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The Primary Opinions of the Related Government Ministries and the Viewpoints of The Council

1. Thorough Implementation of the Opening Up of Public Services to the Private Sector by the Full-scale Introduction of “Market Testing”

Subject (Government Agency)	Opinion	The viewpoints of The Council
<p>Overall (Ministry of Land, Infrastructure, and Transport)</p>	<p>Regarding the specific examination of the system for the proposed “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)”, the Cabinet Office shall:</p> <ul style="list-style-type: none"> ● Fully examine the ideal form for the government’s responsibility to ensure safety in the lives of the people, the role played by the third-party body, and specific measures for bidding contract procedures, considered in the light of the actual state of administrative operations; and allow for sufficient time for discussion and modification by the related government ministries, including this ministry, and other related parties. In that event: ● Provide as appropriate to the related government ministries, including this ministry, and other related parties, the results of the surveys and research regarding the introduction of “Market Testing” (competitive bidding system for the public and private sectors) based on the “Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation” (approved by the Cabinet on March 19, 2004), the status of the implementation of model projects this FY, and tasks and viewpoints that have become clear through the model projects, to contribute to the examination of the related government ministries and related parties that are the subject of the discussion and modification. <p>This was confirmed with this ministry when the report was made at the end of last year and when the policy framework was set this year. However, no information whatsoever based on the foregoing has been provided yet.</p> <p>Under these circumstances, an inquiry into the opinions was conducted in the extremely short time of slightly more than two days. For deliberations of this sort, this ministry cannot fully conduct an examination.</p> <p>In addition to receiving sufficient information from your office, we want to be ensured sufficient time for examination of the discussion and modifications to contribute to the examination of the related government ministries and related parties subject to the discussion and modifications for all preparatory steps to introduce this legislation to the Diet.</p>	<p>This declaration compiles the content of the “Improvement of Public Services Efficiency Bill (Market Testing Bill) (provisional title)”, taking into consideration the current conditions of The Council’s deliberation until the present, and releases this publicly in the council’s name. At that time, the council also will publicly announce the opinions of government agencies and ministries as necessary, if there are any. Now, we want to refer this to each ministry, including your ministry.</p> <p>The Council understands that the creation and announcement of this declaration is an important part of the process of discussion and the exchange of opinions among the related entities, including the government agencies and ministries that provide public services and the citizens that are the beneficiaries of these public services.</p> <p>We ask for your understanding and cooperation with this work schedule. In the future, the “Improvement of Public Services Efficiency Bill (Market Testing Bill) (provisional title)” will be submitted to the Diet during FY2005, and the opinions of the related government agencies and ministries, and other related entities, will be reconciled to achieve the full-scale introduction of the system in FY2006.</p>

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(Ministry of Agriculture, Forestry, and Fisheries)	<p>Regarding requests related to market testing, the possibility cannot be denied that persons who find it difficult to actually envision the use of the system will submit opinions that interfere with smooth administrative operations, such as requesting government-wide, uniform deregulation, without considering the real demands of the system.</p> <p>Consideration should be given to the efficient administrative operation, such as limiting the subjects examined to those for which there is real demand, for conducting the market testing system.</p>	<p>The Council thinks the constant reevaluation of the necessity and efficiency of all public services that have until now been exclusively provided by the public sector is essential to achieve structural reform in which the people are allowed to do that which they can do, in the current harsh situation in which it is demanded that the quality of public services be maintained and improved during this time of limited financial resources.</p> <p>“Market Testing” is an extremely important method for achieving this. The principle of competitive bidding will be incorporated in the public sector for the first time, reforming the work flow that has existed in the public sector and the approach to the provision of public services (public sector monopoly)</p> <p>Based on the foregoing recognition, we think that the full-scale introduction of “Market Testing” should be rapidly performed from FY2006. We also think the Improvement of Public Services Efficiency Bill (Market Testing Bill) (provisional title)” should achieve the maintenance and improvement of the efficiency and quality of public services to meet the needs of the citizens, who are liable for the tax burden and receive the benefits of these services, taking into consideration the policy objectives of the individual public services, without establishing in advance any area as off-limits. All public services should be subject to this examination.</p> <p>In addition, it is envisioned that if there are specific proposals from private sector enterprises, and the government agencies and ministries make the judgment that these proposals should not be adopted, they shall provide the rationale for their judgment that they should not be adopted, together with objective data and other evidence. This shall be subject to the assessment of the “third-party body”, and under the strong leadership of the prime minister, the Cabinet shall determine the specific subject projects for “Market Testing”.</p>
<p>(2) Progress made by the Japanese government on the full-scale introduction of “Market Testing” Evaluation of “model projects” (Ministry of Health, Labor, and Welfare)</p>	<p>It has been said to “work from sectors that reflect popular needs, giving preference to specific projects”, but we want this to be altered to “work by selecting the subject projects, considering the policy objectives of the individual project, while respecting popular needs”.</p> <p>(Reasons)</p> <p>That’s because when selecting the subject categories for market testing, an examination should be made from the perspective of the people and the companies liable for the tax burden and benefit from the services and not just the private sector projects that will be receiving the orders, taking into consideration the policy objectives of the individual public services.</p>	<p>It is as you pointed out that the approach toward the necessity of public services and their provision shall be examined from the perspective of the citizens, who bear the tax burden and are the beneficiaries of the public services. Based on this perspective, it is essential that services of greater quality be provided more efficiently to respond to the citizens’ needs, taking into consideration the policy objectives of the individual public services. The selection of the subject projects for market testing shall respond to these specific demands. Therefore, the greatest respect shall be given to private sector proposals. With the participation of neutral the “third-party body”, this shall be done from the perspective of who truly contributes to the citizens’ needs by providing the services.</p>

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<p>A. Thorough disclosure of information regarding governmental costs (Ministry of Health, Labor, and Welfare)</p>	<p>We want “complete information disclosure” modified to “sufficient information disclosure as necessary”. We also want “the full costs, including indirect costs” modified to “sufficient information as necessary for examining the participation of private sector projects in bidding”.</p> <p>(Reasons)</p> <p>Sufficient information disclosure as required to allow the examination of private sector enterprises in competitive bidding will be enough.</p> <p>The government will identify and disclose the full costs, including indirect costs, but in the current national account and accounting system, the only mechanism for identifying the costs required of individual projects is in cost category units, such as agency expenditures and monetary gifts. The first requirement is a comprehensive reassessment of the current account and accounting system.</p> <p>Also, private sector companies have no established methods for identifying and calculating indirect costs. If specific accounting methods are not determined, these costs cannot be identified. Discussion should begin with this point.</p>	<p>In addition to equalizing the public-private sector competitive bidding conditions, it is essential that the total expenditures for the public sector’s conduct of the project be fully ascertained and disclosed, including such indirect costs as the personnel costs of the common divisions, to enable private sector enterprises to make bidding proposals that utilize their originality and ingenuity.</p> <p>Private sector companies already are allocating indirect expenditures based on rational allocation standards.</p> <p>It is possible to ascertain all the public sector costs, including indirect expenses, through rational methods, using as an appropriate reference the methods used by the private sector. We want to continue adjusting the details to the approach for disclosing public sector costs.</p>
<p>(Ministry of Health, Labor, and Welfare)</p>	<p>This states “through the function of the later-described “third-party body””, but the third-party body are established to achieve uniformity in competitive conditions between the public and private sectors. Their function should lie within that range.</p>	<p>The major prerequisite for the constant reform of public services is that the public sector makes sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral “third-party body”, including the complete information disclosure of government businesses, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title) for maintaining and improving the efficiency and quality of public services.</p>
<p>(Ministry of Health, Labor, and Welfare)</p>	<p>Complete information disclosure is specified for government costs when implementing market testing, but administrative agencies are subject to the Information Disclosure Law and the Law on the Protection of Personal Information Held by Administrative Agencies. Performing these obligations will require large sums of money. Therefore, it is necessary to give careful consideration to these costs. In addition, the private sector projects that submit winning bids and perform the work must be made subject to the Information Disclosure Law and the Law on the Protection of Personal Information Held by Administrative Agencies to establish identical conditions for public and private sector competition. It is also necessary to make administrative investigation rights subject to these laws, including memoranda on questions.</p>	<p>“Market Testing” (public and private sector competitive bidding) will be conducted to determine through competitive bidding who is the most suitable to provide these public services to achieve the maintenance and improvement of the efficiency and quality of these services. If a private sector enterprise is the successful bidder, the private sector enterprise in question shall provide the public services in question based on a contract with the public sector.</p> <p>Even in the event a public sector enterprise is the successful bidder, we think the system should be constructed and operated based on the thinking that it is inappropriate for the responsibility of the original administrative organization toward the citizens and the Diet to be shifted out of expedience to the private sector enterprise.</p>

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		<p>In that light, it is envisioned that the question of what duties shall be required of the private sector enterprise that is the successful bidder shall be established by specific contractual conditions, taking into consideration the aspects of the individual public services, based on the responsibilities of the original administrative organization to the citizens and the Diet.</p>
<p>B. Clear definition of “Key Performance Indicators” to enable private bidders to objectively and quantitatively indicate the standard of public service</p>	<p>An important prerequisite for the successful bidders in market testing is that they have the capability to comply with laws and regulations. Additionally, in the United States and Great Britain, the principle has been established for contracts for public institutions that labor conditions must be contracted that are not disadvantageous when compared to the identical work in the same occupations. In the United States, which conducts market testing, this is based on the Service Contract Law, and the Davis-Bacon Act and in Great Britain, it is based on the Fair Wages resolution of the House of Commons. Because there is the premise of market testing, mechanisms similar to these are required for conducting market testing in Japan.</p>	<p>The ability for bidding participants in “Market Testing” to observe laws and regulations is envisioned to be accurately ascertained and reflected in the determination of the successful bidder. Monitoring will ensure that the laws and regulations are obeyed. In regard to the labor conditions, the objective of “Market Testing” is both to “Reduce the Costs of Public Services” and “Maintain and Improve the Quality of Public Services”. With this as the prerequisite, it is envisioned that operations will be conducted in accordance with the existing legal structure, including minimum wage requirements.</p>
<p>(Ministry of Health, Labor, and Welfare)</p>	<p>We want to eliminate [Through the implementation of the “model projects” the ambiguity of such a required level became apparent in some cases]. Also, after “for each individual project”, we want to add “within the scope allowed by the intent and objectives of policy”.</p> <p>(Reasons)</p> <p>The market testing currently conducted by model projects indicates the required standards in consultation with the Council for the Promotion of Regulatory Reform corresponding to the nature of each project with an employment rate of 55%.</p> <p>Also, because national projects are being outsourced, there are cases in which it is not appropriate to entrust the project’s entire content to the initiative and ingenuity of the private sector. An examination of the “required levels” demands that the policy objectives not be harmed from the perspective of the citizens liable for the tax burden and the people and companies benefiting from the services.</p>	<p>In the “Model Project”, while there are cases in which quantitative demand standards are established, as with the “Career Exchange Plaza project”, for example, there also will be cases in which these quantitative demand standards are not established.</p> <p>Taking this into consideration, when the full-scale introduction of the system occurs, it is necessary that the demand standards of the public services be identified for each individual project in accordance with the individual policy objectives using quantitative and objective indices as far as possible, coordinated with medium and long-term objectives.</p> <p>Specifically, in the process of formulating “Policies on the Implementation of Competitive Bidding between the Public and Private Sectors” in 1.(3) C in this declaration, it is envisioned that KPI be appropriately established for each of the individual subject public services, to contribute to the maintenance and improvement of the efficiency and quality of the public services for the needs of the citizens, who are liable for the tax burden and are the beneficiaries of the public services, taking into consideration the policy objectives of the public services in question.</p>
<p>C. Appropriate evaluation of cost and quality (Ministry of Health, Labor, and Welfare)</p>	<p>This states [through the function of the later-described “third-party body”], but the third-party body are established to achieve uniformity in competitive conditions between the public and private sectors. Their function should lie within that range.</p>	<p>An important prerequisite for the constant reform of public services is that the government agencies and ministries make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral “third-party body”, including the selection of successful bidders, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the “Improvement of</p>

