

# Overcoming Difficulties Faced by Local Railway Transport and Role of Basic Act on Transport Policy

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## Positioning of Local Railway Grouping in Japan's Railway Passenger Transport

More than 100 of the 200 railway operators supporting passenger transport in Japan are classified as being in the grouping of 'smaller private railways', making this grouping the largest in terms of number of operators. Smaller private railways were once perceived as having trains with few carriages and connecting regional cities or rural areas, but today more than 20 companies are included in this grouping, such as those operating commuter railways in Tokyo and other urban areas with modern equipment, and quasi-public railway infrastructure operators. This has blurred the definition of the character of such railways. Table 1 shows Japan's passenger railway operators separated into six groupings by number of operators, line length, passenger-km, and revenue data. While the smaller private railways grouping includes more than 63% of operators, it only has a line length of 13% of the total and just 2% or 3% of passenger-km and revenue.

Recent Ministry of Land, Infrastructure, Transport and Tourism (MLIT) materials include a grouping called 'regional railways'. This is a grouping of railway operators where passenger transport other than shinkansen, trunk railways, and urban railways is conducted by smaller private sector or quasi-public operators. This article proposes arguments with operators and railway transport for this regional railways grouping in mind.

There are 91 railway operators in the regional railways grouping as of April 2014, but the number fluctuates year-by-year due to factors such as railway closures. These operators are further broken down into 49 private railways and 42 quasi-public railways. The majority of quasi-public operators are operating lines transferred from other operators. Of these, 20 took over and operate unprofitable lines discontinued by Japanese National Railways (JNR) or post-privatization Japan Railways (JR) companies, and 13 operate 'new regional lines'. These new regional lines were planned in the 1970s across Japan and were to have been operated by JNR, but plans were put on hold in 1979 due

**Table 1 Basic Data on Japan's Passenger Railway Operators (Fiscal 2011)**

Classification	No. of Operators	Line Length	Passenger-km (million)	Revenue (¥billion)
JR Passenger	6	20,124 (72.6%)	246,942 (62.6%)	3693.7 (62.4%)
Major Private	16	2917 (10.5%)	116,609 (29.5%)	1,453.0 (24.6%)
Quasi-Private	4 + 1	195 (0.7%)	2,202 (0.6%)	34.3 (0.6%)
Public Operated	11	615 (2.2%)	19,131 (4.9%)	485.0 (8.2%)
Smaller Private	106 + 16	3,646 (13.2%)	7,943 (2.0%)	185.3 (3.1%)
Others*	33 (+17**)	231 (0.8%)	1,961 (0.5%)	67.5 (1.1%)
Total	176 + 17	27,728 (100%)	394,788 (100%)	5918.8 (100%)

Number of operators in *italics* is for railway infrastructure companies.

\* Operators of monorails, guideway transit, cable railways, etc.

\*\* Supplemental business by operators not included in Others.

12 other freight railway operators including JR Freight are not included in the above table.

Source: Prepared from data in *Suji de Miru Tetsudo 2013* published by Institution For Transport Policy Studies.

to the JNR financial crisis and the lines were transferred eventually to private or quasi-public railways that restarted construction and opened the lines. Many do not see much business, but some such as Hokuetsu Express and Chizu Express have trunk-line transport functions. Hokuetsu Express runs many limited express trains as a shortcut between the Joetsu Shinkansen (JR East) and the Hokuriku region, and is a high-performance line running trains at a top speed of 160 km/h. About half the operators of new regional lines operate lines discontinued by JNR, forming either a single line or a railway network when combined with new regional lines.

Conventional lines running parallel to shinkansen lines are one example of where, with the opening of a new shinkansen section, the local community establishes an operator to take over the railway facilities that would be discontinued ordinarily and operate a service running parallel to the new shinkansen. They mainly function as local transport, but are characterized by high-performance trunk-line facilities, and could accept through-services by JR Freight trains and passenger trains. With the opening of the Hokuriku Shinkansen between Nagano and Kanazawa in spring 2015, three operators will be added to these operating conventional lines running parallel to shinkansen

lines for a total of seven companies.

More examples are being seen of quasi-public operators being established to preserve unprofitable lines of private railways and introduce new railways in regional cities, with these being added to the regional railways grouping. In the examples of Wakasa Railway and Iga Railway, vertical separation of railway operations was introduced to preserve unprofitable railways. Wakasa Railway uses infrastructure owned by the trackside local governments, and the quasi-public company runs trains on that infrastructure. Iga Railway runs the trains of Iga Line spun-off from the network of Kintetsu Corporation, Japan's largest private railway, to preserve that unprofitable line. Kintetsu owns the infrastructure and rolling stock and the quasi-public Iga Railway financed by local governments and Kintetsu runs the trains. Toyama Light Rail is another example of a quasi-public operator, running the LRT introduced by Toyama City.

