related to the audit committee.

In local public organizations, a variety of business activities, measures, and policies are carried out in areas such as economy, welfare, environment, education, infrastructure, culture, etc. Therefore, the enhancement of audit functions is required. However, in smaller local governments like Bizen City and Setouchi City, the staff size in the audit office is very limited, making it difficult to develop human resources. Challenges such as lack of experience due to personnel rotations and insufficient independence from the departments being audited have been identified. To address this, a joint audit office has been established, increasing the number of staff to strengthen the auditing system, improve efficiency in administrative tasks, enhance expertise and independence, and carry out organizational audits.

The "Bizen City and Setouchi City Audit Committee Secretariat" operates under the command of the auditors located in Bizen City and Setouchi City, and is also part of the organizations of both cities (both

the Audit Committee Secretariat of Bizen City and Setouchi City). This initiative is a new form of joint processing of affairs and differs from mergers in that it maintains the autonomy of each constituent body. This allows for organizational audits while maintaining a system that fits the actual conditions of each city.

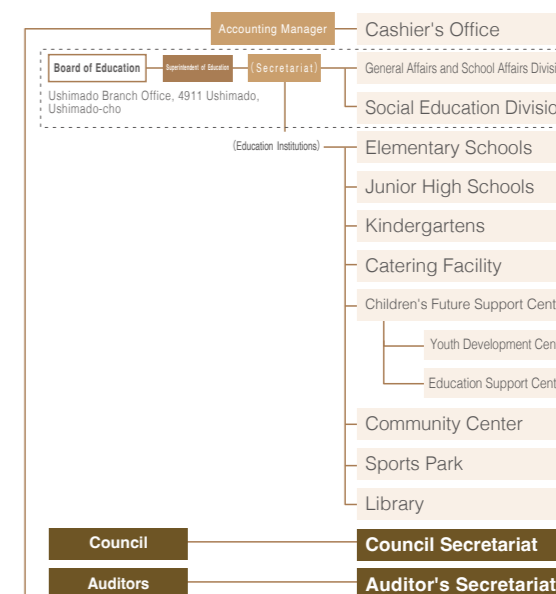
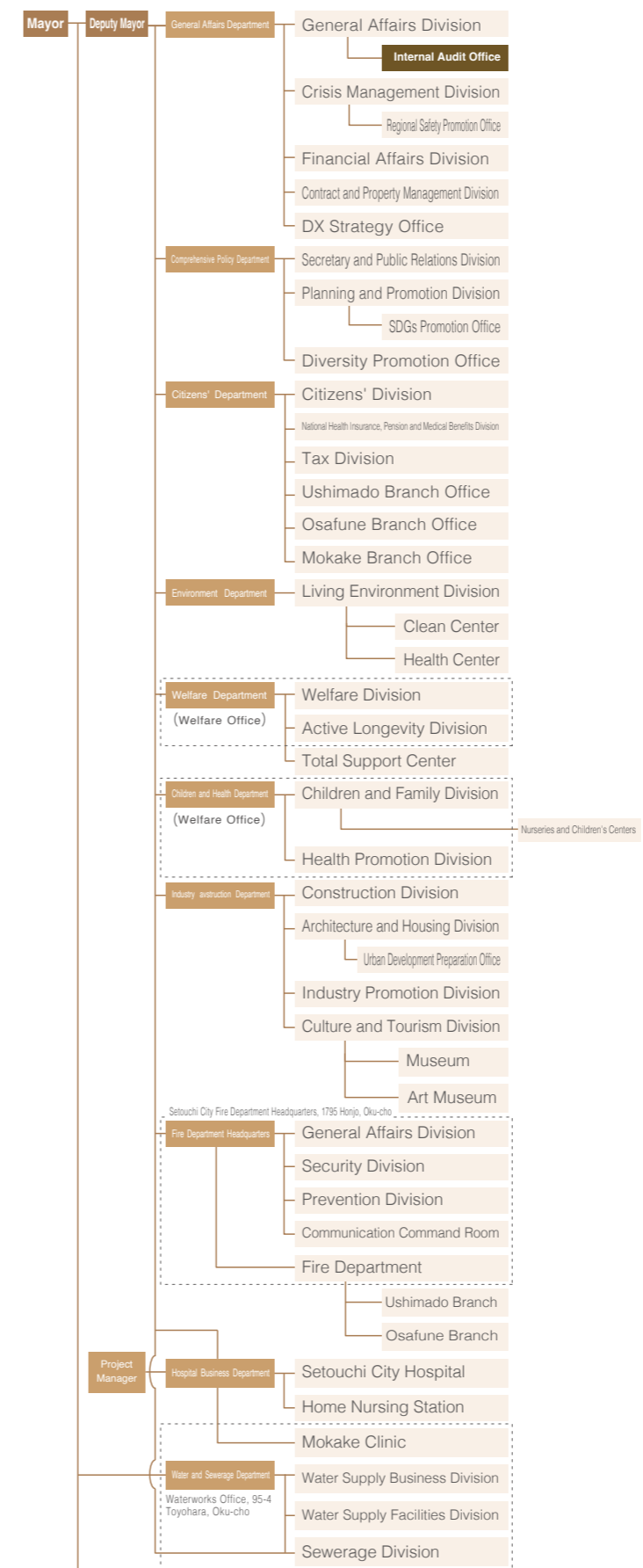
The joint establishment of organizations as a method for collaborative administrative processing is a system under the Local Autonomy Act aimed at enabling efficient administration and administrative complementarity. However, as a result of the law revision in 2011, the scope of joint establishment was expanded, allowing for the creation of joint offices for committee or commissioner secretariats as well as internal organizations within the mayor's office.. This led to the establishment of a joint Audit Committee Secretariat. There are several examples of joint establishment due to this legal amendment in municipalities within Osaka Prefecture, but all of them involve internal organizations within the mayor's office, making the Audit Committee Secretariat the first of its kind in the nation.