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<p>D. Realization of a diverse range of services operated and based on proposals and suggestions made by private service providers (Ministry of Health, Labor, and Welfare)</p>	<p>We want to eliminate “In order to maximize the expertise and ingenuity of private providers, public services to which “Market Testing” may be applied should ideally be of an entire and comprehensive range, for which it is necessary to have a clear institutionalized procedure to select public services suitable for “Market Testing” from a transparent, neutral and fair point of view through the function of the later-described “third-party body””. (Reasons)</p> <p>When determining the range of the subject projects for “Market Testing”, an examination should be made from the perspective of the people and the companies who will be liable for the tax burden and benefit from the services, and not just the private sector projects that will be receiving the orders, taking into consideration the policy objectives of the individual public services.</p> <p>Also, the functions of the third-party body should ultimately be limited to those that achieve uniform competitive conditions.</p>	<p>the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” for maintaining and improving the efficiency and quality of public services.</p> <p>It is essential for the constant reevaluation of the necessity and efficiency of all public services that have until now been exclusively provided by the public sector, to achieve structural reform in which the people are allowed to do that which they can do, in the current harsh situation in which it is demanded that the quality of public services be maintained and improved during this time of limited financial resources.</p> <p>“Market Testing” is an extremely important method for achieving this. The principle of competitive bidding will be incorporated in the public sector for the first time, reforming the work flow that has existed in the public sector and the approach to the provision of public services (public sector monopoly).</p> <p>Based on the foregoing recognition, we think that the full-scale introduction of market testing should be promptly performed from FY2006. We also think the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” should achieve the maintenance and improvement of the efficiency and quality of public services to meet the needs of the citizens, who are liable for the tax burden and receive the benefits of these services, taking into consideration the policy objectives of the individual public services, without establishing in advance any area as off-limits. All public services should be subject to this examination.</p> <p>In addition, it is envisioned that if there are specific proposals from private sector enterprises and the government agencies and ministries make the judgment that these proposals should not be adopted, they shall provide the rationale for their judgment that they should not be adopted together with objective data and other evidence. This shall be subject to the assessment of the “third-party body”, and under the strong leadership of the prime minister, the Cabinet shall determine the specific subject projects for “Market Testing”.</p>
<p>E. Establishment of a “third-party body” to secure powerful authority with a neutral status (Ministry of Health, Labor, and Welfare)</p>	<p>We want to eliminate “powerful”, and replace “complete information disclosure” with “sufficient information disclosure as required”. (Reason)</p> <p>The authority of the “third-party body” should be limited to those that achieve uniform competitive conditions. For information disclosure, it will be enough to have sufficient information disclosure as required. This disclosure would allow the examination of private sector projects in competitive bidding.</p>	<p>The objective for “Market Testing” is to achieve the maintenance and improvement of public services to meet the needs of the citizens, who are liable for the tax burden and are the beneficiaries of these services, by the constant reform of public services.</p> <p>The constant reform of public services requires that the public sector make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral “third-party body”, including the determination of the projects subject to “Market Testing” and the complete information disclosure of government businesses, from the</p>

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	<p>Further, it is necessary for private sector projects to be involved in competitive bidding from the standpoint of transparency, neutrality, and fairness. However, when selecting the subject project, it is important to have an administrative judgment regarding the necessity of the individual project and its methods of execution. The foundation should be the judgment based on administrative responsibility corresponding to each jurisdiction. The role of the third-party body should be limited from this perspective, too.</p>	<p>perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” for the constant reform of the public services, and maintaining and improving of the efficiency and quality of public services.</p>
(Ministry of Health, Labor, and Welfare)	<p>The same body is sought that is neutral toward for-profit private sector projects to achieve the same establishment objective. Therefore, the constituent personnel of the same body should be evaluated using rigorous procedures, such as those regarding neutrality for Diet consent.</p>	<p>We think it is important that the “third-party body” be capable of the neutral response sought for these objectives, based on the fundamental orientation of achieving the objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” for the constant reform of public services and maintaining and improving the efficiency and quality of public services.</p> <p>The procedures for selecting the constituent members shall be examined in the future, giving consideration to a balance with different existing organizations.</p>
(Ministry of Health, Labor, and Welfare)	<p>We want to replace “complete information disclosure” with “sufficient information disclosure as required”, and replace “full costs, including indirect costs”, with “sufficient information disclosure as required to allow the examination of private sector enterprises in competitive bidding”.</p> <p>(Reason)</p> <p>Sufficient information disclosure as required to allow the examination of private sector enterprises in competitive bidding will be enough.</p>	<p>The objective for “Market Testing” is to achieve the maintenance and improvement of public services to meet the needs of the citizens, who are liable for the tax burden and are the beneficiaries of these services, by the constant reform of public services.</p> <p>The constant reform of public services requires that the public sector make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral “third-party body”, including the determination of the projects subject to “Market Testing” and the complete information disclosure of government businesses, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” for the constant reform of public services, and maintaining and improving the efficiency and quality of public services.</p>
(Ministry of Land, Infrastructure, and Transport)	<p>The following expressions should be used in accordance with the policies determined by the Cabinet in “Framework 2005”.</p> <p>Also, the tasks for the full-scale introduction of the system have been clarified through “Model Projects”, as shown in the following. (The following omitted.)</p> <p>In regard to the public services provided by the government in the future to appropriately deal with the above-mentioned tasks for the full-scale implementation of</p>	<p>The Council has formulated this declaration to formulate and further advance the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)”, taking into consideration “Framework 2005” as determined by the Cabinet. In that sense, we believe that this declaration is in accordance with the guidelines of “Framework 2005”.</p> <p>This declaration compiles the content of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)”, taking into consideration the current conditions of The Council’s deliberation until the</p>

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	<p>market testing, it is necessary to promptly provide laws that regulate the complete information disclosure for costs, improve cost and quality assessments, clarify the procedures for selecting projects to achieve a wide range of subject projects based on proposals from private-sector enterprises, and formulate special measures that inhibit private sector entry, using the following as a reference.</p>	<p>present, and releases this publicly under the council's name. At that time, the council also will announce publicly the opinions of government agencies and ministries as necessary, if there are any. Now, we want to refer this to each ministry, including your ministry.</p> <p>The Council understands that the creation and announcement of this declaration is an important part of the process of discussion and the exchange of opinions among the related entities, including the government agencies and ministries that provide public services and the citizens that are the beneficiaries of these public services.</p> <p>We ask for your understanding and cooperation with this work schedule. In the future, the opinions of the related government agencies and ministries, and other related entities, will be reconciled to submit to the Diet the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" during FY2005, and achieve the full-scale introduction of the system in FY2006.</p>
<p>(3) Further actions prior to the full-scale introduction of "Market Testing" (Ministry of Health, Labor, and Welfare)</p>	<p>We want to amend the text as follows.</p> <p>"A system will be created for the full-scale introduction of market testing to make public services more efficient. To achieve that, a proposal for the "Improvement of Public Services Efficiency Bill" (Market Testing Bill) (provisional title)" shall be promptly formulated for submission to the Diet during FY2005. This will be to fully examine the ideal form and tasks of the third-party body, taking into consideration the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation (revised)", and to contribute to maintaining and improving public services and reducing expenses."</p> <p>(Reasons)</p> <p>The program for market testing is establishing one year model projects starting this year. The model projects have just been inaugurated, so at present an assessment has not been made. Market testing will be fully implemented in FY2006, so it is too early to rapidly formulate legislation. Therefore, the project must be examined from different perspectives. To describe the situation at the present stage, it would be suitable to conform to the description of "The Framework Policy 2005", for which agreement was reached by the related parties.</p>	<p>"Model projects" are not originally to determine whether market testing is proper. Based on the premise that there will be a full-scale introduction in FY2006, they are being introduced to identify specific problem areas in the system design required for their introduction.</p> <p>Also, it is clear that through "Model Projects", the public services already provided by the public sector require complete information disclosure for costs, make appropriate cost and quality assessments, and identify the selection procedures for projects that will realize the broad-based subject projects based on the proposals from private sector projects. (As specified in 1. (2) of this declaration)</p> <p>Consequently, it is an unreasonable view that legislation should not be formulated and that an assessment must wait for the conclusion of the "Model Projects".</p> <p>As in the foregoing, there should be full recognition of the current harsh circumstances in which maintaining and improving the quality of public services is being strongly demanded while under the constraints of limited financial resources, and that the course should be in the direction of rapid reform.</p>