## Unprofitability of Passenger Railway Transport and Hardships of Local Railway Operators

Table 2 shows a breakdown of Japan's profitable and unprofitable passenger railway operators by their classification. Data for fiscal 2010 was used because the

**Table 2 Profitability of Passenger Railway Operators (Fiscal 2010\*)**

Classification		Profitable	Unprofitable
JR Passenger (3 on main island: JR East, JR Central, and JR West)		3	0
JR Passenger (3 smaller islands: JR Hokkaido, JR Shikoku, and JR Kyushu)		0	3
Private Railways (Urban)	Major Private	16	0
	Quasi-major Private	4 + <i>1</i>	0
	Public Operated (Urban)	8	1
	Smaller Private (Urban)	7 + <i>11</i>	3
	Monorail, Guideway Transit, etc.	11	10
Private Railways (Local)	Smaller Private	20	35 + <i>1</i>
	Transferred/New Regional Lines	3	30
	Conventional Lines Parallel to Shinkansen	1	3 + <i>1</i>
	Public Operated (Trams/Regional Cities)	1	2
<b>Total</b>		<b>74 + <i>12</i></b>	<b>87 + <i>2</i></b>

Number of operators in *italics* is for railway infrastructure companies.

Source: Prepared from data in *Suji de Miru Tetsudo 2012* published by Institution For Transport Policy Studies.



Quasi-public Hitachinaka Seaside Railway, formerly Ibaraki Kotsu

(Hitachinaka Seaside Railway)

2011 financial data was affected adversely by the 2011 Great East Japan Earthquake. Business income and expenditure data for Japanese railway operators generally does not include public subsidies, but with public and quasi-public operators, the burden borne by local governments for public discount fares, such as for the elderly and disabled, is sometimes included.

Japan's major passenger railway operators are viewed with awe by developed nations even today for their ability to continue profitable management without outside assistance. Achieving such profitability without vertical separation has been observed in examples such as US transcontinental freight transport and sightseeing railways around the world, but operating successfully in the black is a rare phenomenon for operators running broad-ranging railway networks and urban commuter railways like in Japan. In particular, all 24 companies composed of the three JRs on the main island of Honshu, major private railways, and quasi-major private railways, operate in the black. These 24 companies comprise 64% of track-km and 90% of passenger-km (FY2010), demonstrating their overwhelming dominance, and they form the foundation of Japan's railway policy model, which stands out amongst developed nations.

On the other hand, business conditions are tough for operators in the regional railways grouping, with those in the red outnumbering those in the black. Those in the red make up the vast majority, especially in the grouping that operates lines transferred from JNR or JR (transferred lines). There are many operators in the red in the grouping of smaller private railways, but many of these operators are well known for aspects such as high-quality transport service, low fares, and unique sightseeing transport, or they have continued long stable business due to efficient management. Even so, this grouping is characterized by many operators in a position where they are forced to discontinue service due to aging facilities. In the 11 years from 2000, 35 unprofitable lines with a length of 674 km have been discontinued, and 77% are in the grouping of smaller private railways.

More than a few smaller private railways make up for losses in small city and rural transport with supplemental businesses in areas such as real estate and retail. The problem in such cases is the poor business environment where natural disasters and accidents can lead to closure of railways. On the other hand, more cases have been seen in recent years where operators burdened with unprofitable lines have gained cooperation from entities such as local governments to introduce new business

**Table 3 Profitability of Regional Railways by Average Transport Density (Fiscal 2010)**

Transport Density (passengers per km per day)	Profitable Rail Business	Unprofitable Rail Business	Profitable Company Overall
7000 or more	9	1	8
6000 – 6999	4	1	3
5000 – 5999	1	1	2
4000 – 4999	1	3	3
3000 – 3999	4	9	4
2000 – 2999	2	7	5
1000 – 1999	2	18	5
999 or less	1	28	4

Source: Prepared from data in *Suji de Miru Tetsudo 2012* published by Institution For Transport Policy Studies.

schemes and preserve their railway business. Typically, this is accomplished by introducing vertical separation or converting from private to quasi-public companies. Vertical separation may involve clear organizational separation, but there is also accounting separation where railway infrastructure expenses are removed from the user burden to become a local public burden as seen with operators such as Joshin Dentetsu, Jomo Electric Railway, and Echizen Railway. Hitachinaka Seaside Railway is a case of a railway business being preserved by converting the loss-generating private railway Ibaraki Kotsu to a quasi-public business.