Internal Audit Office

The internal audit is an audit carried out by city staff, separate from the audits by auditors as stipulated in the Local Autonomy Law, focusing on compliance with laws and prevention of errors in administrative procedures within the city administration

organization. The Internal Audit Office handles matters related to the individual external audit system and the protection of public interest whistleblowers, striving for internal control of the local government.

Organizational Chart (As of April 1, 2025)



Organizational Restructuring Effective Fiscal Year 2026

General Policy Department >>> Growth Strategy Department ^{NEW}
 This reorganization aims to strengthen the city's overall policy coordination and enhance its capacity for planning and developing new initiatives.

- Policy Planning and Coordination Division
- Industrial Strategy Division
- Promotion Strategy Division
- Tourism and Culture Strategy Division
- Regional Development Promotion Division

Welfare Department >>> Health and Welfare Department ^{NEW}
 This change is intended to reinforce the implementation of public health programs.

- Welfare Division
- Health and Longevity Division

Children and Health Department >>> Children and Future Department ^{NEW}
 This restructuring aims to strengthen the planning and development of childcare policies, as well as support for childcare and early education facilities.

- Child and Family Division
- Childcare Services Division



Data Section

[Financial Situation of Setouchi City]

Overview of the Balance Sheet

▼ Balance Sheet Accounting: General Accounting, etc. [Asset section] (Unit: yen)

Account Items	2020	2021	2022	2023	2024
Fixed Assets	71,919,169,859	73,178,136,775	75,394,214,431	75,877,385,844	76,123,910,343
Tangible Fixed Assets	58,505,442,962	59,238,014,734	61,616,504,940	62,110,835,748	61,977,853,478
Business Assets	25,593,682,992	27,478,009,143	29,544,687,345	30,771,263,401	31,689,951,346
Land	12,344,768,409	12,344,725,048	12,659,674,042	12,932,034,742	13,029,571,444
Timber Bamboo	71,621,700	71,621,700	71,621,700	71,621,700	71,621,700
Buildings	29,498,922,088	31,011,600,034	32,941,518,995	34,450,787,468	35,637,145,997
Accumulated Depreciation of Buildings	-18,359,885,810	-19,068,447,572	-19,826,912,871	-20,635,182,065	-21,182,848,913
Works	4,191,768,662	4,635,980,890	5,732,226,789	6,575,795,691	7,126,215,946
Accumulated Depreciation of Works	-2,728,896,239	-2,640,492,910	-2,880,660,766	-3,175,514,441	-3,529,418,012
Ships	2,476,599	2,476,599	2,476,599	2,476,599	2,476,599
Accumulated Depreciation of Ships	-2,476,596	-2,476,596	-2,476,596	-2,476,596	-2,476,596
Buoys, etc.	-	-	-	-	-
Accumulated Depreciation of Buoys, etc.	-	-	-	-	-
Aircraft	-	-	-	-	-
Accumulated Depreciation of Aircraft	-	-	-	-	-
Others	-	-	-	-	-
Accumulated Depreciation of Others	-	-	-	-	-
Construction in Progress	575,384,179	1,123,021,950	847,219,453	551,720,303	537,663,181
Infrastructure Assets	30,885,001,474	29,801,526,965	29,099,061,217	28,425,530,148	27,556,816,196
Land	876,111,907	932,386,851	1,016,761,365	1,074,255,248	1,080,950,372
Buildings	21,984,765	21,984,765	21,984,765	21,984,765	21,984,765
Accumulated Depreciation of Buildings	-420,606	-1,871,699	-3,322,792	-4,773,885	-6,224,978
Works	75,656,842,672	75,809,291,973	76,335,843,378	77,037,846,260	77,793,583,698
Accumulated Depreciation of Works	-45,934,184,791	-47,344,734,193	-48,759,982,578	-50,197,960,550	-51,657,252,694
Others	-	-	-	-	-
Accumulated Depreciation of Others	-	-	-	-	-
Construction in Progress	264,667,527	384,469,268	487,777,079	494,178,310	323,775,033
Goods	3,589,775,017	3,637,086,818	4,793,722,817	4,757,969,340	4,786,626,314
Accumulated Depreciation of Goods	-1,563,016,521	-1,678,608,192	-1,820,966,439	-1,843,927,141	-2,055,540,378
Intangible Fixed Assets	54,179,481	33,257,133	15,872,591	66,271,992	138,338,112
Software	53,229,081	32,306,733	14,922,191	65,321,592	137,387,712
Others	950,400	950,400	950,400	950,400	950,400
Investments and Other Assets	13,359,547,416	13,906,864,908	13,761,836,900	13,700,278,104	14,007,718,753
Investments and Capital Contributions	8,253,955,876	8,398,183,476	8,536,888,276	8,625,796,076	8,749,559,076
Securities	1,796,400	1,638,000	2,078,000	3,098,800	3,934,800
Capital Contributions	8,252,159,476	8,396,545,476	8,534,810,276	8,622,697,276	8,745,624,276
Others	-	-	-	-	-
Provision for Investment Loss	-1,757,427,974	-1,757,427,974	-1,664,008,128	-1,664,008,128	-1,817,871,721
Long-term Delinquent Receivables	421,445,335	417,328,527	432,737,778	437,177,425	442,631,663
Long-term Loans Receivable	48,928,685	51,174,800	53,190,000	60,882,200	66,366,400
Funds	6,399,277,297	6,804,107,669	6,410,554,294	6,244,791,473	6,574,668,176
Debt Reduction Fund	-	-	-	-	-
Others	6,399,277,297	6,804,107,669	6,410,554,294	6,244,791,473	6,574,668,176
Others	-	-	-	-	-
Provision for Uncollectible Receivables	-6,631,803	-6,501,590	-7,525,320	-4,360,942	-7,634,841
Current Assets	5,734,486,865	6,052,273,344	5,444,674,568	5,101,636,188	5,112,105,980
Cash and Deposits	1,254,215,696	947,229,766	945,815,246	922,245,592	943,646,586
Unpaid Money	52,799,408	56,240,542	54,130,169	47,694,235	53,801,479
Short-term Loans Receivable	10,203,056	9,790,800	8,972,800	7,547,800	7,899,800
Funds	4,216,716,547	4,780,047,860	4,204,765,395	3,918,051,047	3,896,902,689
Fiscal Adjustment Fund	3,777,800,420	4,035,420,160	3,938,646,754	3,800,383,601	3,711,942,835
Debt Reduction Fund	438,916,127	744,627,700	266,118,641	117,667,446	184,959,854
Inventory Assets	-	-	-	-	-
Others	203,862,112	262,562,896	234,275,218	207,467,488	212,347,903
Provision for Uncollectible Receivables	-3,309,954	-3,598,520	-3,284,260	-1,369,974	-2,492,477
Total Assets	77,653,656,724	79,230,410,119	80,838,888,999	80,979,022,032	81,236,016,323