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(Ministry of Land, Infrastructure, and Transport)	<p>The following expressions should be used in accordance with the policies determined by the Cabinet in “Framework 2005”.</p> <p>It is necessary to create a system for the full-scale introduction of market testing to make the provision of public services more efficient.</p> <p>To achieve that, a proposal for the “Improvement of Public Services Efficiency Bill” (Market Testing Bill) (provisional title) shall be promptly formulated for submission to the Diet during FY2005. This will be to fully examine the ideal form and tasks of the third-party body, taking into consideration the “Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation (revised)” and “Basic Policies Regarding Economic and Fiscal Policy Management and Structural Reform 2005” (approved by the Cabinet on June 21, 2005), and to contribute to maintaining and improving of public services and reducing expenses.”</p>	<p>The Council has formulated this declaration to formulate and further advance “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” taking into consideration “Framework 2005” as determined by the Cabinet. In that sense, we believe that this declaration is in accordance with the guidelines of “Framework 2005”.</p> <p>In regard to the third-party body, this declaration specifically states the thinking regarding the full examination of the tasks, including the approach, based on “Framework 2005”.</p> <p>The Council understands that the creation and announcement of this declaration is an important part of the process of discussion and the exchange of opinions among the related entities, including the government agencies and ministries that provide public services and the citizens that are the beneficiaries of these public services.</p> <p>We ask for your understanding and cooperation with this work schedule. In the future, the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” will be submitted to the Diet during FY2005, and the opinions of the related government agencies and ministries, and other related entities, will be reconciled to achieve the full-scale introduction of the system in FY2006.</p>
(Ministry of Education, Culture, Sports, Science, and Technology)	<p>When examining the creation of a system, including the legal framework, for the full-scale introduction of market testing, there should be an inspection and verification for the necessity for the system, including the legal framework, and its ideal form, including the subject projects. This should be done based on the full inspection and verification of the model projects that will begin trial operation this FY, and the full discussion of the problems identified with the model projects, the legal problems, and the treatment of public employees when a private sector project has won the bid.</p> <p>Therefore, the inquiry into opinions lacks the conditions that are the prerequisite for this discussion. Also, this declaration has the attributes of a Council decision rather than a Cabinet decision. Therefore, we understand that the description of individual items places no restrictions of any kind on the deliberations regarding market testing in the future.</p> <p>With the basic recognition of the preceding, we think that the minimum revisions of the text should be specifically as follows:</p> <p>It is necessary to promptly create a system for the full-scale introduction of “Market Testing”.</p> <p>To achieve that, a proposal for the “Improvement of Public Services Efficiency Bill (Market Testing Bill)</p>	<p>The Council thinks it is essential for the constant reevaluation of the necessity and efficiency of all public services that have until now been exclusively provided by the public sector to achieve structural reform in which the people are allowed to do that which they can do, in the current harsh situation in which it is demanded that the quality of public services be maintained and improved during this time of limited financial resources.</p> <p>“Market Testing” is an extremely important method for achieving this. The principle of competitive bidding will be incorporated in the public sector for the first time, reforming the work flow that has existed in the public sector and the approach to the provision of public services (public sector monopoly).</p> <p>Based on the foregoing recognition, we think that the full-scale introduction of “Market Testing” should be promptly performed from FY2006. We also think the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” should achieve the maintenance and improvement of the efficiency and quality of public services to meet the needs of the citizens, who are liable for the tax burden and receive the benefits of these services, taking into consideration the policy objectives of the individual public services, without establishing in advance any area as off-limits. All public services should</p>

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	<p>(provisional title)” shall be promptly formulated for submission to the Diet during FY2005. This will be to contribute to maintaining and improving public services and reducing expenses, taking into consideration the ”Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation” (approved by the Cabinet on March 25, 2005), and the “Basic Policy for Economic and Fiscal Operations and Structural Reform 2005 (approved by the Cabinet on June 21, 2005).</p> <p>(Reasons)</p> <p>In the “Basic Policy for Economic and Fiscal Operations and Structural Reform 2005” (approved by the Cabinet on June 21, 2005) it is known based on the above recognition that a policy should be quickly formulated for the “Improvement of Public Services Efficiency Bill (Market Testing Bill) (provisional title)” to be submitted to the Diet during FY2005. In the absence of later changes in the policy by the government as a whole, the language should conform to the description of the Cabinet decision.</p> <p>(Omission)</p> <p>The projects that could be subject to examination in this law shall be all those projects conducted by the national government (including independent administrative institutions, in addition to the internal departments and bureaus of all government ministries and agencies, external bureaus, and regional branch departments and bureaus).</p> <p>(Reasons)</p> <p>The statement that the examination subjects are selected by Cabinet decision is outside the range of examination, as long as there is no explanation. It is unclear whether the subjects of this law are all public services, and under what circumstances this will occur. Also, in the draft proposal that is being examined, it is inappropriate for those projects to be automatically subject to market testing without full administrative examination and determinations. This should be in conformity with the text of the Cabinet decision.</p> <p>In addition, independent administrative institutions are established and conduct their work in the form of entities independent of the national government with the objective of efficiently and effectively conducting that work which may not necessarily be commissioned to the private sector, or</p>	<p>be subject to this examination.</p> <p>In addition, it is envisioned that if there are specific proposals from private sector enterprises and the government agencies and ministries make the judgment that these proposals should not be adopted, they shall provide the rationale for their judgment that they should not be adopted together with objective data and other evidence. This shall be subject to the evaluation of the “third-party body”, and under the strong leadership of the prime minister, the Cabinet shall determine the specific subject projects for market testing.</p>

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	<p>that work which is necessary to conduct without competition. The specific work of the entities in question and the reevaluation at the end of the three to five year target period are mandated by law. Therefore, when making the determination whether the specific work of an individual independent administrative institution is to be subject to market testing, it is necessary to comprehensively consider the design of the market testing system that will be examined in the future, and the nature of the work of the independent administrative institution.</p> <p>Further, changes to the mid-term targets should be limited to special circumstances, and the necessity should be fully kept in mind for consideration to ensure that the independent administrative institution will not have its independence and autonomy impaired.</p>	
(Ministry of Land, Infrastructure, and Transport)	<p>The following expressions should be used in accordance with the policies determined by the Cabinet in "Framework 2005".</p> <p>With the following as a reference, the law for promoting market testing (hereafter the "Improvement of Public Services Efficiency Bill (Market Testing Bill) (provisional title)",) should be promptly formulated for submission to the Diet.</p>	<p>The Council has formulated this declaration to formulate and further advance the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)", taking into consideration "Framework 2005" as determined by the Cabinet. In that sense, we believe that this declaration is in accordance with the guidelines of "Framework 2005".</p> <p>The Council understands that the creation and announcement of this declaration is an important part of the process of discussion and the exchange of opinions among the related entities, including the government agencies and ministries that provide public services and the citizens that are the beneficiaries of these public services.</p> <p>We ask for your understanding and cooperation with this work schedule. In the future, the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" will be submitted to the Diet during FY2005, and the opinions of the related government agencies and ministries, and other related entities, will be reconciled to achieve the full-scale introduction of the system in FY2006.</p>
<p>A law to promote "Market Testing" ("Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)") should be enacted with the main emphasis on the following.</p> <p>A. Basic framework and purport</p>	<p>We want to change "maximum value" to "value", eliminate "...and powerful", and change "complete disclosure of information" to "full disclosure of information as required".</p> <p>(Reasons)</p> <p>This is to bring the language into conformity with that of the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" (Approved by the Cabinet on March 25, 2005).</p> <p>In addition, when selecting the subject categories for market testing, an examination should be made from the perspective of the people and the companies who will be liable for the tax burden and benefit from the</p>	<p>It is as you pointed out that the approach toward the necessity of public services and their provision shall be examined from the perspective of the citizens, who bear the tax burden and are the beneficiaries of the public services. Based on this perspective, it is essential that services of greater quality be provided more efficiently to respond to the citizens' needs, taking into consideration the policy objectives of the individual public services.</p> <p>The selection of the subject projects for "Market Testing" shall respond to these specific demands. Therefore, the greatest respect shall be given to private sector proposals. With the participation of a neutral and strong "third-party body", this shall be done from the perspective of who truly</p>

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(Ministry of Health, Welfare, and Labor)	services, and not just the private sector projects that will be receiving the orders, taking into consideration the policy objectives of the individual public services.	contributes to the citizens' needs by providing the services.
(Ministry of Land, Infrastructure, and Transport)	<p>The text should be revised as follows:</p> <p>The projects that could be subject to examination in this law shall be all those projects operated by the national government (Including independent administrative institutions, in addition to the internal departments and bureaus of all government ministries and agencies, external bureaus, and regional branch departments and bureaus).</p> <p>(Reasons)</p> <p>All the projects that could be subject to the examination, as written in the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" are those operated by the national government. There is a problem with the written content that makes the operation of all those projects subject to examination without considering the nature of those projects. Specifically:</p> <ul style="list-style-type: none"> ● What sort of work and projects should be conducted by the national government, to which oversight by the Council (where minority opinions also are reflected) and other democratic controls extend? What should be conducted by the private sector through market competition? ● The "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" (Approved by the Cabinet on March 19, 2005) stipulates that "the ideal form for the government's responsibility to ensure safety in the lives of the people shall be kept in mind." How is this to be done? ● In regard to the work accompanying administrative judgments and the exercise of administrative authority, it has been arranged as unsuitable to open this to the private sector even when a system of designated managers is established. <p>In light of the foregoing, there should be classification by those accustomed to market testing and those that will not be subject to market testing, and projects selected that will actually be subject to the testing.</p> <p>Further, in "Framework 2005", the work of the independent administrative institution is stipulated as "appropriately promoting the introduction, including coordination with assessment when the mid-term target period is over." We think the priority should be to conduct the</p>	<p>In regard to the subject projects, it is stipulated that "the projects that can be subject to market testing are all government projects" in the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" (Approved by the Cabinet on March 25, 2005). Taking this intent into consideration, this declaration clarifies the Cabinet decision regarding the determination of the subject projects based on the Fundamental Policy after the consideration of the third-party body, while considering private sector proposals with the maximum respect without establishing exceptions a priori.</p> <p>This "Improvement of the Public Services Efficiency Bill ((Market Testing Bill) (provisional title)" is to determine who is the most suitable to provide all these public services based on maintaining and improving of the efficiency and quality of the services in question for the citizens' needs, taking into consideration the nature of the services in question. The intent is not to subject them to public and private sector competitive bidding without considering the nature of all these projects.</p> <p>In the event a private sector enterprise is the successful bidder, the private sector enterprise in question shall provide the public services in question based on a contract with the government. However, even in the event a public sector enterprise is the successful bidder, we think the system should be constructed and operated based on the thinking that it is inappropriate for the responsibility of the original administrative organization toward the citizens and the Diet to be shifted out of expedience to the private sector enterprise.</p> <p>In that light, it is envisioned that the question of what duties shall be required of the private sector project that is the successful bidder shall be established by specific contractual conditions, taking into consideration the aspects of the individual public services, based on fulfilling the responsibilities of the original administrative organization to the citizens and the Diet.</p> <p>On the other hand, as you point out, the content of the work is varied, whether it is work in conjunction with administrative judgments, work in conjunction with the exercise of administrative authority, or the work in question of exercising public authority. In this case too, we think an examination must be made from the perspective of who is most suitable to provide these services, and how they are to be provided, from the</p>

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	<p>specific examinations for the methods of coordinating with the assessment when the mid-term target period is over, before stipulating the work of the independent administrative legal entity as the subject project.</p>	<p>perspective of maintaining and improving the efficiency and quality of the public service to meet the needs of the citizens who will be liable for the tax burden and benefit from the services, without excluding any of these services from being subject to consideration a priori.</p> <p>The Council thinks that independent administrative institutions can be subject to market testing unrelated to the time period of the reevaluation of mid-term objectives. The Independent Administrative Institution Procedure Law (Law No. 103, 1999) anticipates changes in the mid-term objectives and plans during the mid-term objective period. We want to reconcile this matter with the agencies involved in the system in the Ministry of Internal Affairs and Communications, taking into consideration the intent of the independent administrative institution system.</p>
<p>B. "Basic policies" (Ministry of Health, Welfare, and Labor)</p>	<p>We want to eliminate "subsequent to the consultation by the "third-party body"". (Reasons)</p> <p>The authority of the third-party body should ultimately be limited to that for the uniformity of the conditions of competition. The administrative judgment of the necessity for the individual project and the method of operation is important when selecting the subject projects. The foundation should be judgment based on administrative responsibility in accordance with each jurisdiction.</p>	<p>The objective of "Market Testing" is both to reduce the costs of public services and maintain and improve the quality of public services to meet the needs of the citizens by constantly conducting reform of the public services.</p> <p>In addition, the constant reform of public services means that the public sector make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral "third-party body", including the aforementioned basic implementation policies, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" for the constant reform of public services and maintaining and improving the efficiency and quality of public services.</p>
<p>(Ministry of Agriculture, Forestry, and Fisheries)</p>	<p>The text should be revised as follows.</p> <p>"The prime minister shall receive every year a wide range of proposals from private sector projects in accordance with the provisions for full information disclosure as required for public services. With the exception of work corresponding to the execution of public authority and that related to the safety of the people, he will compile a proposal for fundamental policy that fully considers real demand and includes the following primary content. After consultation with the third-party body, the prime minister shall seek a Cabinet decision, and promptly announce that decision after it is made."</p> <p>(Reasons)</p>	<p>The Council thinks that it is essential for the constant reevaluation of the necessity and efficiency of all public services that have until now been exclusively provided by the public sector, to achieve structural reform in which the people are allowed to do that which they can do, in the current harsh situation in which it is demanded that the quality of public services be maintained and improved during this time of limited financial resources.</p> <p>Market testing is an extremely important method for achieving this. The principle of competitive bidding will be incorporated in the public sector for the first time, reforming the work flow that has existed in the public sector and the approach to the provision of public services (public sector monopoly)</p> <p>Based on the foregoing recognition, we think that the full-scale introduction of market testing should be promptly performed from FY2006. We also think the "Improvement of the Public Services Efficiency Bill</p>