In the grouping of quasi-public companies operating transferred railways/new regional lines, the vast majority are running discontinued JNR (and JR) lines, so their business environment is much more difficult than for the grouping of smaller private railways. However, modernization of facilities using public funds at transfer to the private-sector railways often helps keep down maintenance expenses. Quasi-public companies have a benefit of low barriers to receiving public subsidies for facilities investment or operations. However, more than a few operators are being forced to close lines due to factors such as reduced passenger numbers and natural disasters. Hokkaido Chihoku Railway, which operated 140 km of railway in a snow region, went out of business in 2006 and local bus operators took over transport using bus services. Takachiho Railway had a famous sightseeing area along its line, but the destruction of bridges and track bed by a typhoon forced it out of business in 2008.

## Profitability of Local Railways Seen from Index of Average Transport Density

Table 3 shows profitable and unprofitable regional railway operators in line with average transport density (passengers per km per day) along with company data as a whole. Average transport density is not used much in other countries, but it is frequently seen in railway transport data in Japan because it is the key index when evaluating the profitability of railway transport. Indexes between 8000 and 4000 show a line plays an important role in regional railway transport in Japan, because JNR used an average transport density of 8000 as the boundary for classifying networks as a trunk line or local line. It analyzed data for all its lines, determining that a line with an index of less than 8000 would have difficulty maintaining profitability even with efficient management. It further classified lines with an average transport density of less than 4000 as candidates for closure.

From Table 3, we can assume today that an average transport density of 5000 to 6000 is an appropriate indicator for determining whether or not a line is profitable. The difference from 8000 reflects increased management efficiency and further capital intensification of operators in recent years. The number of operators showing losses from railway operations increases sharply at an average transport density of less than 5000. Of the 49 companies with an average transport density of less than 2000, 32 are in the grouping of railways transferred from JNR (or JR).



Wakasa Railway railcar bound for Tottori

(Wakasa Railway)

Just five of the 29 companies with an average transport density of less than 1000 are smaller private railways (one of which discontinued railway business in 2012). This situation is related to JNR having selected lines to close using the criteria of an average transport density of less than 2000 in 1980. Even with special exemptions, such as peak transport of 1000 or more passengers (in one direction), lack of roads parallel to the line, and heavy snow areas, JNR closed 83 lines totalling 3167 km; 45 of these closed lines switched to bus transport, and 38 lines totalling 1307 km were preserved by quasi-public or private-sector operators to form the grouping of transferred railways.

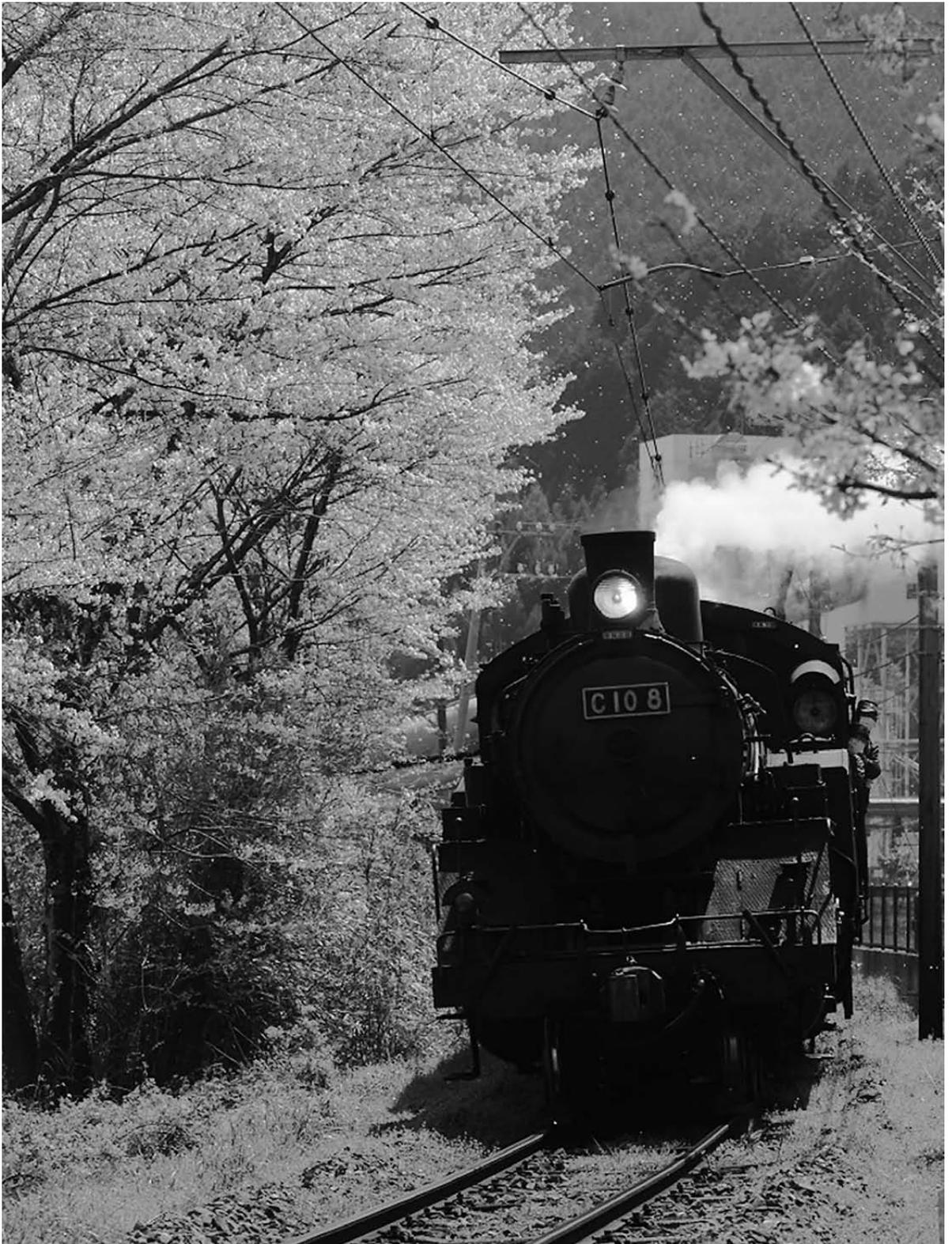
All the transferred railways with an average transport density of less than 2000 are loss-generating. Wakasa Railway, which introduced vertical separation, is the only quasi-public operator with a profit in all its business. The company president was chosen by open recruitment and the railway is known for its active management with measures such as 'hands-on' driving events on weekends using preserved rolling stock. Oigawa Railway, a smaller private railway with an average transport density of less than 1000 turns a profit by putting effort into sightseeing services