▼ Balance Sheet Accounting: General Accounting, etc. [Liabilities] (Unit: yen)

Account Items	2020	2021	2022	2023	2024
Long-term Liabilities	16,836,825,930	17,561,374,215	18,711,618,366	19,830,815,584	20,500,596,682
Municipal Bonds	15,517,640,162	16,460,861,930	17,580,915,258	18,594,908,834	19,246,218,494
Long-term Payables	-	-	-	-	-
Provision for Retirement Benefits	1,319,185,768	1,100,512,285	1,098,171,708	1,207,572,950	1,230,241,988
Provision for Compensation for Losses, etc.	-	-	-	-	-
Others	-	-	32,531,400	28,333,800	24,136,200
Current Liabilities	2,188,827,200	2,191,088,034	2,255,507,449	2,178,130,577	2,226,765,346
Municipal Bonds Scheduled for Redemption within One Year	1,760,955,631	1,782,910,156	1,809,064,160	1,663,354,291	1,688,226,243
Accounts Payable	-	-	-	-	-
Accrued Expenses	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
Provision for Bonuses, etc.	245,882,619	230,607,379	256,873,468	301,414,886	331,058,092
Deposits Received	181,108,000	177,364,460	184,867,457	208,654,334	202,416,829
Others	880,950	206,039	4,702,364	4,707,066	5,064,182
Total Liabilities	19,025,653,130	19,752,462,249	20,967,125,815	22,008,946,161	22,727,362,028

▼ Balance Sheet Accounting: General Accounting, etc. [Net Assets] (Unit: yen)

Account Items	2020	2021	2022	2023	2024
Formation Portion of Fixed Assets, etc.	76,146,089,462	77,967,975,435	79,607,952,626	79,802,984,691	80,028,712,832
Surplus (Deficit)	-17,518,085,868	-18,490,027,565	-19,736,189,442	-20,832,908,820	-21,520,058,537

Account Items	2020	2021	2022	2023	2024
Total Net Assets	58,628,003,594	59,477,947,870	59,871,763,184	58,970,075,871	58,508,654,295
Total Liabilities and Net Assets	77,653,656,724	79,230,410,119	80,838,888,999	80,979,022,032	81,236,016,323

Source: From the Setouchi City Financial Documents

What is a Balance Sheet

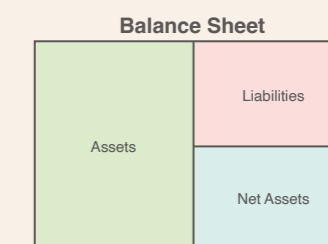
The balance sheet shows the balances of "assets", "liabilities", and "net assets" owned by the city at the end of the fiscal year, and it indicates the financial status of the city.

Assets This represents the amount of funds, financial assets, and social capital to be handed over to future generations. It also indicates how capital is managed.

Liabilities This indicates the amount that future generations will have to bear.

Net Assets This indicates the amount that past generations have borne.

As of Fiscal Year 2024, Setouchi City reported total assets of ¥81.2 billion and total liabilities of ¥22.7 billion. Approximately 28% of total assets are financed through liabilities, representing the burden to be borne by future generations. Net assets totaled ¥58.5 billion, indicating that approximately 72% of total assets have been financed by the current generation.