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	<p>A mechanism should be established exempting those public services that clearly should not be subject to market testing.</p> <p>Also, it is appropriate that sufficient checks be made in advance to determine whether there is the possibility that public bidding cannot be conducted, in such situations when the entity making the proposal does not have the capability to actually perform the work, so as not to uselessly add to the burden of each ministry.</p>	<p>(Market Testing Bill) (provisional title)” should achieve the maintenance and improvement of the efficiency and quality of public services to meet the needs of the citizens, who are liable for the tax burden and receive the benefits of these services, taking into consideration the policy objectives of the individual public services, without establishing in advance any area as off-limits. All public services should be subject to this examination.</p> <p>In addition, it is envisioned that if there are specific proposals from private sector enterprises and the government agencies and ministries make the judgment that these proposals should not be adopted, they shall provide the rationale for their judgment that they should not be adopted together with objective data and other evidence. This shall be subject to the evaluation of the third-party body, and under the strong leadership of the prime minister, the Cabinet shall determine the specific subject projects for market testing.</p>
<p>C. Implementation of competitive bidding between the public and private sectors (a) (Ministry of Health, Welfare, and Labor)</p>	<p>We want to change “maximum value” to “value” and eliminate “subsequent to the consultation by the “third-party body””.</p> <p>(Reasons)</p> <p>To conform to the language of the revised “Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation”</p> <p>Also, the authority of the third-party body should ultimately be limited to that for the uniformity of the conditions of competition.</p> <p>Further, the administrative agencies have the responsibility to accurately implement each policy. The interruption of information exchange internally for the administrators resulting in their inability to perform their administrative responsibility would instead bring about disadvantages for the citizens.</p>	<p>The policy related to the “implementation of public and private sector competitive bidding” has been formulated taking into consideration the objectives and aspects of the policies of each individual public service that will be subject to market testing.</p> <p>The objectives of “Market Testing” are to achieve the maintenance and improvement of the efficiency and quality of public services to meet the citizens’ needs by conducting the constant reform of public services. It goes without saying that the aforementioned policies for implementation should be formulated taking this into consideration.</p> <p>Also, it will be possible to achieve better public services meeting the needs of the citizens in this way by according maximum respect to proposals for improvement from private sector projects.</p> <p>The constant reform of public services requires that government agencies and ministries make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral third-party body, including in the aforementioned determination of implementation policies, from the perspective of ensuring the transparency, neutrality, and fairness required to achieve the objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” for the constant reform of public services and maintaining and improving the efficiency and quality of public services.</p> <p>Also, interrupting the internal information exchange for the administrators that would be unfair for competition is naturally a required measure because the public sector would be one-sided parties to competitive bidding. This is provided for in the “Three Year Plan for the</p>

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(Ministry of Health, Welfare, and Labor)	<p>After “which should be decided and announced by the Cabinet swiftly”, we want to add, “Also, it shall be stipulated that the required measures be formulated for the aforementioned policy in question so that it does not become advantageous to specific private sector projects.”</p> <p>(Reason)</p> <p>The written content of the “Policy Related to the Conduct of Competitive Bidding by the Public and Private Sectors” also has items in which the opinions of the private sector regarding the specific content of demand levels, demand standards, and contract conditions should not be incorporated. Incorporating the opinions of the private sector in these items will include the perspective of an unfair pursuit of profit when conducting public services, which would be inappropriate for conducting public services. In addition, the written content in question is also extremely important from the perspective of the fairness of information.</p>	<p>Promotion of Regulatory Reform and Private Sector Deregulation” (Approved by the Cabinet on March 25, 2005).</p> <p>The policy related to the “implementation of public and private sector competitive bidding” has been formulated taking into consideration the objectives and aspects of the policies of each individual public service that will be subject to market testing.</p> <p>The objectives of “Market Testing” are to achieve the maintenance and improvement of the efficiency and quality of public services to meet citizens’ needs by conducting the constant reform of public services. It goes without saying that the aforementioned policies for implementation should be formulated taking this into consideration.</p> <p>Also, it will be possible to achieve better public services meeting the needs of the citizens in this way by according maximum respect to proposals for improvement from private sector projects.</p> <p>The formulation of the aforementioned implementation policy will be determined with the consultation of the “third-party body” from the perspective of ensuring the transparency, neutrality, and fairness required to achieve the objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)”, which are the constant reform of public services and maintaining and improving the efficiency and quality of public services. This will systemically guarantee that neither specific government agencies nor private sector projects will have an advantage.</p>
(Ministry of Health, Welfare, and Labor)	<p>We want to revise the language to “Items Related to the Guarantee of the Dependable Provision of Public Services (Including measures when bidders do not appear)”.</p> <p>(Reason)</p> <p>Clause f. in (a) states, “Matters related to the provision of sound public services”, but situations can be envisioned in which public services that are required to be provided are unable to be provided when bidders do not appear for public bidding.</p>	<p>The Council envisions that “The items related to the guarantee of the dependable provision of public services” will be formulated into law, including measures in the event that no bidders appear during competitive bidding, in response to the aspects of the individual public services that will be subject to bidding.</p>
C. (b) (Ministry of Health, Welfare, and Labor)	<p>“Subsequent to the consultation by the “third-party body” should be eliminated.</p> <p>(Reasons)</p> <p>The functions of the third-party body should ultimately be limited to those that achieve uniform competitive conditions. The determination of successful bidders is made based on the administrative responsibility of the government officials responsible for contracts. The participation of a</p>	<p>The objectives of “Market Testing” are to achieve the maintenance and improvement of the efficiency and quality of public services to meet citizens’ needs by conducting the constant reform of public services.</p> <p>When selecting the successful bidder in the competitive bidding between the public and private sectors, we think the selection of the successful bidder based on the judgment of the public agency or ministry alone, which is one party to the public bidding, by comparing themselves to the</p>

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	<p>third-party body that would ignore administrative authority is inappropriate. There should be a mechanism by which the government officials responsible for contracts assume their responsibilities.</p> <p>Also, consulting with a single third-party body regarding all successful bids for market testing lacks incentives and would rather serve to harm market testing.</p>	<p>private sector entity, does not enable the elimination of systemic concerns when viewed from the perspective of ensuring the transparency, neutrality, and fairness demanded to achieve the objectives of the “Improvement of the Public Services Efficiency Bill” (Market Testing Bill) (provisional title)”, which are the constant reform of public services and maintaining and improving public services. Therefore the full participation of a neutral third-party body as stated in this declaration is indispensable.</p>
<p>C. (c) (Ministry of Health, Welfare, and Labor)</p>	<p>Of course monitoring is important, but considering the administrative costs involved in monitoring, there should be an examination to determine what level of monitoring is appropriate.</p>	<p>One serious problem until now has been that because the public sector was handling public services, there was little monitoring of the success of the projects or their costs.</p> <p>In the future, we think that the “Policy Related to the Conduct of Competitive Bidding between the Public and Private Sectors” should be implemented, and appropriate monitoring conducted.</p>
<p>C. (d) (Ministry of Health, Welfare, and Labor)</p>	<p>(d) Of the content, the paragraph beginning “It should be noted” should be omitted (Reasons)</p> <p>(d) Of the content, it is written, “It should be noted that taking into account the result of the monitoring (supervision, inspection etc.), as specified in (c)”. The third-party body monitoring, however, is monitoring “to ensure that the public services in question are appropriately provided in accordance with the conditions for successful bidding and contracts.” It is our consideration that this does not take into account those occasions when it is deemed appropriate to discontinue public services. The final judgment of whether to discontinue public services should lie with those who have administrative responsibility for the policies. The services should not be discontinued based on the results of monitoring.</p>	<p>The objectives of the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” are to maintain and improve the efficiency and quality of public services through the constant reform of those services to meet the needs of the citizens, who are liable for the tax burden and receive the benefits of those services.</p> <p>Consequently, we think that in the process in which the enterprise that is the successful bidder in the public-private competitive bidding conducts the services, there should not merely be monitoring to determine whether the appropriate services are being provided in accordance with the successful bid and the contract conditions. It is important there be constant verification of the necessity for the services in question and their approach, taking into consideration the needs of the citizens, who are liable for the tax burden and are the beneficiaries of those services, from the perspective of achieving the aforementioned legal objectives.</p>
<p>C. (e) (Ministry of Health, Welfare, and Labor)</p>	<p>We want the entire passage eliminated. (Reasons)</p> <p>If the management costs related to this monitoring are considered for projects that already have been commissioned to the private sector without making them subject to market testing, procedures of this type should not be conducted for these projects.</p>	<p>The projects already commissioned to the private sector are in a form similar to government projects and should not necessarily be exposed to competitive principles. Also, in some cases the originality and ingenuity of the private sector is not being utilized.</p> <p>From this perspective, we think it is important, when judged to be necessary, to apply special regulatory measures and formulate the required measures for the oversight by the “third-party body” in accordance with the series of procedures described in this declaration for projects pursuant to the public services subject to the public sector-private sector competitive bidding, even for projects in which the public sector does not participate in the competitive bidding, due to the so-called default of the public sector, as seen in the example of “Model Projects”.</p>