using steam operation and an Abt rack-and-pinion railway. It is famous as a location for TV and cinema dramas.

## Decline of Local Railway Transport in Railway Powerhouse Japan

Japan is the world's pre-eminent powerhouse in terms of passenger transport with data such as railways' high share of transport (35.7% on passenger-km basis for fiscal 2009) and railway passenger-km per person (3079 km for fiscal 2010) showing the railways' high retention rate in society. The nationwide average transport density for railways is close to 40,000 or 2.75 times that of The Netherlands in the second place position. Meanwhile, private automobile ownership in Japan is close to saturation levels, with more than 1.5 cars per household mainly in regional areas. The high retention rate of railways even under such conditions is a testament to the presence of an enormous transport market where railways exhibit their mass transport capacity in a way that cannot be emulated by other modes.

Japan's land area of 370,000 km<sup>2</sup> is about the same size as Germany, but most of this land is covered in



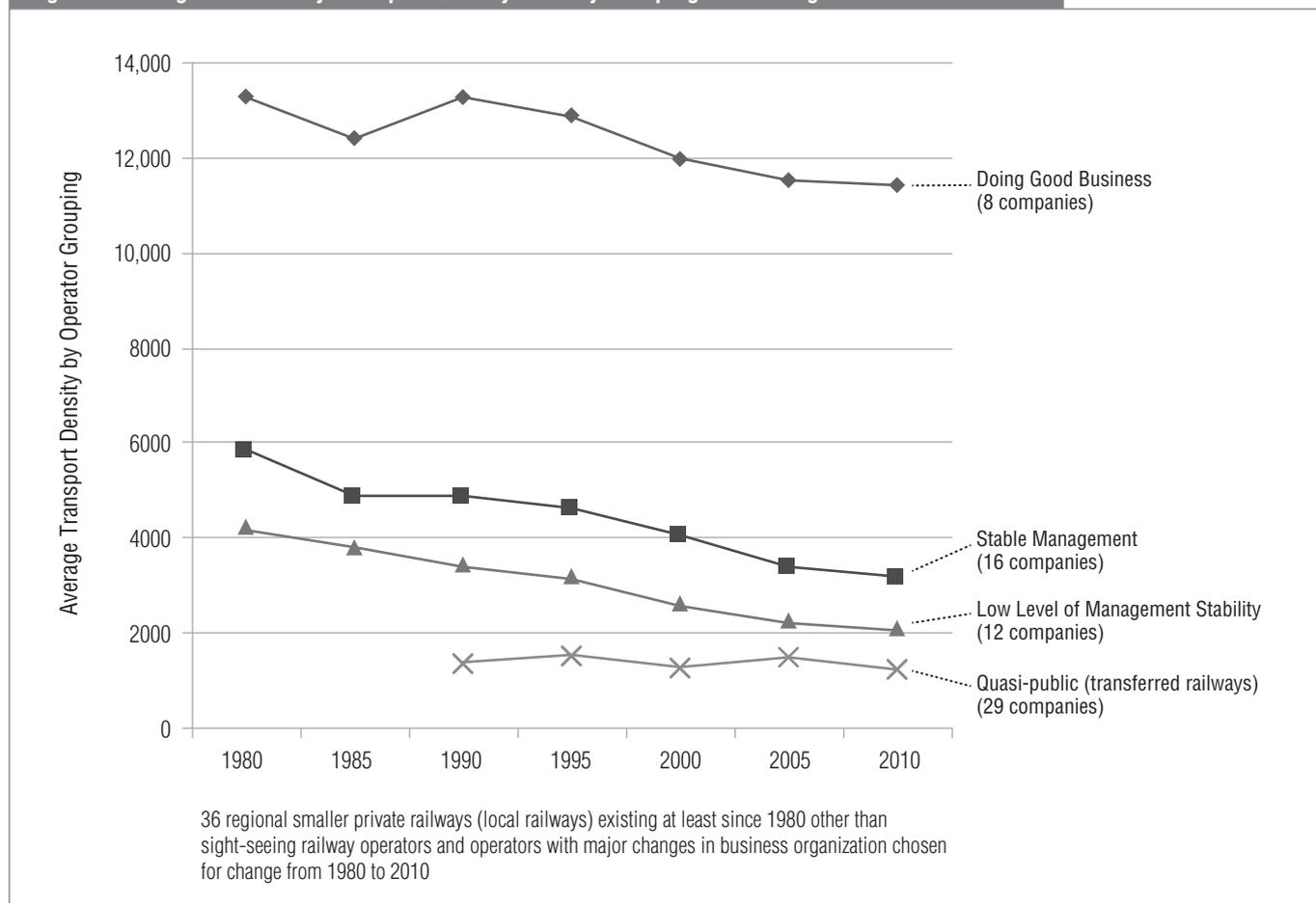
Popular steam locomotive operation on Oigawa Railway

(Oigawa Railway)

mountains; the habitable land area is just 31% of the total. For this reason, many areas of high population density have developed in the flat narrow coastal strip, such as the three major conurbations of Tokyo, Nagoya and Osaka, comprising the so-called 'Tokaido megalopolis'. Although Japan's population is about 128 million, 87% of these

people live in urban areas and 45% live in Tokyo, Nagoya and Osaka. The high-density metropolises and megalopolis combining the large cities are an ideal market for railways where major operators can operate profitably without external government assistance by carrying passengers within the urban areas and along the transport corridors

**Figure 1 Changes in Railway Transport Density Seen by Groupings According to Business Situation**



between them.