Overview of Administrative Cost Calculation Statement

▼ Administrative Cost Calculation Statement Accounting: General Accounting, etc. (Unit: yen)

Account Items	2020	2021	2022	2023	2024
Operating Expenses	20,284,055,126	17,621,602,764	18,978,501,523	19,286,872,452	19,742,943,272
Business Expenses	10,585,751,872	10,593,809,217	11,273,718,203	12,049,968,262	12,290,861,168
Personnel Expenses	3,595,937,127	3,647,941,405	3,749,425,852	3,967,561,879	4,136,236,385
Staff Salary Expenses	2,965,718,543	3,012,875,644	3,043,083,463	2,917,572,576	3,136,833,179
Provision for Bonuses, etc.	245,882,619	230,607,379	256,873,468	301,414,886	331,058,092
Provision for Retirement Benefits	-	-	-	109,401,242	22,669,038
Others	384,335,965	404,458,382	449,468,921	639,173,175	645,676,076
Property Expenses, etc.	6,734,620,477	6,684,611,641	7,247,406,071	7,809,540,832	7,859,422,878
Property Expenses	3,591,764,605	3,883,718,433	4,055,046,351	4,329,523,373	4,446,533,891
Maintenance and Repair Costs	759,465,318	334,292,133	537,108,448	647,503,344	459,362,593
Depreciation Expenses	2,383,390,554	2,466,601,075	2,655,251,272	2,832,514,115	2,953,526,394
Others	-	-	-	-	-
Other Business Expenses	255,194,268	261,256,171	276,886,280	272,865,551	295,201,905
Interest Payments	90,631,839	69,153,086	64,537,416	76,366,264	98,572,369
Provision for Uncollectible Receivables	7,189,975	6,378,383	8,457,229	2,605,290	9,757,083
Others	157,372,454	185,724,702	203,891,635	193,893,997	186,872,453
Transfer Expenses	9,698,303,254	7,027,793,547	7,704,783,320	7,236,904,190	7,452,082,104
Subsidies, etc.	5,689,939,353	2,585,938,755	3,085,769,900	2,592,786,518	2,530,966,211
Social Security Benefits	2,235,955,620	2,309,657,304	2,332,621,612	2,451,279,231	2,677,519,474
Funds Transferred to Other Accounts	1,759,796,618	2,112,870,109	2,192,657,535	2,170,388,628	2,221,119,524
Others	12,611,663	19,327,379	93,734,273	22,449,813	22,476,895
Operating Revenues	977,576,984	1,183,977,411	1,107,995,236	1,029,600,847	1,524,347,225
Usage Fees and Charges	144,520,757	142,820,235	168,267,210	170,985,117	189,331,599
Others	833,056,227	1,041,157,176	939,728,026	858,615,730	1,335,015,626
Net Operating Administrative Cost	19,306,478,142	16,437,625,353	17,870,506,287	18,257,271,605	18,218,596,047
Extraordinary Losses	407,905,405	352,472,972	22,131,502	82,909,930	911,083,592
Disaster Restoration Project Expenses	-	-	-	-	-
Loss from Sale or Disposal of Assets	53,452,334	352,472,972	22,131,502	82,909,930	757,219,999
Provision for Investment Losses	354,453,071	-	-	-	153,863,593
Provision for Compensation for Losses, etc.	-	-	-	-	-
Others	-	-	-	-	-
Extraordinary Profits	4,515,581	61,895,861	102,988,389	10,825,101	15,401,502
Profit from Sale of Assets	4,515,581	61,895,861	9,568,543	10,825,101	15,401,502
Others	-	-	93,419,846	-	-
Net Administrative Cost	19,709,867,966	16,728,202,464	17,789,649,400	18,329,356,434	19,114,278,137

Source: Setouchi City Financial Documents

What is an Administrative Cost Calculation Statement

The Administrative Cost Calculation Statement shows the costs spent on administrative services that do not lead to asset formation, such as welfare services and personnel costs for staff, and the revenues from usage fees and handling fees for community centers, etc., over one year of administrative activities. It is displayed under the categories of "Operating Expenses", "Operating Revenues", "Extraordinary Losses", and "Extraordinary Profits".

In Fiscal Year 2024, Setouchi City recorded net ordinary administrative costs of ¥18,219 million, representing the recurring costs required to operate the municipality over the course of one year. In addition, extraordinary losses totaling ¥911 million were recorded, including costs such as asset dismantlement and disposals. Extraordinary gains amounted to ¥15.40 million, including proceeds from asset sales. As a result, the city's net administrative cost, representing the total cost for the fiscal year, amounted to ¥19,114 million.