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<p>D. Special regulatory measures (Ministry of Health, Welfare, and Labor)</p>	<p>The intent for creating and certifying a “Plans on the Application of Special Regulatory Measures” after a successful bid is unclear. After the application of the special measures is examined, the bidding is conducted, the successful bidder determined, and the special measures applied. Therefore, the application of the special measures is confirmed when the successful bidder is determined. In other words, the plan cannot be evaluated when it is not known whether the regulation’s special measures will be approved at the time of bidding. Therefore, it is necessary to clarify whether the regulation’s special measures will be approved before the bidding.</p> <p>Examining the application of the special measures after the successful bidder is determined will have an effect on the successful bid contract. This is surely not an appropriate way to conduct bidding. Therefore, we think there is no meaning in ex post facto certification. In addition, the formulation of this plan is inconsistent with the regulation’s special measures in the system of special districts for structural reform.</p> <p>The application of the regulation’s special districts should be judged individually based on the content and the objectives of the regulations. Judgment should not be made on the symbolic standard of “contributing to constant reform”.</p> <p>Consequently, if provision is made for “D. Special regulatory measures”, there must be full coordination with the relationship between that and the assessment when the successful bidder is determined.</p>	<p>If nationwide, perpetual regulatory reform were carried out, there would be no need to formulate special regulatory measures. Actually, however, these measures are systematized and special measures applied, limited in duration and specified place of business, under the assumption that there are many cases in which a judgment is made to entrust the provision of public services to the private sector, limited in duration (contracted period) and specific places of business.</p> <p>The specific content of special regulatory measures has been determined by the Cabinet , together with the subject projects of market testing, as one part of the Basic Policies, in the same way as the process for the special structural reform districts. In accordance with this, it is envisioned that the specific content will be formulated into law through the revision of the “Improvement of the Public Services Efficiency Bill (Market Testing Act) (provisional title)” when legal measures are required.</p> <p>The application and recognition of the “Plan Regarding the Application of Special Regulatory Measures” formally provides for the objectives and pulls the trigger so that the special measures in question can be concretely applied. For selecting the successful bidder, it is envisioned that a prerequisite will be that an assessment is made of the application of these measures. (Consequently, a mechanism is envisioned that will not create a situation in which there is no application of the special measures in question when the successful bidder is determined.)</p> <p>In regard to the application of the successful regulatory measures, it is envisioned that a judgment will be made whether there is constant reform of the public services, which is the objective of the law, and whether they contribute to maintaining and improving the efficiency and quality of public services. If there are legal measures, these will be approved in light of the content of the special regulatory measures provided for in the same law.</p> <p>Further, these measures are different from the system for special districts for structural reform. As noted in the foregoing, it is envisioned that the special measures will be applied, limited to the duration and the specified place of business.</p>
<p>(Ministry of Health, Welfare, and Labor)</p>	<p>It is not clear whether the local public authorities will be the entities making the proposal or be bidding candidates. In D (a), we want the intentions explained for stipulating private sector projects (including local public authorities).</p> <p>If they are bidding candidates, this will become a competition between to governmental bodies. That does not seem to be compatible with the</p>	<p>The “Improvement of the Public Services Efficiency Bill (Market Testing Act) (provisional title)” shall have as its objective the constant reform of public services through competition, with no government monopoly, and maintaining and improving the efficiency and quality of public services.</p> <p>Local public authorities shall propose specified projects of the national government that they can provide instead, based on their judgment in</p>

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	intent of the system.	accordance with the administrative objectives. We think the possibility that providing the service in question as the actual successful bidder is desirable from the standpoint of maintaining and improving the efficiency and quality of the public service in question. We also think that even if there is competitive bidding between two public sector agencies, it will be in line with the intent of this system.
(Ministry of Land, Infrastructure, and Transport)	<p>There is insufficient explanation regarding the necessity, rationality, and achievability of a special system being part of the related regulatory reform. We want it to be specified that in the future, the Cabinet Office should conduct a full examination, and provide the appropriate information on the nature of the examination at that time to the related agencies, ministries, and other entities, including this ministry. Then, sufficient time should be provided for discussion and modification.</p>	<p>If nationwide, perpetual regulatory reform were carried out, there would be no need to formulate special regulatory measures. Actually, however, these measures are systematized and special measures applied, limited to duration and specified place of business, under the assumption that there are many cases in which a judgment is made to entrust the provision of public services to the private sector, limited in duration (contracted period) and specific places of business.</p> <p>The specific content of special regulatory measures has been determined by the Cabinet, together with the subject projects of market testing, as part of the Basic Policies, in the same way as the process for the special structural reform districts. In accordance with this, it is envisioned that the specific content will be formulated into law through the revision of the “Improvement of the Public Services Efficiency Bill (Market Testing Act) (provisional title)”, when legal measures are required. In addition, it is envisioned that the “Policy Related to the Conduct of Competitive Bidding by the Public and Private Sectors” will be determined, and that this competitive bidding by the public and private sectors will be conducted.</p> <p>The application and recognition of the “Plan Regarding the Application of Special Regulatory Measures” formally provides for the objectives and pulls the trigger so that the special measures in question can be concretely applied. For selecting the successful bidder, it is envisioned that a prerequisite will be to make an assessment of the application of these measures. (Consequently, a mechanism is envisioned that will not create a situation in which there is no application of the special measures in question when the successful bidder is determined.)</p> <p>In regard to the application of the successful regulatory measures, it is envisioned that a judgment will be made whether there is constant reform of the public services, which is the objective of the law, and whether they contribute to maintaining and improving the efficiency and quality of public services. If there are legal measures, these will be approved in light of the content of the special regulatory measures provided for in the same law.</p>

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		<p>Further, these measures are different from the system for special districts for structural reform. As noted in the foregoing, it is envisioned that the special measures will be applied, limited in duration and the specified place of business.</p> <p>In the future, the opinions of the related government agencies and ministries, and other related entities, will be reconciled to submit the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" to the Diet during FY2005 and achieve the full-scale introduction of the system in FY2006.</p>
<p>E. "Third-party body" (Ministry of Health, Welfare, and Labor)</p>	<p>We want to eliminate "powerful", "Specifics of the capacity and power of the "third-party body" (detailed tasks) should include authority to conduct fact-finding surveys on the formulation of the abovementioned "Policies on the implementation of Competitive Bidding between the public and private Sector" by the "third-party body" itself, as part of the entire service process monitoring, so as to support the thorough practice of disclosing public services information.", and "mainly in the private sector".</p> <p>(Reasons)</p> <p>The elimination of "...and powerful" is to conform to the language of the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" (revised).</p> <p>The functions of the third-party body should ultimately be limited to those that achieve uniform competitive conditions.</p> <p>Also, we think it is inappropriate for private sector entities to be the central party to ensure the neutrality of third-sector organizations.</p> <p>In competitive bidding, it is necessary to recognize the participation of the third-party body from the perspective of transparency, neutrality, and fairness. When providing public services, however, it is important to have policy judgments regarding the necessity for the individual project and their methods of operation. The foundation should be the judgment based on administrative responsibility corresponding to each jurisdiction, and the role of the third-party body should be limited.</p>	<p>The objective for "Market Testing" is to achieve the maintenance and improvement of public services to meet the needs of the citizens, who are liable for the tax burden and are the beneficiaries of these services, by the constant reform of public services.</p> <p>The constant reform of public services requires that the public sector make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral "third-party body", including the determination of the projects subject to "Market Testing" and the complete information disclosure of government businesses, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" for the constant reform of the public services, and maintaining and improving the efficiency and quality of public services.</p> <p>In regard to the system of the third-party body, we think that to a certain extent, there should be a highly qualified staff primarily filled with private sector personnel with specialized knowledge and expertise that should actually be able to exercise the authority provided for in this declaration, from the perspective of ensuring the aforementioned transparency, neutrality, and fairness sought on the prerequisite of achieving the objectives "Improvement of the Public Service Law (Market Testing Bill) (provisional title)" which are the constant reform of public services and maintaining and improving the efficiency and quality of public services.</p> <p>Further, the concept of neutrality in market testing as described in this declaration signifies the quality of being able to apply certain principles to the operation of the law without bias in the relationship between specified agencies and ministries and private sector enterprises. These basic principles are "entrusting to the market that which the market can do" and "rigorously verifying cost effectiveness in a comparison of private sector projects with government projects" under the aforementioned</p>

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B., C., E. "Third-party body" (Ministry of Health, Welfare, and Labor)	It is written that the role of the third-party body regarding the determination of successful bidders, for example, be one in which the decision is made after consulting with the third-party body. We think that the direct participation of the third-party body to the extent that they should act clearly based on the administrative responsibility corresponding to the jurisdiction of each agency or ministry presents a problem from the perspective of maneuverability and efficiency. In the "Framework 2005", we want this changed to the stipulation that there is to be "full examination of the tasks, including the approach of the third-party body" when preparing legislation. In the future, the Cabinet Office is to conduct a full examination, and provide the appropriate information on the nature of the examination at that time to the related agencies, ministries, and other entities, including this ministry. Then, sufficient time should be provided for discussion and modification.	<p>prerequisites, including situations involving the third-party body.</p> <p>The objective for "Market Testing" is to achieve the maintenance and improvement of public services to meet the needs of the citizens, who are liable for the tax burden and are the beneficiaries of these services, by the constant reform of public services.</p> <p>The constant reform of public services requires that the public sector make sacrifices. To achieve this, it is essential that as specified in this declaration, there be the full participation of a neutral third-party body, including the determination of the projects subject to market testing and the complete information disclosure of government businesses, from the perspective of ensuring the transparency, neutrality, and fairness required by the objectives of the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" for the constant reform of the public services, and maintaining and improving the efficiency and quality of public services.</p> <p>We think it is important that the third-party body be capable of the neutral response sought for these objectives, based on the fundamental orientation of achieving the objectives of the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" for maintaining and improving the efficiency and quality of public services.</p> <p>In the future, the opinions of the related government agencies and ministries, and other related entities, will be reconciled to submit the "Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)" to the Diet during FY2005 and achieve the full-scale introduction of the system in FY2006.</p>
F. Others (Ministry of Health, Welfare, and Labor)	Public services are to be dependably provided to the people, and it is necessary to maintain those standards. Therefore, there also should be consideration of the content of a law regarding the penalties when substitute measures, responsibility for damages, and the objectives of the contract cannot be achieved in the event the private sector withdraws.	Regarding the point you make, it is envisioned that it will be established taking into consideration the aspects of the individual public service as part of the "Policy Regarding the Conduct of Competitive Bidding between the Public and Private Sectors", but we want to further adjust the details for the full-scale introduction of the system.
(Ministry of Health, Welfare, and Labor)	It is stipulated as "F. Others" that "by coordination with the existing cross-sectoral legislation including the public service personnel system, the public finance law and the national property law. Necessary action plans should also be formulated accordingly". We want an indication of what sort of thinking is involved regarding specific measures for the treatment of public employees. There should be the coordination with the legal framework for the treatment of public employees when market testing is conducted.	Regarding the treatment of public employees when a private sector enterprise is the successful bidder, we want to continue to examine a mechanism in which the public employees are smoothly reassigned or transferred, including their reassignment to other government agencies or ministries, or transfer to a private sector project incorporating the wishes of the private sector enterprise that is the successful bidder, and taking into consideration the "Three Year Plan for the Promotion of Regulatory Reform and Private Sector Deregulation" (revised) (approved by the Cabinet on March 25, 2005).