In contrast, most of the operators in the regional railway grouping have territories in regional areas with small and declining local populations and high levels of private automobile ownership, so they are following a difficult path. In 1960, there were 98 smaller private railway companies totalling 3158 km, but this figure had dropped to 58 companies and 1766 km by 1975. In the 10 years from 1965 to 1975 in particular, 1246 km of track was closed and many railway operators disappeared. After 1983, there was large-scale closure (83) of unprofitable JNR or JR lines, which had been prevented by political pressure before then. This provided the opportunity to establish many transferred railways and new regional lines, greatly increasing the number of operators in the regional railways grouping.

Of the 91 companies in the regional railways grouping in 2014, 76 operators have existed much in their current form since 1990. These 76 companies have seen a 20.1% drop in transport volume and a 20.2% drop in average transport density in the 20 years from 1990 to 2010. The 47 companies in the smaller private railways grouping have also seen a 27.6% drop in average transport density over the same 20 years, demonstrating that the move away from

railway use is even more severe for them.

According to a 2014 survey of 91 regional railways by the Japan Railway Construction, Transport and Technology Agency, operators in the regional railways grouping can be further classified into six groupings according to stability of management and transport functions (functions as lines used for day-to-day life, functions as sightseeing lines). These six groupings are: (1) 10 operators doing good business with vast business resources; a grouping with relatively stable management made up of (2) 23 operators with functions as both lines used for day-to-day life and as sightseeing lines and (3) five operators with functions as sightseeing lines; a grouping with low management stability made up of (4) 23 operators with functions as lines used for day-to-day life, (5) 22 operators with functions as both lines used for day-to-day life and as sightseeing lines, and (6) eight operators with functions as sightseeing lines. Of these, the two groupings of (4) and (5) related to functions as lines used for day-to-day life under poor business conditions have urgent issues in terms of transport policy.