General Account Settlement Situation

▼ General Account: Trends in the Amount of Final Expenditure (Unit: yen)

Category	2020	2021	2022	2023	2024
Personnel Expenses	3,714,829	3,771,801	3,823,423	3,835,248	4,125,461
Property Expenses	2,779,709	2,918,182	2,993,317	2,911,249	3,015,115
Assistance Expenses	2,910,672	3,325,561	3,501,411	3,714,172	3,960,658
Subsidy Expenses, etc.	5,542,782	2,323,901	2,539,842	2,613,337	2,559,063
Funds Transferred	1,658,343	1,662,915	1,698,463	1,735,872	1,779,588
Public Bond Expenses	2,333,334	2,624,503	2,458,973	2,245,750	2,119,827
General Construction Project Expenses	3,725,772	4,565,235	5,767,195	4,764,374	4,685,341
Others	2,574,553	2,428,159	2,125,893	2,237,484	2,594,453
Final Expenditure Amount	25,239,994	23,620,257	24,908,517	24,057,486	24,839,506

▼ General Account: Trends in the Amount of Final Income (Unit: yen)

Category	2020	2021	2022	2023	2024
City Tax	6,109,990	5,897,481	5,691,591	5,651,558	5,628,395
Donation Tax・Subsidies	1,122,771	1,307,251	1,274,766	1,277,008	1,574,266
Local Allocation Tax	4,504,700	5,140,113	4,978,112	5,160,288	5,690,016
Temporary Financial Measures Bonds	543,021	538,026	199,441	99,266	48,803
National and Prefectural Expenditure Money	7,400,456	4,274,715	4,482,699	4,336,282	4,361,556
City Bonds (Excluding Temporary Financial Bonds)	1,844,403	2,982,500	3,341,200	2,938,400	2,648,600
Funds Transferred	2,194,312	1,230,415	2,749,533	2,376,921	1,961,003
Others	2,593,449	3,019,621	2,952,123	2,931,354	3,668,096
Final Income Amount	26,313,102	24,390,122	25,669,465	24,771,077	25,580,735

▼ General Account: Trends in Fund Balances (Unit: yen)

Category	2020	2021	2022	2023	2024
Fiscal Adjustment Fund	3,776,930	4,033,525	3,935,174	3,796,332	3,704,440
Debt Reduction Fund	438,815	744,278	265,884	117,542	184,586
Specific Purpose Funds (Excluding Sun City Fund (Disaster Measures))	5,411,414	5,592,574	4,974,376	4,585,064	4,682,237
Sun City Fund (Disaster Measures)	606,401	828,359	1,050,565	1,273,117	1,499,142
Total	10,233,560	11,198,736	10,225,999	9,772,055	10,070,405

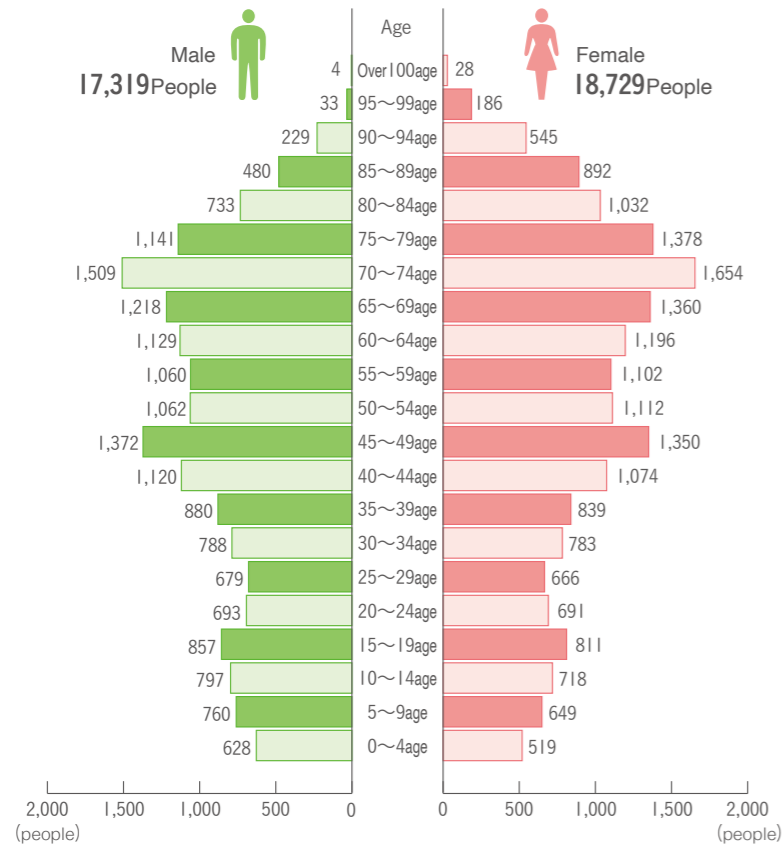
▼ General Account: Trends in Financial Indicators (Unit: %)

	2020	2021	2022	2023	2024
Current Account Balance Ratio	82.0	81.8	86.9	88.9	87.4
Judgment Ratio for Fiscal Health					
Real Deficit Ratio	13.07	20.0	-	-	-
Consolidated Real Deficit Ratio	18.07	30.0	-	-	-
Real Public Bond Expense Ratio	25.0	35.0	8.6	8.6	8.5
Future Burden Ratio	350.0	36.2	18.3	31.3	41.4
Funding Shortfall Ratio	20.0	-	-	-	-

