

# **A study on the process of regional tourism management in collaboration between public and private sectors**

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## **Abstract**

In urban and regional planning, the necessity for partnership among various stakeholders is recognized as a global issue from the viewpoint of effectiveness and regional sustainability. In Japan, it is also important that the local private sector be involved in not only the planning phase but also the implementation phase, due to severe financial problems and the devolution of power from central to local government. This is an essential element for each region's sustainability. Moreover, with the progress of globalization and decentralization, regional problems become complicated and far-reaching for one local government.

Up to now, for example, in the region, public-private partnerships have been advanced through efforts to put in activities by city district area such as central city. However, even for policy issues with a wide-area spatial scale such as industry and tourism, etc., which are difficult to be handled by any single local government, cooperation between the public sector and the private sector is well recognized.

In this study, we discuss the domestic trend of public private partnerships by analysing the latest regional policies aimed at regional revitalization of wide geographical regions spanning several local government areas in Japan. Following which, we take up the 'Tourism Zone Development Plan' as one example of the wide-area public-private partnership, and clarify the trend in system review for enhancing the effectiveness of planning as well as the progress of the formation of a wide-area public-private partnership.

*Keywords: public private partnership, regional governance, wide area regional plan, tourism zone act,*



## 1 Introduction

This paper talks about public private partnerships aimed at regional revitalization of wide geographical regions spanning several local government areas.

The necessity and effectiveness of wide area cooperation across the jurisdictions of multiple local governments is shown in Ohnishi [1, 2]. In his report, he concludes the importance of public private partnership from the viewpoint of regional spatial planning not only in Japan but also in Asian countries. Kidokoro and Katayama [3], Katayama [4], Shima [5] and Seta [6] analysed the character of wider areas public private partnerships by showing examples in Japanese metropolitan areas, such as Tokyo, Kinki, Kyushu.

Inoue [7] mentions the characteristics of wide area cooperation across the jurisdictions of multiple local governments in Japan.

Tokuyama and Nagao [8] consider those ideas from the viewpoint of local areas branding around tourism law in Japan. The result of other studies [9–11], shows the community improvement efforts in wide areas resulting from public and private sector cooperation without national laws or regulations in Japan.

## 2 Public private partnerships covering wide regional areas

### 2.1 The law which supports cooperation of public private sectors

Table 1 demonstrates the legal and subsidy programs of regional revitalization or improvement through cooperation between the public and private sector as of August, 2013. When local governments perform a plan in respective regions, it is required to establish a “council” as a public-private partnership organization between the public sector such as the local municipality and the private sector including enterprises and non-profit organizations which relate to the plan. Once the plan developed on the basis of public-private partnership is approved by the national government, it becomes possible for each implementation subject to receive grants and incentives, deregulation measures, etc., when implementing programs based on the plan. In addition, these partnership organizations have responsibility for not only wide-area coordination at planning phase but also checking progress at implementation phase.

Of these, numbers 1–4 deal with activation of particular district planning within one municipality (e.g. city, town, village), such as central area revitalization and regional transportation improvement. In contrast, numbers 5–7 require planning with the wide-area framework beyond municipalities under public-private partnership.

Regarding this kind of regional revitalization and improvement, it is necessary to clarify the responsibility not only at the planning stage but also at implementation stage. This is because that the conventional council did not work as the function to be responsible for the actual effect after the plan had been authorized. To clarify the duty of the plan, national government revised the policy to hold the organization, not in the form of council, which recently had



responsibility for the progress of the plan. No.1 “Act on Vitalization in City Center central city revitalization Act”; such a scheme has been introduced.

On the other hand, it is necessary for the same framework of wide-area regional planning. But it has been pointed out that as there are various stakeholders, it is difficult to establish such organizations which share the responsibility for implementation of a wide-area plan. Under these circumstances, a new movement is seen; the “Tourism Zone Development Act” in 2012.

## 2.2 Trends of wide-area cooperation organization in Japan

There was also endogenous organization not being specified in the laws and policies to encourage public-private partnership by the support system as shown in Table 1. The Ministry of Land, Infrastructure, Transport and Tourism listed 81 organizations for cooperation between the private and the public sector aimed at wide-area community revitalization, development and improvement. Among which, 80% of groups in operation are wide-area cooperation organization beyond municipality (e.g. prefecture) from the aspect of the geographic range. In addition, 12 organizations have their own regional plan and put plans into action.

Table 1: The laws for setting public private partnerships for regional revitalization and improvement in Japan.