Figure 1 shows the 30-year change in average transport density (grouping average) for 36 of the 47 smaller private railways operating regional railways existing from 1980

minus operators that operate sightseeing railways and those that have undergone major changes to their business organization. These companies are reorganized into three types of groupings based on (1), (2), and combined (4) and (5) of the six groupings above. Moreover, the 20-year change in average transport density is shown for 29 of the quasi-public operators of JNR or JR transferred lines from 1990 (many established in the late 1980s). From Figure 1, there is a major gap in average transport density between the grouping doing good business and not doing good business; the scale of transport demand has almost halved over the past 30 years for the (3) grouping with relatively stable management as well as the (4) and (5) grouping with low management stability, demonstrating how operators of regional railways have maintained railway transport in tough business conditions. The business environment is even more difficult for the grouping of transferred railways with an average transport density of less than 2000, but the trend in reduced transport volume is not as prominent. Note that the 10,000 passenger transport density result for the Aichi Loop Line, which was used as a railway to reach the 2005 World's Fair in Aichi Prefecture and now functions as a commuter railway in the greater Nagoya area, affected the data.

## Progress in Liberalization and Measures to Revitalize and Rehabilitate Local Public Transport Systems

'Hardships faced by regional railways' is a negative phenomenon of railway passenger transport in Japan's railway powerhouse. However, this problem is not limited to operators in the regional railways grouping and their users. The very fact that Japan is a railway powerhouse means that there is another problem related to local railways that is difficult to see. It is the problem of many unprofitable lines incorporated in the network of the six JR companies and major private railways relying on revenues from major urban areas and trunk lines—cross subsidy—to continue operations.

Lines classified as 'local lines' by JNR but which avoided closure and continue to be operated by the JR companies have reached 92 lines totalling 6427 km; this exceeds the 3413 km of the 91 regional railways. While data for individual lines is not disclosed by the JR companies or major private railways, analysis of fiscal 2011 data by railway journalist Jun Umehara shows that the average transport density of 47 of those 92 lines is less than 2000 and that 26 lines have an average transport density of less than 1000. Seventy lines have an operating coefficient (operating expenses/operating revenue x 100) in excess of the 200 guideline figure for implementing cross-subsidy. According to Umehara, 42 lines operated by major private railways also have an

operating coefficient in excess of 200.

The phenomenon of railway operators with financial strength, such as the three JR companies on Honshu and major private railways, using cross-subsidy to support unprofitable lines occurred in developed nations when the railway business had a monopoly. That this phenomenon continues today in Japan demonstrates how major railway businesses are greatly favoured by a strong transport market. However, even among unprofitable lines with similar characteristics, the strong financial strength of railway operators supports some lines while lines of smaller private railways cannot survive on their own and are forced to close. This demonstrates a major problem in terms of fairness in transport policy. Since this is a problem in local public transport supporting the day-to-day lives of trackside residents, we must recognize that it is a problem related to minimum necessary levels of welfare for citizens and sustainability of local society.

Japan started full-scale liberalization of transport policy at the start of the 21st century. Following the 1991 liberalization of truck transport, economic regulations covering the transport industry as a whole in areas such as railway transport, domestic air transport, and bus/taxi transport were reduced or eliminated between 2000 and 2002. Liberalization also applied to regional public transport such as railways and buses; restrictions regulating supply and demand were eliminated, and restrictions on exiting business were reduced to allow closure by advance notice alone. However, price regulations such as authorizing one type of fare per operator based on the fully distributed cost method applied to railway passenger transport and local bus transport were maintained, with just reduced regulation by only authorizing upper limits to fares.

Local public transport in Japan relies heavily on commercial business as seen by even commuter transport in major urban areas being left to commercial businesses. Providing public subsidies to commercial businesses run by private-sector operators has many difficulties in Japan due to legal restrictions. And it is even more difficult when the operator posts profits and provides shareholder dividends. On the other hand, no matter how high the awareness of public interest, they have to decide to close unprofitable lines so the company may continue. This creates a dilemma in Japan's public transport policy.

Major changes occurred in local public transport based on a series of liberalizations in bus transport, not railway transport. Most bus operators do not have the financial strength to cross-subsidize unprofitable lines, so many bus lines were closed after liberalization. In just 5 years from 2006 to 2011, bus lines closed 11,160 km (2.7% of national total) of routes. The exit of these operators from local bus transport caused loss-of-movement problems

for people who cannot use personal automobiles. TV programmes showed sensational scenes of elderly people with advanced dementia driving to hospital. Backed by this increased concern about the crisis in day-to-day transport, the Act on Revitalization and Rehabilitation of Local Public Transportation Systems was passed in October 2007.