Subject (Government Agency)	Opinion	The viewpoints of The Council
	<p>We want an indication of the approach for budget requests and the framework for bidding after reconciliation.</p> <p>When determining whether a certain project is to be subject to market testing, it is necessary to keep in mind what sort of security is to be given for the guarantee and continuity of the work in those cases when a private sector company withdraws and no other private sector company wishes to accept the work after the work is commissioned to a private sector company.</p>	<p>Regarding budget requests and the bidding mechanism, we already are proceeding with reconciling the views of the ministries with jurisdiction over the system, and we want to explain these again when this process has been complete.</p> <p>Regarding the point you make, we want to respond by continuing to keep it in mind by creating contract terms with the private sector company and other mechanisms.</p>
(Ministry of Land, Infrastructure, and Transport)	<p>At the conference for the submission of the report at the end of last year, it was confirmed that “the Cabinet Office would take sufficient time to discuss, modify, and provide measures in conjunction with the related agencies and ministries, including this ministry, for modifying bidding contract procedures and accounting laws, devising appropriate measures for the treatment of public employees, and other measures required for the smooth conduct of operations by the time of the full-scale implementation of the system.</p> <p>Regarding the existing government-wide legal system, there is no special mention of an inquiry into the progress of examinations for this Interim Summary. We want it to be specified that the Cabinet Office take sufficient time to discuss, modify, and provide measures in conjunction with the related agencies and ministries, including this ministry in regard to these items as part of the examination for the full-scale introduction of the system.</p>	<p>Regarding this point, we already are proceeding with reconciling the views of the ministries with jurisdiction over the system.</p> <p>In the future, the opinions of the related government agencies and ministries, and other related entities, will be reconciled to submit the “Improvement of the Public Services Efficiency Bill (Market Testing Bill) (provisional title)” to the Diet during FY2005 and achieve the full-scale introduction of the system in FY2006.</p>

3. Regulatory Review Criteria

Subject (Government Agency)	Opinion	The viewpoints of The Council
<p>1. Formulation of regulatory review criteria (2) Coordination and categorization of the administrative legislation prior to the formulation of regulatory review criteria “Administrative criteria” A. Assessment criteria, disposition criteria and other administrative criteria in association with the Administrative Procedure Act (Ministry of Land, Infrastructure, and Transport)</p>	<p>Regarding restrictions on vehicle transit, it has not been recognized that there has been no notification that is a direction order from an upper level administrative organization to a lower level administrative organization. The actual conditions are that when the Regional Development Bureau, the disposition agency, formulates judgment standards based on the Administrative Procedures Act, even if the notification in question is taken into consideration, there is nothing legally binding on the bureau in regard to the notification. As is provided for in (3) A (c), it is recognized that “means of communication by sending certain specifics from superior administrative bodies to their subordinate administrative organizations”.</p> <p>Consequently, it is not appropriate to quote as an example notifications that are direction orders with binding legal force.</p>	<p>Regarding restrictions on vehicle transit, upper level administrative bodies quoted typical examples of establishing standards that the disposition agencies should follow so that multiple disposition agencies can make uniform judgments. The notices are as in (3) A (c). The upper level administrative bodies communicate specific items to the lower level administrative bodies, but their content has the character of certain directions and orders to the lower level administrative bodies. As with “Restrictions on Vehicle Transit”, we think measures that present items to be kept in mind when making legal interpretations or granting permission have the required characteristics. Therefore, we think the quotation is appropriate.</p>
<p>(Ministry of Land, Infrastructure, and Transport)</p>	<p>The content of How to Determine Floor Space No. 115 (April 30, 1986, Manager of the Construction Guidance Section of the Housing Bureau of the Construction ministry), now under the jurisdiction of the Ministry of Land, Infrastructure, and Transport, includes specific items prescribing elements to keep in consideration during disposition, setting standards, and presenting examples in which the conditions prescribed by law are applied to specific types of situations. There is an appropriate division of responsibility in regulatory orders, so we think it might be inappropriate to write, “the appropriate division of responsibility in regulatory orders”.</p>	<p>As an example of the content of administrative standards, we cite the specific provisions of the elements to be considered when making a disposition, formulating standards, and examples that apply the conditions provided for by law to specific similar cases. We think a detailed examination is necessary in the future in regard to whether these should be established as statutory orders or whether they should be organized as administrative standards. Therefore, we think it would be appropriate to provide a description of the presentation of items as technical advice or recommendations regarding the disposition of “How to Determine Floor Space”.</p>

Subject (Government Agency)	Opinion	The viewpoints of The Council
<p>(3) Orientation of discussion on the formulation of review criteria Perspectives behind review by category A. "Administrative criteria" (those with legal effects indirectly on individuals) (a) Significance of "administrative criteria" (Ministry of Internal Affairs and Communications)</p>	<p>It is written that "the problem has been identified that there is no real effect from regulatory reform", but it is not clear what the specific facts are.</p> <p>Also, based on the perspective of clarifying the viewpoint that consideration should be given so that local public authorities handle the work in accordance with regional characteristics to promote the welfare of the residents, and careful consideration of whether it should be a prerequisite to make the regulations uniform nationwide, we want the section following "Moreover" to be changed as follows.</p> <p>"Moreover, in regard to laws that should make the regulations uniform nationwide from the perspective of ensuring the effectiveness of the regulatory reforms, there will be cases in which it is necessary to provide binding legal authority to the local public authorities by law or by prescribing government ordinances and other legal orders based on law. Consideration should be given so that the local public authorities handle the work in accordance with regional characteristics to promote the welfare of the residents, and careful consideration of whether it should be a prerequisite that the regulations be made uniform nationwide, but the appropriate division of roles between legal orders and technical advice is necessary."</p>	<p>Technical advice was given to the local governments regarding the "Measures and Items for Regulatory Reform", but after considering the technical advice in question, some local governments conducted regulatory reform and some didn't. It was pointed out that this hindered the efficiency of private sector work over a wide range.</p> <p>Also, in regard to the consideration of regional characteristics, The Council describes its viewpoints as The Council while being aware of the perspective involved.</p>
<p>(4) Orientation of further discussion (Ministry of Land, Infrastructure, and Transport)</p>	<p>We think that reevaluating the administrative standards in question would be desirable in principle, but we also think in regard to the administrative standards in question that the primary items are those for which provision in law is unsuitable because they have specialized content or a high degree of technicality, and those requiring an adaptable response to social and economic conditions.</p> <p>Therefore, to proceed with examinations in the future, full consideration must be given to the administrative promptness, adaptability, and efficacy, and not merely the perspective of administrative reform. We want to revise "how to regulate regulatory review criteria within a legislative framework so as to implement sound and consistent regulatory reviews, and for this purpose it is necessary to specify the most appropriate legislative framework in line with the clear classification of notifications and notices" to "examine every framework for suitability, while fully considering administrative promptness, adaptability, and efficacy in conjunction with the classification by external form of the notices and notifications".</p>	<p>The previous deliberations of The Council did not reach the conclusion that the reflection of specialized content of a highly technical nature and an adaptable response could not be made through legal orders. The Council thinks rather, that prescribing what should originally be made a statutory order based on this sort of recognition as administrative standards, with excessive regulation exceeding the intent and content of the original law, is a problem.</p> <p>In the future, we will conduct further interviews regarding specific individual cases, and proceed with an examination of the framework of organizing and reevaluating by type for the external form of notifications and notices.</p>

Ministerial Comments on “2. Promotion of the Opening up of Public Services to the Private Sector”

Displayed below are major ministerial remarks on “2. Promotion of the Opening Up of Public Services to the Private Sector”. The opinions of The Council are expressed in the main text in response to the reasons why the public services stated below should not be opened up to the private sector. The Council also finds it difficult to verify the other comments and points for their rationality and legitimacy. The Council therefore suggests that government ministries read and understand The Council’s opinions expressed in the paper, subsequent to which they could produce more convincing, data-based reasons to demonstrate their views against the opening up of the stated public services to the private sector. The Council intends to further discussion on the opening up of public services to the private sector, not limited to the matters stated in 2. but comprehensively, by means of meetings, interviews with government ministries, agreements and negotiations.

Subject (Government Agency)	Comments
1. Actions taken on each area for entry into the private sector (1) Benefits packages and collection Perspectives in favor of the opening up of benefits packages/ collection services to the private sector (a) “Exercise of public authority” (Ministry of Finance)	<p>The collection of national taxes is executed under very powerful authority which is granted to the directors of tax offices who may conduct compulsory measures under legislation, such as domiciliary search and distraint on properties, against those who fail to file tax return and pay taxes. Such dispositions come under the exercise of public authority unique to the state, having direct impact on the nation’s rights and obligations. Therefore, it is not appropriate to open up any services related to the exercise of public authority to the private sector.</p> <p>The consignment of such services to the private sector, if possible at all, means the entrusting of the private sector with very powerful public authority. Hence, it is absolutely vital to lay down an extremely stringent system, including regulations for confidentiality and deemed government officials, where a regional taxation office’s approval is required prior to the execution of compulsory dispositions. In this view, such entrust cannot be considered for entry to the private sector.</p>
(b) Fairness and neutrality (Ministry of Finance)	<p>Bearing in mind that private providers are basically profit oriented, if tax collection services are consigned to private companies, they would concentrate on the collection of taxes from decent tax payers, delaying any time-consuming process that involves complications. It would be difficult to prevent the indiscriminate execution of compulsory dispositions with no consideration for individual cases and therefore it is feared that the appropriateness and fairness of collection services would be lost.</p> <p>It is also feared that a conflict of interest would be caused by competition between private consigned companies/their affiliates’ private loans and national tax loans.</p>
(c) Handling of personal information (Ministry of Finance)	<p>In order to facilitate national tax collection procedures by consigned companies, tax bureaus will have to provide the consigned companies with highly confidential personal information about tax payers including their financial deals and assets. The provision of such confidential information by tax bureaus for consigned private companies might upset the trust relationship with tax payers, possibly causing adverse effects to the operation of tax practice and violating the duty of confidentiality.</p> <p>Bearing in mind that consigned providers are private companies, it is predicted that tax payers would be hesitant to provide their personal information required for the imposition and collection of taxes, preventing the smooth process of such services.</p>
The efficiency of collection services improved by entry to the private sector (Ministry of Finance)	<p>With regard to the national taxes, 97.6% of the taxes to be collected for FY2002 was paid, and approximately 2.4% was in arrears.</p> <p>In addition, tax delinquencies were dealt with swiftly in a stringent and appropriate manner, subsequent to which 99.5% of the taxes to be collected for FY2003 was paid, plus the amount of arrears has been on a decline for the last five years.</p>