No.	Policy	Area	Number of authorized Areas (2013.8)
1	Act on Vitalization in City Center central city revitalization	Single municipality -Inner City	114 plans
2	Act on Revitalization and Rehabilitation of Local Public Transportation Systems	Single municipality -Inner City	-
3	Act on Maintenance and Improvement of Traditional Scenery in Certain Districts	Single municipality -Inner City	35 plans (cities)
4	Comprehensive Special Zone Act	Single municipality -Prefecture -Inner City	For International Competitiveness: 7 zones For Local Revitalization: 37 zones
5	National Spatial Planning Act	Wide-area region -Prefectures	8 regions
6	Tourism Zone Development Act	Wide-area region -Prefectures -Cities, towns, villages	49 zones(2008–2012) 6 zones(2013)
7	Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc		197 plans (47 prefectures)



### **3 New wide area scheme for the ‘Tourism Zone Development Act’**

#### **3.1 Creation of a tourism agency**

In Japan in 2003, recognition of tourism promotion being essential and necessary as a national challenge to the economic and social development of Japan was emphasized. In the same year, the “Visit Japan Campaign” aiming at receiving 10 million foreign tourists was started.

On January 1st, 2007, the “Tourism Nation Promotion Act” clearly identifies tourism as an important cornerstone of Japan’s national policy. Based on the Act, the “Tourism Nation Promotion Plan” was enacted by the Cabinet on June 29th, 2007. It sets out basic principles related to measures for materializing a tourism nation and specifies a number of targets, as well as government measures and other action necessary to achieve those targets. In the future, based on the Plan, the government will make a concerted effort to implement measures which promote Japan as a tourism nation in a comprehensive and systematic manner.

In order to comprehensively and systematically promote measures aimed at creating a tourism nation, a task of pressing urgency will be to develop an organized system for public and private sectors to combine in joint efforts nationwide. Therefore, with a view to clarifying the organizations that have the responsibility for tourism administration, the Tourism Agency was established under the Ministry of Land, Infrastructure and Transport on October 1st, 2008.

#### **3.2 Tourism Zone Development Act**

##### **3.2.1 New wide area cooperation scheme**

The Tourism Agency estimated that 22 visitors to an area can make up for the financial loss caused by one resident leaving the area. Therefore, tourism is important industry for such areas in Japan.

Then, in 2008, for creating attractive tourist destinations with international competitiveness, the “Tourism Zone Development Act” was proposed. The purpose of the law is to promote development of the tourism zone, that is, an area consisting of tourism sites that are closely linked in terms of nature, history, culture or otherwise. A tourism zone is designated so as to enable longer-stay travel of more than two nights and three days through cooperation among its tourism sites, with a larger goal of enhancing the attractiveness of these sites.

Accordingly, each region shall set up its own tourist zone, and establish a council consisting of the local municipality, regional transportation, lodging, tourism operators and related organizations, and make a tourist zone development plan for a planning period of 5 years together with an implementation plan. Once this plan gets the approval of the national government, it is possible to receive comprehensive support such as special measures related to control and regulation on the activities, in order to promote development of the environment as a tourist area (Table 2).



Up to now, regional planning in cooperation between the public sector and the private sector and support system at implementation stage was mainly reflected as measures that target specific areas in the city and within a single municipality, but the stay-style tourism of three days and two nights duration, with the exception of some resort areas, is difficult to be realized just by the attractiveness of tourist destination of a single municipality. For this reason, it is required that each region in consideration of connection to the history, culture or otherwise, put and integrate regional tourism resources across municipalities as a network, and develop a “Tourism Zone” that enables the stay of more than two nights, while creating an environment for promoting tourism in the region. It is possible to evaluate the new wide area scheme in plan development and implementation under wide area cooperation between public and private sectors crossing plural municipalities by each region, which differs from the conventional type under public-private partnerships in the past.

Table 2: Subsidies for projects to develop “Tourism Areas”.

Purpose	To support activities performed by people concerned in local communities in mutual cooperation to build up ‘Tourism Areas’ to which visitors from both inside and outside Japan can take staying-oriented travels with a duration of two nights and three days or longer, for the purpose of obtaining case examples of successes in developing tourist resorts through the relevant people’s extensive cooperation and role allocations, as early as possible.
Subsidies	<Subsidies for expenses for projects to develop Tourism Areas> Subsidies will be granted for activities performed by people concerned in local communities based on the plans for developing Tourism Areas.
	<Target activities> 1. Improvement of ability to provide information; 2. Enhancement of attractiveness of lodging; 3. Enrichment of programs for actual experiences and exchanges; 4. Implementation of special events for facilitating overnight stays; 5. Enhancement of comfort and convenience of transfers; 6. Refurbishment and utilization of historical buildings; 7. Development/maintenance of tourist information centers; 8. Enrichment of the provision of tourist information.
	<Amount of subsidy> 40% of total expenses for activities.
	<Period of granting subsidy> 2 years in principle.