This law clarifies that local municipalities bear responsibility for securing day-to-day transport and should play a leading role in its provision. It prescribes that regional councils bearing responsibility for establishing and implementing plans to secure such transport be held under the initiative of local municipalities, while the national government provides support for projects decided by the councils. Based on this law, the number of local governments operating community buses increased and projects to preserve or restore bus operation in small cities and rural areas spread across Japan by local governments operating buses themselves or commissioning their operation. Unconventional modes of transport also spread as a supporting role to local public transport. These include bus operation using taxis, shared taxis using on-demand operation, and fee-based transport using private automobiles (under-populated area transport and welfare transport). Unlike railways, the national government amended its subsidy policy for local bus transport in 2001, providing subsidies for loss-generating lines instead of loss-generating operators. As a result, cross-subsidy by bus operators was alleviated and bus transport made advances ahead of railway transport in the area of streamlining local public transport policy.

## **Changes in Local Public Transport Policy Intended by Basic Act on Transport Policy**

Momentum in discussing the importance of transport policy in line with the rapid aging of Japanese society and the decline of local public transport occurred with the proposal by the Democratic Party of Japan (DPJ), which took power in 2009, of a Basic Act on Transport that alludes to people's right of movement. The 2013 Basic Act on Transport Policy was enacted as the first basic legislation in Japan on transport policy under the Liberal Democratic Party (LDP), recently returned to power. It has functions for securing people's independent living and social activity, active inter-regional interaction and international interaction, and smooth flow of goods. It clarifies the fundamental principles of transport policy in that transport functions are sufficiently exercised for increasing the stability of peoples' lives and advancing the national economy and the importance of basic demand for transport being appropriately satisfied. It prescribes specific actions for transport policy that must be taken as well as the necessity of proceeding with

comprehensive and systematic measures.

The law states that the national government shall create a transport policy basic plan and make a Cabinet resolution on that. It expresses 12 key items to be incorporated when creating the basic plan and it prescribes 16 measures, such as securing means of transport imperative for day-to-day life and measures for smooth movement of the elderly, disabled, and pregnant. Transport policy in Japan prior to 2013 was debated within the framework of laws by individual transport industry such as the Railway Business Act, Road Transportation Act, and Aircraft Manufacturing Industry Act, and measures were established and enacted according to the administrative organizations of the MLIT bureau. While this was effective in promoting competition between transport modes and in modernizing individual transport systems, it had major problems such as ad-hoc transport policies, excessive reliance on commercial operation of public transport, and major delay in comprehensive transport policies that emphasize linkage and connections between modes.

The Basic Act on Transport Policy prescribes that national government and local public entities should appropriately divide the roles each play. Basic items cover a broad range such as 'reduction of environmental burden' and 'securing traffic safety', but emphasis is placed first on 'securing and improving transport functions' because public transport is further declining in regional areas where the declining birth-rate and aging of society is becoming prominent, making that the most important item for transport policies to make efforts in.

The Basic Act on Transport Policy has received praise and was welcomed by various parties such as transport operators. However, seen from the perspective of other countries, the question may come up of why operation of transport related to a variety fields did not suffer major obstacles under ad-hoc transport policies. As stated above, profitable management without external assistance was emphasized as the basis of Japan's transport policies, and public transport services were provided and improved while maintaining profitability at the same time. That emphasis on profitability will remain unchanged into the future. This cause of disparity between Japan and other countries in transport policies lies not in the differences of fundamental principles behind the policies; rather, it is important to recognize that it strongly reflects the disparity in market conditions of transport modes within and outside of Japanese society (including transport infrastructure). However, under transport policies that rely too heavily on the principle of transport business making a profit, it becomes difficult to foster sustainable transport systems that contribute to overcoming global environmental issues, deal with the greying society, and supply transport services that will satisfy the populace,

let alone secure people's day-to-day transport. Without question a deepened awareness of this issue led to the establishment of the Basic Act on Transport Policy.

## Efforts of Local Railway Operators/ Regional Governments and Remaining Issues

Against this backdrop of transport policies emphasizing the profitability of transport business, transport businesses with high ethical levels (awareness of public benefit) and management efficiency were created across Japan. Choshi Dentetsu employees cooking rice crackers sold at stations when not busy with train duties, veteran train drivers of various operators periodically competing in train driving skill competitions, and other stories are very typical Japanese railway scenes. Wakayama Electric Railway, which attracted tourists from Japan and abroad to the railway by promoting a stray cat living at the station to stationmaster (currently company executive), is an example of successful viral marketing. Railways such as



Izuhakone Railways' Series 7000 running against backdrop of Mt Fuji  
(Izuhakone Railway Co. Ltd.)