Overview of the Fiscal Year 2024 Settlement

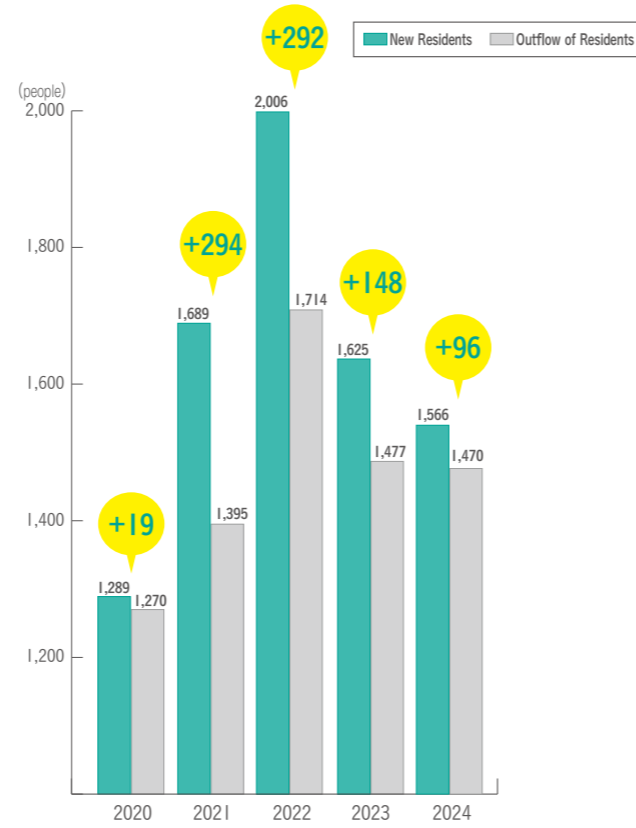
- Total expenditures amounted to ¥24,840 million, an increase of ¥782 million compared to the previous fiscal year. This increase was primarily attributable to higher personnel expenses resulting from salary revisions, as well as increased social welfare expenditures, including disability welfare services and supplementary fixed-amount tax relief benefits (adjustment payments).
- Total revenues reached ¥25,580.74 million, an increase of ¥810 million year-on-year. This growth was mainly driven by increases in local allocation tax and corporate municipal tax, as well as higher miscellaneous revenues, including donations (support contributions) and revenues related to crematorium development projects.
- The ordinary balance ratio stood at 87.4%, a decrease of 1.5 percentage points from the previous year. While mandatory expenditures such as personnel and social welfare costs increased, this was offset by growth in general revenue sources, including local allocation tax and corporate municipal tax. In addition, all fiscal indicators based on the Act on Financial Soundness of Local Governments remain below the thresholds that would trigger early fiscal consolidation requirements. The real debt service ratio is 8.5%, maintaining a level well below the 18% threshold that would require prefectural approval for municipal bond issuance.

【Population by Gender and Age (2020)】



Source: National census in 2020

【Annual Flow of Population - Social Trends】



Source: From the Basic Resident Register

【Education, Medical, and Environmental Facilities, etc. (☆ October 1, 2023/ ※ April 1, 2024/ © May 1, 2024)】

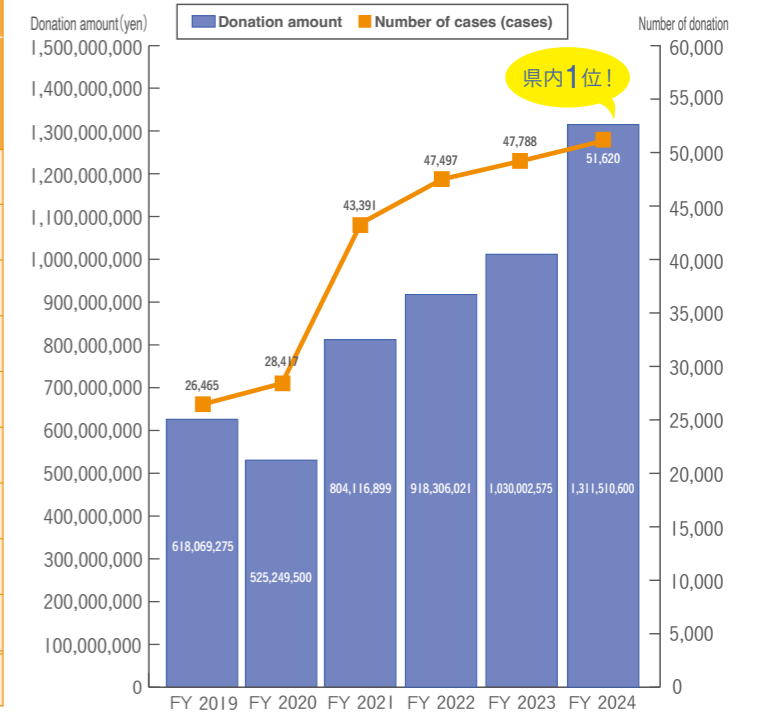
Kindergartens (Closed)	Nursery Schools	Certified Childcare Centers for Preschool and Daycare Collaboration	Elementary Schools	Junior High Schools	Hospitals	General Clinics	Dental Clinics	Garbage Disposal Facilities (Including Intermediate Processing Facilities)	Septic Tank Treatment Facilities	Crematoriums
6 (2)	6	2	9	3	4	29	16	2	1	1

【Number of Designated/Registered Cultural Properties (2024)】

Category	Designated			Total	Registered
	National (including National Treasures)	Prefecture	City		
Buildings	4	6	16	26	17
Paintings	3	1	6	10	0
Sculptures	5	4	10	19	0
Craftworks	5	10	4	19	0
Old Documents	0	1	0	1	0
Archaeological and Historical Materials	0	1	2	3	0
Historical Sites and Natural Monuments	4	4	12	20	0
Intangible Cultural Properties, etc.	0	3	0	3	0
Folk Cultural Properties	0	8	20	28	0
Total	21	38	70	129	17