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	<p>The stringent handling of the remaining 0.5% is also in progress.</p> <p>Stringent and appropriate procedures by tax bureaus demonstrate the operation of national tax collection at high standards. It is hard to imagine that such high efficiency in tax collections services can be obtained or enhanced by entry into the private sector.</p>
<p>Areas of services to be considered (Ministry of Health, Labor and Welfare)</p>	<p>Benefits services under the current employment insurance system are executed upon the approval of "loss of employment", which is regarded as insurable contingency. Such approval is granted upon the verification of an individual's intention to seek employment, and it is often the case that judgment cannot be made on a personal case by applying any uniform, nonflexible procedure. Hence, the approval of "loss of employment" must be granted accordingly by interviewing benefit claimants individually and giving them job placement advice while carefully verifying claimants' intention to work in relation to their attitude toward work and the current market climate so as to prevent any overpayments. Therefore, it is inappropriate to open up benefits services to the private sector, especially separately from job placement services.</p> <p>Assuming that benefits services and job placement services are opened up together as one package of services to the private sector and that the operation of the services is supervised by the state, the appropriateness of the approval of loss of employment would be questionable, as it would be verified according to the numerical data such as the ratio of disapproved unemployment, which is an ex-post fact. The only way to grant the approval of loss of employment is the current process by which benefit claimants are interviewed and given job placement advice directly by the public sector. Therefore, any other methods to grant the approval of loss of employment will create a high level of inefficiency, plus since job placement advice cannot take place simultaneously with the assessment of claimants prior to the granting of the approval, it would hinder the stringency and appropriateness of verification prior to the granting of the approval. Moreover, if verification results override the approval of loss of employment, the approval has to be withdrawn and tax benefit restrictions, reimbursement orders and payment orders need to be imposed on claimants who are ineligible for the approval of loss of employment, in which case, when applying any methods other than the method currently employed by the state, it would create a very lengthy process for each individual case while causing difficulty in recovering benefits which were incorrectly delivered to the claimants. In addition, if combined benefits services and job placement services are opened up to the private sector, it is anticipated that a claimant will have a choice in which private job placement service provider to use. It is then thinkable that the claimant may try a different provider every time in order to obtain the approval of eligibility for benefits and/or the approval of loss of employment. Consequently, there will need to be a system by which private providers can share information about the claimant's interview history so as to ensure that procedures of job placement and the approval of loss of employment are consistent throughout the country. Claimant's interview history is invaluable for each provider; it is the provider's business property with high confidentiality. Hence, it would be extremely difficult to make such information available for sharing and exchanging (and monitoring such act) among private providers. Furthermore, the income source of private job placement service providers basically relies on service charges paid by recruiters who are, after all, the providers' customers. Therefore, placements which the providers can introduce to claimants are limited to job requirements offered by their customer recruiters and it will be practically difficult for them to assist any claimants who fall out of their business scope, as they will not have a capacity equal to that of public employment security offices to provide job placement advice and guidance adequately with a vast range of job information.</p> <p>In view of the above, the opening up of employment insurance services to the private sector will hinder the fair and appropriate exercise of the employment insurance system and</p>

Subject (Government Agency)	Comments
	<p>incur astronomical costs in the operation of the system. The nation's faith in the system will also be lost while encouraging overpayments, thus, damaging the healthy management of public finance. Sharing the same view, in other advanced countries such as US, UK, Germany and France, self-assessment for the approval of loss of employment by the insured is not allowed, nor is commissioned to the private sector. In the UK, job placement services and unemployment benefits services had been operated separately from 1974 till 1986 when the two were integrated due to the occurrence of overpayments.</p> <p>Based on the above, it is not appropriate to separate employment insurance services from the category of Hello Work related services to open up to the private sector.</p>
(2) Facilities management Perspectives in favor of the opening up of facilities management services to the private sector (Ministry of Finance)	<p>"Public facilities", which are managed under the Designated Operators of Public Facilities System, are defined, among facilities established by local authorities, as facilities to be utilized by local residents with the purpose of enhancing welfare (according to the Local Autonomy Law), e.g. museums, art galleries and sports facilities.</p> <p>The government already implements the system where "public facilities" are managed by independent administrative institutions and therefore it is believed that there are no measures to be taken on the commissioning of public facilities.</p>
Areas of services to be considered (Ministry of Education, Culture, Sports, Science and Technology)	<p>The National Olympics Memorial Youth Center, the National Youth House and the National Nature House for Boys went through an extensive review, in respect of entry to the private sector among other perspectives, upon the completion of the medium-term target periods for FY2003 set by independent administrative institutions. Also, taking into account the "First Report Regarding Promotion of Regulatory Reform" (by the Council for the Promotion of Regulatory Reform, December 2004) and the "Reviewing of Independent Administrative Institutions the Medium-term Target Periods of which End by the End of FY2005" (Decision by the Administrative Reform Promotion Headquarters), in 2006 three independent administrative institutions will be merged constructively into a new independent administrative institution so as to promote youth education comprehensively. The management of the new independent administrative institution will be programmed based on the idea of its commissioning to the private sector, for which preparation is in progress.</p> <p>"Youth centers and facilities of a similar kind", which are among "public accommodation facilities" to be considered for "swift disposal means of closure, assignment to private providers or comprehensive commissioning to the private sector", are not thought to include the abovementioned three independent administrative institutions, yet if they are classified as "public accommodation facilities", the National Olympics Memorial Youth Center, the National Youth House and the National Nature House for Boys, as well as their new merged form will provide the base for the promotion of youth education, playing the key role in guiding and training youths as well as providing valuable hands-on activities while developing model programs to reflect the state's forward-thinking policies and applying outcomes to the improvement of public facilities. Based on the significance of the abovementioned facilities, it is inappropriate to classify them merely as "public accommodation facilities".</p>
(Ministry of Education, Culture, Sports, Science and Technology)	<p>Many art galleries have been established and managed by the private sector but national museums of art provide the base for promoting art for our country. Their stance, both nationally and globally, contributes to the collection and exhibitions of excellence in art as well as to the promotion of research studies and educational activities. National museums of art are indeed the cultural representatives of Japan in cultural exchange with art galleries of other countries. Hence, the significance of national museums of art differs from that of privately-operated art galleries the art collections of which tend to largely reflect collectors' personal tastes.</p> <p>In addition, most services related to the management of national museums of art are already consigned to private providers with the exception of the essential managerial part</p>

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	<p>which is under the public sector's control.</p> <p>Therefore, it is inappropriate that services related to national museums of art are included in the category of public services to be considered for entry to the private sector and they ought to be removed.</p>
(Ministry of Education, Culture, Sports, Science and Technology)	<p>Many museums have been established and operated by the private sector. National museums play an important part in Japan's cultural properties protection policies, thus their stance is set within the national context. National museums take care of and exhibit various priceless national treasures and important cultural assets and some of them, e.g. the Shosoin treasure, may not be exhibit anywhere but at national museums. Moreover, national museums also take part as cultural bases in introducing Japanese history and tradition both within the country and abroad and therefore the significance of national museums distinguishes itself from that of privately operated museums.</p> <p>In addition, most services related to the management of national museums are already consigned to private providers with the exception of the essential managerial part which is under the public sector's control.</p> <p>Therefore, it is inappropriate that services related to national museums are included in the category of public services to be considered for entry to the private sector and they ought to be removed.</p>
(Ministry of Land, Infrastructure and Transport)	<p>With regard to the setting and management of airfields, the Aviation Law does not specify any requirements for operating bodies. In other words, airfields may be managed by any private providers as long as the providers have an adequate managerial capacity.</p> <p>On the other hand, key public airfields, which form nationwide aviation networks, incur large amounts of maintenance costs, and for this reason the airport Development Law stipulates that according to the type of airport, the management of airports may be subsidized equally by both central government and local authorities under shared responsibilities and that any government-managed airports are to be operated under consistent and comprehensive management.</p> <p>Furthermore, public airfields managed by the state or by local authorities make wide use of the private sector in the management of profit-based facilities such as terminal buildings, parking areas, aircraft maintenance hangars and fuel supply facilities.</p> <p>Also the consignment of routine tasks including the check-up and repair of runways and position lights, snow removal etc. to private providers is being encouraged providing that such operations are still supervised by airport/airfield managers.</p> <p>Based on the above, the use of the private sector in operating services related to the management of airfields has already been widely promoted and therefore, the term "airfields" must be removed from the group of public services to be considered for entry to the private sector.</p>
(National Police Agency)	<p>The term "transfer, custody of abandoned and illegally parked vehicles" should be removed from the group of public services to be considered for entry to the private sector.</p> <p>(Reasons)</p> <p>The transfer and custody of abandoned and illegally parked vehicles are processed by designated agencies under the authority of the chiefs of police stations. Stated below are the reasons why further promotion of the opening up of these operations to the private sector would be difficult.</p> <ul style="list-style-type: none"> ○ Chiefs of police stations <p>Ordinary police officers do not have the authority to conduct vehicle transfer. Vehicle transfer is also conducted only when it is absolutely necessary, from the perspective of preventing traffic accidents and retaining smooth traffic flows. The necessity of vehicle</p>

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	<p>transfer is therefore verified by the chiefs of police stations taking individual circumstances into consideration. Services which do not require such authorization are already subcontracted to private providers and therefore, further promotion of the opening up of these services to the private sector would be difficult.</p> <ul style="list-style-type: none"> ○ Designated agencies for the transfer and custody of specified vehicles <p>Ordinary police officers do not have authority to conduct vehicle transfer. Vehicle transfer is also conducted only when it is absolutely necessary, from the perspective of preventing traffic accidents and retaining smooth traffic flows. The necessity of vehicle transfer is therefore verified by the chiefs of police stations taking individual circumstances into consideration. Designated agencies for the transfer and custody of specified vehicles execute a series of operations related to vehicle transfer, including the transfer, custody, return of vehicles, plus the collection of contributions, upon the decision of the chief of a police station that these operations are necessary. Hence further promotion of the opening up of these services to the private sector would be difficult.</p>
(National Police Agency)	<p>The term “maintenance of traffic lights, traffic signs, parking meters etc.” needs be amended to “maintenance of parking meters etc.”.</p> <p>(Reason)</p> <p>Services related to the maintenance of traffic lights and traffic signs are already widely operated by the private sector and the policy to consign them to the private sector will remain the same. Hence, there is no room for consideration for these services in terms of entry to the private sector.</p>
(3) Inspection and verification Progress of the promotion of the opening up of inspection/ verification services to the private sector (Ministry of Health, Labor and Welfare)	<p>Amendment requested as follows:</p> <p style="text-align: center;">The opening up of inspection/verification-related services should be restricted to parameters where safety is ensured, and it is important to examine the nature of each inspection/verification, i.e. whether of not it is appropriate as self-inspection/verification executed by a private provider, prior to the transfer or comprehensive commissioning of related services to private inspection/verification bodies.”</p> <p>(Reason)</p> <p>For any inspections and verifications which involve safety assurance, the securing of safety is the minimum prerequisite for achieving inspection/verification objectives. Hence, safety-related prerequisites must be clearly stated prior to the transfer of inspections/verifications to the self-inspection/verification format.</p>
(Ministry of Health, Labor and Welfare)	<p>Deletion requested as follows:</p> <p style="text-align: center;">“Meanwhile, with regard to services related to the four Safety Laws, inspection services for high-pressure gas have been operated based on a self-imposed basis whereas inspection services for boilers are still conducted by third-party bodies. Such inconsistency in practicing inspection and verification caused by different administrative decisions should be corrected using a more integrated, uniform approach.”</p> <p>(Reasons)</p> <p>For the reasons below, it is not appropriate to apply the four Safety Laws for high-pressure gases to the handling of Class 1 pressure vessels.</p> <p>(1) Class 1 pressure vessels contain a large amount of energy and are possibly corrosive. Therefore, the structure and performance of Class 1 pressure vessels need to be ensured by regular inspection otherwise protection for workers’ safety and they cannot be achieved in compliance with the Occupational Health and Safety Law.</p> <p>(2) At workplaces where self-inspections are implemented in accordance with the safety law</p>