### 3.2.2 Authorization

During the five fiscal year period from 2012 to 2008, 49 tourism zones have been approved (Table 3). The 49 tourism zones are composed of 367 municipalities in total, which accounts for 21.3% of the 1721 total number of Japanese municipalities. In addition, the population of the 367 municipalities accounts for 19.3% of the total population of the country, whereas the percentage of inhabitable land area accounts for 27.4%, which shows that the tourism zone has been approved mainly in rural areas with relatively less population. Furthermore, the average population of the zone area is 504,000 people, but on the basis of numbers of commercial offices and accommodation establishments, it is in accordance with the national average.

If looking at the average number of municipalities per zone area, the figure is about 7.5, and variability between 27 municipalities maximum and 1 minimum has been observed. In addition, the tourism zone which consists of small numbers of municipalities has become a unity with a focus on tourism resources including mountains, lakes, wetlands, and remote islands. On the other hand, in the case of the tourism zones consisting of large numbers of municipalities, some have a relatively big scale of tourist cities. Further, the tourism zone beyond plural municipalities accounts for 17 plans out of a total of 49.

## 3.3 Review of basic policy of tourism zone development plan

### 3.3.1 Review of basic policy of tourism zone development plan

The planning period of the development plan of each respective tourist zone is about five years mostly from the approved year. However, based on the opinions expressed during business sorting by the Administrative Revitalization Unit in November of 2009 and November of 2010, a part of the project's effects has been doubted, and partial review was done without waiting for completion of the planning.

In December 2012, a major revision of the "Tourist Zone Development Plan Policy" has been conducted, and the policy was enforced from March 2013. The reason for this was said to be: 1. Responsibilities were not clearly designated; 2. There was nobody providing strong central leadership for carrying out their local tourism plan; 3. Some areas proved to be too large or in an inappropriate setting.

Review of the basic policy is as follows;

- a) Promotion of tourism community development that ensures the integrity of the region.
- b) Promotion of cooperation among the implementing agencies of tourism zone development projects.
- c) Promotion of stay and round trip in tourism zones focuses on stay promote districts.
- d) Promotion of participation to tourism community development by local residents.



Table 3: Authorized ‘Tourism Areas’ (2008-2012).

Fiscal year	Number of authorized “Tourism Areas”	Population (1,000)	Surface area (km <sup>2</sup> )		Number of establishments		Number of persons engaged (1,000)		Population density (per km <sup>2</sup> )	Number of local governments
			Inhabitable area	Number of retail stores	Number of restaurants		Eating and drinking places/accommodation			
Total	49	24,679	110,206	251,414	134,866	11,116	1,127	742		367
	Coverage ratio (per nation)	19.27%	29.56%	21.94%	20.12%	19.02%	19.78%	/		21.3%
	2008	8,580	39,585	89,639	46,173	3,835	392	725		130
	2009	6,577	28,769	62,850	34,403	2,888	281	707		81
	2010	7,452	27,743	77,758	43,197	3,470	364	859		114
	2011	1,186	10,395	11,904	6,371	519	50	554		26
Average (per area)	2012	885	3,715	9,263	4,722	404	41	675		16
		504	2,249	5,131	2,752	227	23	-		7.5
	2008	536	2,474	5,602	2,886	240	24	/		8.13
	2009	470	2,055	4,489	2,457	206	20	/		5.79
	2010	497	1,850	5,184	2,880	231	24	/		7.60
	2011	395	3,465	3,968	2,124	173	17	/		8.67
	2012	885	3,715	9,263	4,722	404	41	/		16.00



As the point of review, until then, in order to increase the effectiveness of the development plan worked on by municipalities and tourism associations mainly, we certified a business entity with corporate status named the “platform for Tourism Community Development”, and clarified the responsibilities at the plan implementation stage. By proceeding with the plan mainly by private or semi-public organizations locally-owned, while also obtaining operating revenue, we could realize tourism community improvement, also even after completion of the planning period, the independent and sustainable mechanism of tourism promotion is expected. Following which, from the 2011 fiscal year, regarding the menu of support, targeting new establishments and training of the organization to become “the platform for tourism area’s development”, it is prioritized in the projects towards planning and sales of the landing type travel products, and the training of human resources.

### **3.3.2 Situation of transition to the new tourism zone**

With the review of the basic policy, among the 49 areas that are certified under the old policy, six regions in April 2013 have been reviewed in the geographic range and have transited to a new tourism zone. The remaining 34 zones are supposed to continue their activities based on the framework during the planning period of the development plan under the old basic policy. For 9 zones, despite the fact that the planning period has been completed, the transition to the new plan is under consideration or has been cancelled.