Hiroshima Electric Railways' Green Mover Lex railcar running against backdrop of Atomic bomb dome

(Hiroshima Electric Railway)



Toyama Light Rail running through central Toyama City

(Toyama Light Rail Co. Ltd.)

Izuhakone Railway, Hiroshima Electric Railway, Nagasaki Electric Railway, Shizuoka Railway, Enshu Railway, and Iyo Railway with an average transport density on the same level as major urban areas are typical examples of successes in regional urban transport; Nagasaki Electric Railway is famous for running ultra-low fare trams called '¥100 trains' (currently ¥120). Enshu Railway made innovative changes to its timetable to provide services over a single-track line equivalent to the level of double-track. Quasi-public Sanriku Railway suffered major tsunami damage to facilities, but was able to restart service with the support of local communities and the national government to become a symbol of recovery after the 2011 Great East Japan Earthquake. In contrast, destroyed facilities of JR East's Yamada Line connecting with Sanriku Railway have been left as-is because they were unable to receive public subsidies, and there is an active movement to transfer the line to Sanriku Railway to facilitate service restoration. The situation of railway operators with high levels of management efficiency supporting local public transport is the same in major urban areas. Private-sector railway operators (the JRs, private railways, Tokyo Metro) handle 87% of railway passenger transport in Japan's three major urban areas (in 2010).

Even so, looking at the other side of management

efforts taken by transport operators, we see regional local government (prefecture and municipality) efforts for local public transport have made a late start. The centralized administration system where authority and responsibility for transport policies overall is concentrated at the national government level causes delays in regional local governments making assertive efforts in terms of transport policies. However, with the establishment of the above-mentioned two new laws, the responsibility of regional local governments for local public transport is clarified and a target focused at decentralization related to transport policies at the local level has come into view.

There are some case examples of regional local government taking an active role in public transport policies. For Toyama City to achieve its compact city strategy, it went beyond just introducing LRT, making ambitious efforts to improve local public transport by means such as forming a pact with local Toyama Chiho Railway to introduce low fares for the elderly and petitioning JR West to revise its timetable to induce modal shift. The public-owned/private-run model where local government builds railway infrastructure that quasi-public Toyama Light Rail operates supporting the LRT business introduced by Toyama City, became a trigger for the national government's new public subsidy system.

The Toyama City endeavour came about by it recording the highest ratio of personal automobile use over public transport for the 47 prefectural cities in Japan.

The Act on Revitalization and Rehabilitation of Local Public Transportation Systems spread efforts such as those taken by Toyama City to local governments across Japan. Its aims go beyond just enhancing and improving public transport systems to include securing and improving day-to-day transport through cooperation between local government, transport operators, and residents. However, the actual situation does not always go as intended by the law. Local governments lack experience and ability in implementing local public transport policies, and there are insufficient local government financial resources to support them. Transfer of authority for transport policies from the national to local level and transfer of finances for transport policies must be more than just a slogan. Actual progress must be seen whereby transfer for projects to improve public transport as targeted by the law come to fruition. While local-led efforts in areas such as community buses and share-ride taxis have increased, we can see this as simply being examples of local-side response in line with the framework for regional councils prepared by the national government.

It will be difficult to secure a means of transport imperative for day-to-day life as prescribed by the Basic Act on Transport Policy through unrealistic expectations about the financial strength of public transport operators and by simply turning over responsibility for local public transport policies to individual regions. Good results will not be achieved by simply piling up small subsidy systems ad-hoc for public subsidy policies as is done now. To enhance local transport policies starting with public transport, we need to study efforts in other developed nations on this point and introduce those that are deemed to be favourable in Japan. There is much to learn from case examples of other countries on methods of procuring public funds for improving local public transport. Moreover, there is a strong chance that old-fashioned government regulations, such as regulating prices for railway operators, are impeding streamlining and modernization of local public transport policies.

There are still many issues that the national government should make efforts about to achieve decentralization of authority for local public transport. ■

### Further Reading

Railway Transport Agency Survey Report, Third Conference on Revitalizing and Rehabilitating Local Public Transport Systems (2014, Japan Railway Construction, Transport and Technology Agency)

Jun Umehara, Disclosure of Balance of Payment Management Factor Calculation Formula for All JR & Private Railway Lines, *Weekly Toyo Keizai* No. 6512 (20 February 2014)



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Professor Saito was born in 1943 and graduated from Waseda University. He taught transport economics at Kinki University, held posts such as President of the Japan Society of Transportation Economics, and is currently Professor Emeritus at Kinki University. He holds the post of Director of the Kansai Railway Association Urban Transport Laboratory and is involved in Kinki Region railway construction planning and establishment of local public transport policies as Chairman of MLIT's Council for Kinki Regional Transport.