

Niseko Hirafu BID Outreach Meeting

Time & Date: April 25, 2013 (Thursday) English from 1 p.m.; Japanese from 4 p.m.

Venue: Mountain Centre

Outline of speech by Yoshihito Tanaka, the representative
of the Niseko Hirafu BID Steering Committee

After listening to Junko-san, the head of Hirafu Bukai, I'd like to say a few words. I believe you now understand what's been going on so far, and so I won't elaborate on the same topic.

We've been working to realize a project that benefits this community, a project that was started by our predecessors.

We're planning to create the Niseko Tourism Bureau and Niseko Hirafu BID. The Niseko Tourism Bureau will be supported by a lift tax, and the BID will be financed by the *juekisha buntankin* system for allocating levies to beneficiaries. We also have to pay membership fees to the Kutchan Tourism Association. You might think that we'll have too much money going out, so I'd like to explain about the membership fees and roles of each organization.

First, the information on the inside front cover, titled "Outlook of Hirafu Tourism Businesses," will help you get an overall picture.

We've had discussions toward launching the Niseko Tourism Bureau in FY 2014. This bureau will be responsible for providing guidelines on development and environmental conservation and for conducting sales promotions to benefit all of Niseko. After establishing the bureau, the NPB, which has been organized by tourism businesses from the entire Niseko community, will be dissolved and the NPB's functions will be transferred to the Bureau. So you won't have to pay NPB membership fees in the future.

We have a plan to rely on a lift tax to secure financial resources necessary for the Niseko Tourism Bureau. It's a new special-purpose tax for the Towns of Kutchan and Niseko (and maybe Rankoshi). It's collected from ski lift users for the purpose of promoting tourism. Using tax revenues means that we have to provide services to the taxpayers. For example, information on avalanches in Niseko is now provided by volunteers. This kind of information activity should be supported by the Bureau. Additionally, the Bureau is supposed to support environmental conservation, revision of the Niseko Rules, and operation of the Niseko United Bus that connects the town of Niseko, skiing resorts and the town of Kutchan.

Next, let me talk about the Kutchan Tourism Association and the Niseko Hirafu BID. In the past, Hirafu Shibu worked on various issues of Hirafu. Last year, Hirafu Shibu was integrated into the association, but it's been maintained as Hirafu Bukai. Hirafu Bukai can work on community matters under the conditions that it works toward establishing the BID and is dissolved after the BID starts.

Hirafu Bukai needs to be dissolved because the Kutchan Tourism Association is an organization that's dedicated to attracting visitors and offering hospitality to guests. It's not supposed to engage in community matters. You may have comments and opinions about this, but it's a decision that's been made.

Now I'll talk about membership fees. Eighty percent of the membership fees are paid by members from Hirafu, and these fees total about 3.8 million yen. Membership fees paid by members in the town of Niseko total about 700,000 yen.

This difference in the total amount of revenues from membership fees between Hirafu and downtown Kutchan is partly due to the difference in the number of members, but the membership fee per member is also different. For example, the membership fee for an eating or drinking establishment in Hirafu is 15,000 yen, more than double the fee in Hirafu, 7,000 yen.

The amount of membership fees will be reviewed during this fiscal year. I'm determined to lower the membership fee in Hirafu Village and to increase the fee in downtown Kutchan, so that the gap is eventually eliminated. Simply put, the membership fee will be reduced for members of the Kutchan Tourism Association who engage in business in Hirafu.

Now you see that you won't have to pay the NPB membership fee after the NPB is dissolved, and that you'll pay a reduced membership fee to the Kutchan Tourism Association. You won't have to bear a greater burden after the establishment of the BID.

Let me talk a little about the organizations concerned.

I've been talking about the NPB and Hirafu Bukai, and people often say they have no idea about the activities of these organizations. These organizations have been working behind the scenes to benefit this community. I won't get into the details, but what will happen after dissolution of these organizations? Are there people who are willing to take time out of their busy schedule to conducting a questionnaire survey on a voluntary basis to identify community issues and to visit the municipal office, the Shiribeshi General Subprefectural Bureau, or the Hokkaido Prefectural Government to make

requests, to lobby or to solve problems?

No one will volunteer to do these things. Only the residents in this area will be interested in the problems in this area, and if no one works to solve these problems, people will be increasingly discontented with public authorities and Hirafu will become a ghost town.

It is expected that the local population, the number of Japanese residents in particular, will further decrease. When is the best time for us to launch a new initiative for a better future? It's now or never!

I wouldn't know how to apologize to the children and future generations if we failed to do something new now. Without doing anything, should we try to survive by depending on the *chonaikais*, voluntary organizations that are not well understood by foreign owners of real estate? Should we also ask the town government for a share of revenues while its budget has been diminishing due to decreasing subsidies?

The Niseko Tourism Bureau will take care of the entire Niseko tourism community by depending on a lift tax for financial sources. It conducts marketing and sales promotions, develops local rules and engages in environmental conservation. Ski resorts in Niseko and Hirafu will compete with each other to attract more visitors. The competition between the two towns will benefit the visitors.

If we don't have a BID in Niseko and Hirafu, how can we compete against the ski resorts in other communities? Without independent sources of revenues and an organization or a group of people working together to attain one single goal, how can we compete with foreign-affiliated ski resorts? Should we keep totally depending on the town government, subsidies and Tokyu Resort forever?

We're going to start a BID that helps us to escape the current situation. Road heating was one reason for starting the BID, but it's just part of our goal.

Within one or two years, drastic changes will occur here. The road heating will be installed and condo hotels will be built. Then we have to address the problem of derelict properties in the lower village. We need to face reality. Tourism in this town has not been recognized as an industry, and budgets have not been allocated to tourism due to the lack of strategic tourism plans.

Now is the time to develop a mechanism that helps us to act independently by using independent revenue sources.

The mechanism consists of the Tourism Bureau, supported by lift tax, and the BID, supported by the *juekisha buntankin* system for allocating levies to beneficiaries. These two organizations will play a pivotal role in bringing great benefits to Niseko and the entire community.

To prove it, we have a budget for developing a master plan for the Hirafu Kogen Community Vitalization Project. The municipal government has finally begun to rebuild community infrastructure, securing funds for a 10-year project. This project includes support for the launching of the BID. Mr. Nishie, the head of the Construction Section of the municipal government, will tell you more about this project.