

# ‘You, too, can become a member of Higashikawa Town through the Higashikawa Shareholder System’

Higashikawa Town, Hokkaido



## Background

Higashikawa is a town with a population of about 8,600, located roughly in the centre of Hokkaido. The eastern part is mountainous and forms a large forest area which is part of Japan’s largest wilderness park, Daisetsuzan National Park.

In 1985, Higashikawa Town declared itself as the first ‘Photography Town’ in the world. To this end, Higashikawa has promoted ‘photogenic town planning’, working to develop a community centred around photography culture with an emphasis on nature, culture and encounters between people. Higashikawa’s appeal lies not only in its rich natural environment but also in the culture and warmth of its people. Through its photographic culture, Higashikawa Town has been able to broadcast its appeal both within Japan and abroad, and to deepen exchanges with a broad range of people.

In May 2008, the Japanese government launched the hometown tax donation programme nationally. The hometown tax donation programme is a system that allows people to make tax donations to their hometown or to a local authority they wish to support, regardless of their current place of residence. Under this system, donors can receive a return gift worth up to 30% of the amount donated and also an income tax refund or a residential tax deduction for any donation of over 2,000 yen. So there are benefits both to the town receiving the donation and to the person supporting that town. However, at the time, an opinion emerged that the

hometown tax donation system as it stands does not accurately represent Higashikawa. As an official ‘Photography Town’, Higashikawa adopted the ‘Photography Town Declaration’ and has held the Higashikawa International Photo Festival since 1985, establishing the Higashikawa Awards. This is the first photography award sponsored by a local authority, which aims to highlight the connections between people through photography and to build a community that is open to people from around the world. Therefore, simply taking donations and giving a gift in return would not represent Higashikawa, since the relationship with the town would end there.

How, then, should people who want to make tax donations to Higashikawa be involved? As we were thinking about this, what came to mind was a corporate shareholder system. Shareholders who buy shares in a company can indirectly participate in the management of the company and receive dividends and complimentary items. The idea grew out of the thought that it would be good to have outside shareholders who supported the town in the same way.

In addition to receiving complimentary items for shareholders (return gifts), supporters are accredited as ‘special townspeople’ involved in the development of Higashikawa Town and given a certificate. In addition, the system was set up from the outset so that people could freely choose the projects for which their investments (donations) would be used.

We also decided to give them a 'shareholder certificate' in the form of a card designed as a conversation starter, so that shareholders could say, 'I'm a shareholder of Higashikawa Town'. Furthermore, if shareholders visit Higashikawa with this certificate, they will be able to receive special deals at designated accommodation facilities.

It is not just about sending a thank-you gift, it is about having people actually visit the town and get involved. As the number of shareholders increases, Higashikawa's circle will also expand. The Higashikawa Shareholder System was born from this vision.

## Objectives

The purpose of this system is to encourage all those who support Higashikawa, even those who do not live in the town, to have an ongoing relationship with Higashikawa and contribute to the development of the community. In this way, it aims to increase the number of people involved with the town and revitalise the community.

## Project Outline

The Higashikawa Shareholder System was established in 2008, when the hometown tax donation programme was instituted, and is unique to Higashikawa Town. Donations made under the hometown tax donation programme are referred to as 'investments' and donors are referred to as 'shareholders'. We truly value our connections with the people who support Higashikawa.

### 1. System structure

- Investments (donations): People become shareholders by investing 10,000 yen or more (10 shares or more) in Higashikawa Town. This investment can be deducted from donor's income tax or residential tax, just like ordinary hometown tax donations.
- Project support: Shareholders can choose from projects proposed by Higashikawa (Examples: promotion of photographic culture, utilisation

of local resources, protection of the natural environment, etc.) and provide funding for that project.

- Issuance of shareholder certificates: Shareholders are issued with shareholder certificates and accredited as 'special townspeople'. The certificates also have a local currency Higashikawa Universal Card (HUC) function and can be used for shopping in the town.
- ### 2. Benefits to shareholders
- Shareholder complimentary items (return gifts): Higashikawa's speciality products and services are given according to the amount donated.
  - Accreditation as special townspeople: 'Shareholder certificates' and 'special townspeople certificates' are presented to shareholders to recognise them as special townspeople who support Higashikawa. In addition to serving as proof of being a Higashikawa shareholder, shareholder certificates allow their bearers to use public facilities at local resident rates.
  - Benefits at accommodation facilities: Shareholders can receive benefits such as free accommodation or discounts at designated accommodation facilities in Higashikawa. These benefits create further opportunities to visit Higashikawa.
  - Benefits for shareholders: A variety of benefits are available at facilities in the town and beyond, including discounts on the Asahidake Ropeway.
  - Participation in the General Meeting of Shareholders: Shareholders are invited to visit Higashikawa in person and participate in its development through tree-planting and other activities, as well as to learn more about Higashikawa and support it through lunches and town experience programmes.

## Features and Innovations

A distinctive feature of the Higashikawa Shareholder System is that it welcomes donors not simply as

supporters but as ‘shareholders’ and allows them to participate in community development as members of the town. This is a new form of relationship building that goes beyond the confines of the conventional hometown tax donation programme. A variety of benefits are available to shareholders to provide them with an ongoing connection to the community. In addition, they can check the progress and outcomes of the projects in which they have invested, so they can feel that they are participating in community building as a member of the project, not simply as a funder.

### Results of the Project

The Higashikawa Shareholder System is expected to strengthen relationships with people outside the town and increase the number of people involved with the town. At present (as of March 31, 2024), shareholders represent more than 20 times the town’s population, and many shareholders are already involved with Higashikawa and contributing to the revitalisation of the community by participating in town projects. As shareholders visit the town, the use of tourism and accommodation facilities will increase, stimulating the local economy.

Total shareholders as of March 31, 2024: 182,335

### Issues, Problems and Responses

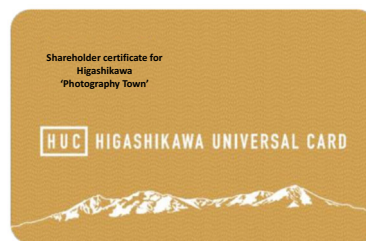
The introduction of the Higashikawa Shareholder System has brought to light several issues. First, it is necessary to create a system to give more opportunities for shareholders to visit the town. For example, shareholders who live far away may not be able to visit the town frequently, so there is a need for more online events and more projects that allow remote participation.

### Future Developments (expected effects and project vision and issues)

Higashikawa Town plans to further develop the Higashikawa Shareholder System to increase the number of people involved with the town.

We need to enhance the system so that shareholders can continue to feel a connection with the town. There is a demand to build a more appealing shareholder system by introducing new privileges and providing opportunities for shareholders to interact with each other.

The Higashikawa Shareholder System is an important measure that supports the sustainable development of the town, and it is hoped that it will continue to contribute to the revitalisation of the town as a whole while strengthening ties with people outside the community. Through this new initiative, Higashikawa hopes to deepen the bonds between the community and various people outside of the area and to build a future together.



‘Shareholder certificate’



Shareholder system diagram



Higashikawa landscape

### Websites for Reference

<https://higashikawa-town.jp/kabunushi>

**Contact**

Division in Charge: Economic Promotion Division

Telephone no.: +81-0166-82-2111

Email: [kabu@higashikawa.lg.jp](mailto:kabu@higashikawa.lg.jp)