Looking at the average population per inhabitable area in those transited 6 zones, differing from sphere, from 50,000 to 260,000 people, variation is seen in each sphere, but it remains about 30% of the average of the old tourist zone, on average 134,000 people per zone, which suggests the manner in which consideration has been given to the integrity of the region (Tables 4 and 5).

In old tourism planning, the evaluation target value for the plan has been set, but as mentioned earlier, during business sorting by the Administration Revitalization Meeting, goal setting of quantitative values, on which there is ambiguous understanding was pointed out. On the other hand, even in new tourism planning, regarding the six zones, quantitative indexes including tourist arrivals, numbers of foreign visitor, total number of lodging nights, and repeater rate has been set up. Situation of new regional platforms in the future

Further, there is a character that the targets in value have been introduced in respective tourism zone for each business. In the 6 sphere that has developed with new tourism zone development plans, in order to increase the effectiveness of the plan, it is required to position the plan as a “tourism platform” with the organizations that have a legal personality. In the fiscal year 2011 or later, support from the country, establishment of platform organization, planning and sales of travel products, and training of human resources have been specialized as support by platform organizations. In two years, that number has increased to 23 among the 49 zones.

This is a new attempt to enhance the effectiveness of a wide-area plan and is positioned as an organization responsible for the planning run in the wide-area beyond municipalities. In addition, the regional cooperation support system in





Table 4: New ‘Tourism Areas (2013)’ and Old ‘Tourism Areas’ (2008–2012).

	New (2013)			Old (2008–2012)			New/ old
	Total	Coverage ratio(per nation)	Ave. (per area)	Total	Coverage ratio (per nation)	Ave. (per area)	
Number of authorized areas	6	-	-	49	-	-	12%
Population (1,000)	805	0.6%	134	24,679	19.3%	504	26.6%
Surface area (km <sup>2</sup> )	11,550	3.1%	1,925	110,206	29.6%	2,249	85.6%
Inhabitable area (km <sup>2</sup> )	3,017	2.5%	503	33,269	27.2%	679	74.1%
Number of retail stores	9,791	0.9%	1,632	251,414	21.9%	5,131	31.8%
Number of restaurants	4,520	0.7%	753	134,866	20.1%	2,752	27.4%
Number of persons engaged :total (1000)	316	0.5%	53	11,116	19.0%	227	23.2%
Eating and drinking/accommodation)	41	0.7%	7	1,127	19.8%	23	29.6%
Population density (per (km <sup>2</sup> ))	267	-	-	742	-	-	36.0%
Number of local governments	30	1.7%	5.0	367	21.3%	7.5	8.2%

Japan was expecting a wide area of cooperation in the geographical scope that was beyond the municipalities. However, in the tourist area development plan, since it is intended to enhance international competitiveness as a tourist destination with charm, improving the local brand power is considered important. Since integrity of the sphere is at a premium, the slightly narrow point is also the feature.

Furthermore, among the 23 tourism zones that received support later than the fiscal year 2011, 10 were positioned as regional platforms by the “Tourism Association” formed by members of tourism operators. Also, the 10 organizations are newly established semi-public organization by business entity and municipalities with the same activity area of the tourism zone. In addition, in accordance with the law, 80% were newly established. Accordingly, as the activity scopes of organizations are different and most of the organizations are quite newly established, currently, it is hard to say that the coordination of interests of the stakeholders in the wide-area tourism zone is easy.

Table 5: New 'Tourism Area's (2013)' governance.

	Population (1,000)	Popula- tion density (per km <sup>2</sup> )	Number of local govern- ments	New regional platform for tourism
1.Furano-Biei region	56	67	6	<Furano Tourism Association > -cover 6 municipalities -established in 2008
2.Snow- country	204	241	7	<Snow Country Tourist Area Association > -cover 7 c municipalities -established in 2008
3.Yatsugatake	70	331	3	<Yatsugatake tourism association> -cover 3 municipalities -established in 2010
4.Sasebo- ojika region	264	1,229	2	<Sasebo convention and tourism association> -cover 1 municipalities -established in 2003
5.Nishiawa	88	388	4	<Sky village -cover 4 municipalities -established in 2013
6.Aso-kujyu	123	182	9	<Aso Region Design center > -cover 12 municipalities -established in 2004

Also, it should be noted that in five of the six zones migrated to new tourism development plan, they established new organization as their 'Tourism platform' when they began their authorized plan and program (Table 5). These 5 organizations cover each Tourism Area and consist of local governments, regional transportation, lodging and tourism operators etc. And each local government within their tourism areas still has their own semi-public tourism association. So, from the viewpoint of wide area local governance, the functions of these organizations are overlapping. The next challenge in promoting tourism zones is to develop a new method of coordination between various stakeholders for enhancing the effectiveness of the tourist zone development plan within these five years.

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