Source: From the Culture and Tourism Division

【Hometown Tax Donation for Individuals: Donation Amounts and Number of Cases】



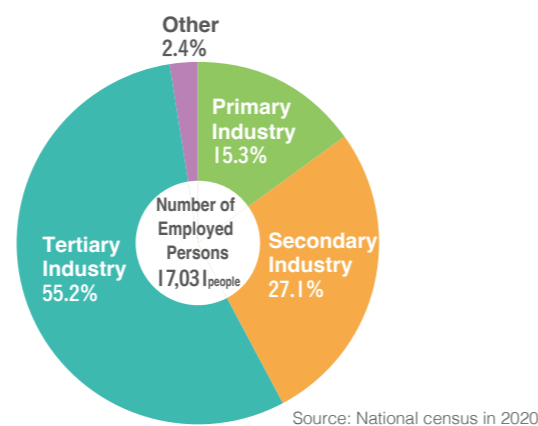
Source: From the Secretary and Public Relations Division

【Number of Employed Persons by Industry (2020)】

Industries	Number of employed persons (persons)
Agriculture, Forestry	1,283
Including Agriculture	1,279
Fishing	233
Mining, Quarrying, and Gravel extraction	2
Construction	935
Manufacturing	4,026
Electricity, Gas, Heat supply and Water	60
Information and Communication	149
Transportation and Postal services	1,118
Wholesale and Retail trade	2,219
Finance and Insurance	281
Real Estate and Goods rental	113
Scientific research, Professional and Technical services	313
Accommodation and Food services	584
Personal life related services, Amusement services	356
Education, Learning support	762
Medical, Welfare	2,480
Compound services	170
Services (not classified elsewhere)	1,007
Public administration (except those classified elsewhere)	498
Industries not classifiable	442
Total	17,031

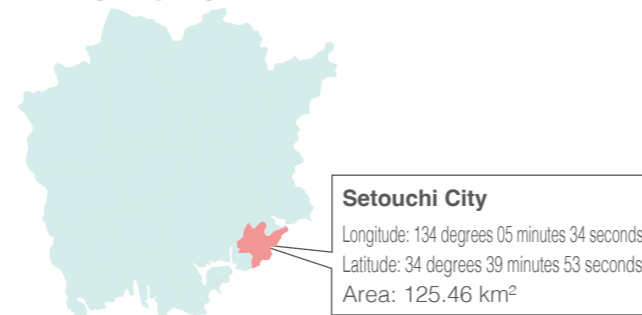
Source: National census in 2020

【Proportion of Employed Persons by Industry (2020)】



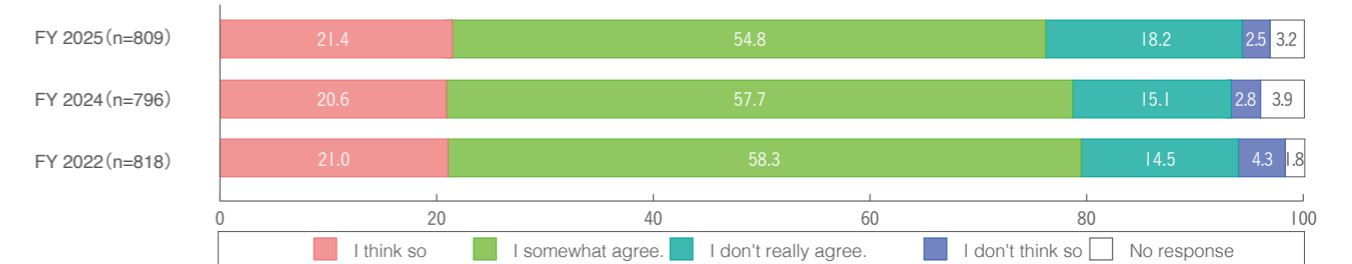
Source: National census in 2020

【Geography】

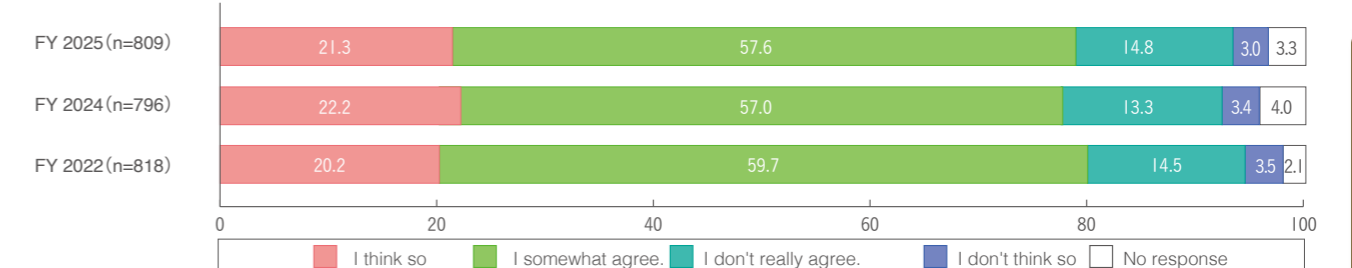


【Setouchi City Resident's City Development Awareness Survey】

Q.Do you find Setouchi city a comfortable place to live in?



Q.Are you happy living in Setouchi city?