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	<p>for high-pressure gases a number of fire accidents caused by corrosion and unjust incidents concerning self-inspections occur. In addition, law violation often takes place at workplaces where regular self-inspections are imposed under the Occupational Health and Safety Law.</p> <p>(3) Moreover, in recent years, a series of serious accidents has occurred involving major industries which are representative to Japan, and the standard of safety management has become questionable. The tightening and improvement of safety measures are needed.</p> <p>(4) Considering such circumstances, the idea of self-inspection could possibly degrade the standard of safety, thus there is a high risk of undermining the protection of workers' safety by the introduction of self-inspection to the private sector.</p>
<p>Perspectives in favor of the opening up of inspection/verification services to the private sector (Ministry of Health, Labor and Welfare)</p>	<p>Amendment requested as follows:</p> <p style="text-align: center;">“while securing safety, convenience, swift processing, efficiency and low cost are vital elements when executing inspection/verification services. Hence, it is only appropriate to apply the principle of market mechanism to inspection/verification services by entering them into the private sector within parameters where the high standard of safety does not suffer any adverse effects.”</p> <p>(Reason)</p> <p>For any inspections and verifications which involve safety assurance, the securing of safety is the minimum prerequisite for achieving inspection/verification objectives. Hence, safety-related prerequisites must be clearly stated prior to the transfer of inspections/verifications to the self-inspection/verification format. Hence, it is not appropriate to apply the principle of market mechanism to the operation of inspection/verification services merely from the perspective of pursuing convenience, swift processing, efficiency and low cost. The introduction of the principle of market mechanism by entry to the private sector must be promoted within the parameters where the high standard of safety does not suffer any adverse effects.</p>
<p>Areas of services to be considered (Ministry of Land, Infrastructure and Transport)</p>	<p>Automobiles can cause traffic accidents and environmental pollution to harm people's lives if they are not serviced and inspected properly, and for this reason, regular conformance inspection is imposed by the Automobile Inspection System. At the time of inspection, it is also checked that the payment of the automobile weight tax is up to date and that recycling charges have also been paid. The automobile Inspection system is indispensable as a social base for the smooth, comprehensive management of car society, not to mention for ensuring safe driving and environmental conservation.</p> <p>In terms of the opening up of services related to automobile inspection to the private sector, inspection of new automobiles (new inspection), especially of automobiles with type certificates, is already executed by car manufacturers, which are private companies, in the form of the “safety standard conformance check”.</p> <p>Inspection of in-use automobiles (continuous inspection) is also implemented by the private sector, employing the method of designating repair shops which are authorized to conduct continuous inspection.</p> <p>According to the above, the term “automobile inspection” should be removed from the group of services to be considered for entry into the private sector.</p>
<p>(Ministry of Land, Infrastructure and Transport)</p>	<p>The small craft inspection system was originally created subsequent to a large number of accidents on oceans involving small crafts. The system has been taking an important part in ensuring protection for the safety of small crafts, yet the number of accidents concerning human lives and accidents on oceans has not shown a sign of declining. Nonetheless, taking into account the recent tragic marine accidents and the nation's expectations of the</p>

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	<p>state's involvement with safety issues, the exercise of the system is absolutely essential.</p> <p>Furthermore, technical standards for ships and crafts vary, as meteorological and hydrographic conditions change depending on the type of navigation area. In addition, ships and crafts are constructed order-based, the structure and equipment vary according to the ship owners' requests. Hence, ship inspection includes non-routine services concerning the verification of standard conformity, which requires highly specialized knowledge and it is difficult to standardize such services, by providing procedure manuals for instance. Furthermore, the forcible introduction of the principle of market mechanism by involving several private corporations might trigger lax inspections leading to unjust behavior and therefore, it is not considered appropriate to open up services related to ship inspection to the private sector, as they are closely related to the securing of safety directly involving human lives and properties.</p> <p>Consequently, it is inappropriate to include "ship inspection" in the group of public services considered for entry into the private sector.</p> <p>It should also be noted that the current system will be exercised fully so as to raise the nation's awareness about safety further, while the system will undergo a review and receive feedback accordingly, based on which the development and use of private third-party organizations, which have currently been introduced to a certain extent, and the enhancement of the quality assurance ability of manufacturers and service and repair experts will be furthered.</p>
(Ministry of Internal Affairs and Communications)	<p>Services related to the "outside oil inspection" are not suitable to be included in the group of public services considered for entry into the private sector for the following reason, thus should be removed.</p> <p>The "outside oil tank inspection" is currently allowed to be implemented by private providers when they are consigned by municipal authorities. In fact, the opening up of services related to the outside oil tank inspection has already been completed.</p> <p>Furthermore, an accident caused by an outside oil tank (one may remember the tank fire in Tomakomai, Hokkaido in 2003) puts not only the office which owns the tank, but also nearby residents and their properties, under a great risk. The surrounding environment will also have to suffer greatly. Hence, it is essential that municipal authorities authorize the inspection to verify conformity to the technical criteria stipulated by the Fire Defence Law.</p>
(Ministry of Internal Affairs and Communications)	<p>If the term "fire equipment inspection" implies the fire machinery and apparatus test which is implemented in accordance with the Fire Defence Law", this should not be included in the group of public services considered for entry into the private sector, as it is inappropriate.</p> <p>Services related to the fire machinery and apparatus test have already been outsourced to the private sector to the most possible extent, while taking measures on the promotion of new participants in providing the services subsequent to the decrease of the number of items to be inspected in 1985 (by the introduction of the self-certification system), followed by the introduction of the designated verifiers system in 1986, the promotion of joint-stock companies' participation in the operation of the services in 2002 and the transfer of the registered verifiers system followed by further segmentalization of the categorization of services in 2003.</p> <p>With regard to fire machinery and apparatus to be approved by the test, the idea of self-certification is not considered appropriate from the perspective of the nation's immediate safety concerning their lives, possibilities of extensive damage caused by faulty fire equipment involving residents in the affected area, insufficient performance check of daily use, the control of poor-quality fire equipment possibly encouraged by the introduction of the principle of market mechanism and difficulties in implementing the post testing of fire</p>

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	equipment subsequent to the detection of defects. Thus, the verification of fire machinery and apparatus by applying the function of third-party bodies (testing system) is indispensable.
(Ministry of Health, Labor and Welfare)	The promotion of the opening up of services related to the medical fee inspection have already been supported, based on the “Three-year Plan for Promotion of Regulatory Reform (revised)” (Cabinet Decision on March 29, 2002), by the abolition of the notification system while a notification was issued dated December 25, 2002 to enable the commissioning of the services to third-party organizations with the exception of services related to direct inspection by health insurance societies and social insurance medical fees payments funds.
(Ministry of Health, Labor and Welfare)	<p>The term “boiler inspection” should be removed from the group of public services to be considered for entry into the private sector.</p> <p>(Reasons)</p> <p>For the reasons below, it is not appropriate to apply the Safety Laws for high-pressure gases to the handling of Class 1 pressure vessels.</p> <p>(1) Class 1 pressure vessels contain a large amount of energy and are possibly corrosive. Therefore, the structure and performance of Class 1 pressure vessels need to be ensured by regular inspection otherwise protection for workers’ safety and high standards cannot be achieved in compliance with the Occupational Health and Safety Law.</p> <p>(2) At workplaces where self-inspections are implemented in accordance with the safety law for high-pressure gases a number of fire accidents caused by corrosion and unjust incidents concerning self-inspections occur. In addition, law violation often takes place at workplaces where regular self-inspections are imposed under the Occupational Health and Safety Law.</p> <p>(3) Moreover, in recent years, a series of serious accidents has occurred involving major industries which are representative to Japan, and the standard of safety management has become questionable. The tightening and improvement of safety measures are needed.</p> <p>(4) Considering such circumstances, the idea of self-inspection could possibly degrade the standard of safety, thus there is a high risk of undermining the protection of workers’ safety by the introduction of self-inspection to the private sector.</p>
(4) Training and Research Areas of services to be considered (Ministry of Health, Labor and Welfare)	<p>The term “training related to occupational skills development” should be excluded from the group of public services to be considered for entry into the private sector.</p> <p>(Reason)</p> <p>The services which are executed by The Central Vocational Ability Development Association have already been entered into the private sector.</p>
(Ministry of Economy, Trade and Industry)	<p>Training for the personnel of the Patent Agency is intended for gaining highly-specialized knowledge and expert skills related to assessment criteria and judgement on the novelty and progressivity of inventions, and the use of the Patent Agency’s database. Therefore, it is most appropriate that such training is provided by the National Center for Industrial Property Information and Training, in accordance with legislation, while ensuring the agile, closely human and intellectual relationship with the Patent Agency.</p> <p>The development of human resources related to intellectual properties, other than the personnel of the Patent Agency, is also promoted by the National Center for Industrial Property Information and Training, and the measures specified by the “the “Intellectual Property Promotion Plan 2005” focus particularly on training with the main purpose of providing assessment knowledge and skills possessed by patent assessors. The government acknowledges the extreme importance of such training and therefore, it is considered unfeasible to open up services related to training of this nature to the private</p>

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	sector.
(National Police Agency)	<p>The term “training related to safe driving” should be excluded from the group of public services to be considered for entry into the private sector.</p> <p>(Reason)</p> <p>Training related to safe driving is already programmed by automobile manufacturers who also provide their own safe driving training facilities for ordinary drivers. Since services related to safe driving training are already operated by the private sector most extensively possible, there is no room for further discussion on this category.</p>
(Ministry of Health, Labor and Welfare)	<p>The term “information provision and training related to industrial accident prevention” should be deleted from the group of public services to be considered for entry into the private sector.</p> <p>(Reason)</p> <p>The services operated by the Central Industrial Accident Prevention Association related to information provision and training have already been entered into the private sector.</p>
(Ministry of Education, Culture, Sports, Science and Technology)	<p>“Studies and training related to cultural assets” which are carried out by both the state and independent administrative institutions play a vital role in establishing an intellectual and technical foundation for ensuring that invaluable cultural assets, i.e. national properties, are passed on properly to the next generation. It is believed that the private sector does not possess a basis or experience adequate for conducting research studies on cultural assets appropriately, thus lacking the prospect of profit. If studies and training related to cultural assets were opened up to the private sector, bearing the abovementioned circumstances in mind, the basic function of research studies on cultural assets, which are required by the administration of cultural properties protection at the right time for the right reasons, would be lost, creating seriously adverse effects on the administration of cultural properties protection.</p> <p>Especially, the role of the National Research Institute for Cultural Properties as a base of cultural assets studies both domestically and internationally contributes significantly to the soundness of the administration of cultural properties protection as well as to the comprehensive practice of related policies by the implementation of fundamental and practical research studies on cultural assets. Therefore, the opening up of studies and training related to cultural assets to the private sector is regarded as inappropriate.</p> <p>In view of the above, the inclusion of the term “studies and training related to cultural assets” in the group of public services to be considered for entry into the private sector is inappropriate, thus it should be removed.</p>