Source: From the Setouchi City Citizen Town Planning Consciousness Survey

About Setouchi City
 Message
 Towards the Realization of the Vision for the Future
 Future Vision
 Key Achievements
 Governance
 Data Section



Setouchi City

Hometown Tax Donation Program

We are focusing on initiatives such as hometown tax donation system to work towards a richer quality of life.



Corporate Hometown Tax Donation Program

<https://www.city.setouchi.lg.jp/site/furusato-kigyou/>



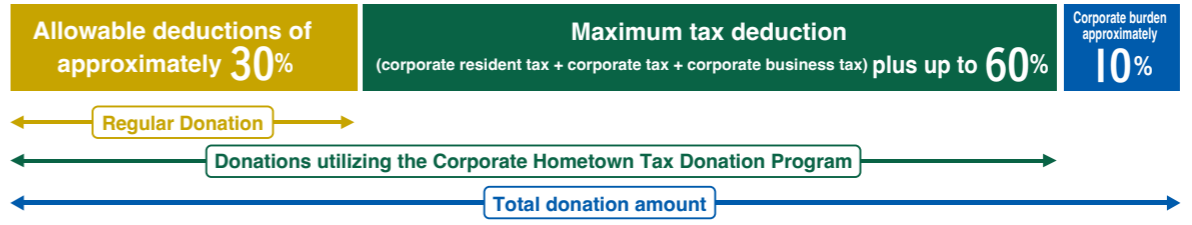
This is a system in which ambitious corporations can receive preferential tax treatment if they support the efforts of local public entities to revive their regions through donations. The Corporate Hometown Tax Program, officially called the "Local Revival Support Tax System", provides special deductions on taxes for companies that donate to local revival projects carried

out by local public entities certified by the Cabinet Office. A significant revision was made to the tax system in the fiscal year of 2020, and up to about 90% of the donation amount is now deductible. This has made it a more user-friendly system for companies by significantly reducing the actual burden on companies to approximately 10%.

Maximum reduction effect up to 90%

The actual corporate burden is about 10%!

(For example, if you donate 1 million yen, the tax reduction effect is 900,000 yen, and the actual company burden is 100,000 yen.)



Donation Amount **24,493,842 yen**
(Fiscal Year 2024)

Number of Donation **22**
(Fiscal Year 2024)

Utilization of Donation Funds (Fiscal Year 2024)

- Promotion of World Heritage registration for the Hansen's Disease Sanatorium 3,500,000yen
- Yumeji's Hometown Art Exchange Project 3,000,000yen
- The Children's Playground Project 600,000yen
- Food is Happiness Project 15,593,842yen (Partially set aside for the fund)
- Sancho Community Project 1,000,000yen
- Happiness through Food Project 600,000yen
- Support for the Paris Olympics Sailing Competition 100,000yen
- SDGs Promotion Initiative 100,000yen



Personal Hometown Tax Donation Program

<https://setouchi-cf.jp>



This is a system where you can receive tax deductions for donating to the local government you support. You can freely choose from about 1,800 municipalities across the country, and it is not necessary to choose your hometown. The amount of your donation, minus 2,000 yen, is fully deducted from your income tax or resident tax within a certain range. Many municipalities prepare "gifts of appreciation,"

such as local specialty products and accommodation vouchers, and it is popular as a means to support the community.

In Setouchi City, we are working on various projects with the goal of creating a city where people can live with a rich and fulfilling sense of well-being. We ask for your support in these projects while enjoying the city's proud return gifts from the hometown tax donation program.

Donation Amount **1,311,510,600 yen**
(Fiscal Year 2024)

Number of Donation **51,620**
(Fiscal Year 2024)

Utilization of Donation Funds (Fiscal Year 2024)

- **Projects related to the promotion of industry**
 - Regional Business Support Center Development Project 12,070,000yen
 - Tourism Promotion and Visitor Attraction Initiative 4,999,000yen
 - Expo 2025 Osaka-Kansai Tourism Promotion Initiative 1,513,000yen
- **Projects related to the preservation of nature or the environment**
 - Residential Decarbonization Promotion Program 6,229,000yen
 - Recyclable Waste Collection Promotion Program 1,819,000yen
 - Septic Tank Installation and Improvement Program 1,600,000yen
- **Projects for enriching medical or welfare services**
 - Taxi Utilization Subsidy Program 30,559,000yen
 - Foreign Instructor Dispatch Program for Nursery Schools 3,920,400yen
 - Hearing Aid Purchase Subsidy Program for the Elderly 951,000yen
- **Projects related to the promotion of education, culture or sports**
 - Oku Sports Park Baseball Field Development Project 35,695,000yen
- ICT Equipment Enhancement Program for Elementary and Junior High Schools 36,092,000yen
- Foreign Instructor Dispatch Program for Kindergartens and Elementary Schools 31,680,000yen
- **Projects related to creating a safe and secure city**
 - Firefighting Facilities Development Project 44,594,000yen
 - Agricultural Road and Irrigation Channel Improvement and Paving Project 2,750,000yen
- **Projects related to human rights**
 - Promotion of World Heritage registration for the Hansen's Disease Sanatorium 3,285,000yen
- **Projects deemed necessary by the mayor**
 - The Children's Playground Project 8,686,000yen
 - Food is Happiness Project 48,837,000yen
 - Cultural Tourism Hub Development Project 816,000yen





Setouchi City Integrated Report 2025 (Setouchi City Profile)

【Issued in March 2026】

Reporting period

April 1, 2024 - March 31, 2025

Issued

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