Provisional Translation

Fourth Report by the Council for Promotion of Regulatory Reform

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I General Remarks

1 . Introduction

"The fourth industrial revolution will promote innovation in various fields including financing, telecommunication, and education. In order to further accelerate this trend, we will spare no effort across the cabinet in eliminating governance gaps in regulations and systems in all fields mainly through online education promotion and radio spectrum allocation reform. The biggest challenge facing the country is the declining birthrate and aging population. Improving childcare and the nursing environment, for example in the form of system reforms to break the "wall of first grade" or for reducing resignation for nursing to zero, is a matter of urgency. Vigorously driving provincial revitalization also has a lot to do with regulatory reform. We will engage in reforms to revitalize provinces through reexamining regulations that, for example, block the use of drones, with a view to making agriculture, forestry and fisheries a growth industry."

This was a statement given by Prime Minister Abe at the 37th Council meeting for Promotion of Regulatory Reform (hereinafter referred to as "the Council") held on October 12, 2018. This report, based on the results from intensive research and deliberation in response to the statement, is to be submitted to the Prime Minister as the fourth report of the Council.

2 . Consultation process

The 37th Council meeting for Promotion of Regulatory Reform inaugurated the Subcommittee for Administrative Burden Reduction held on October 12, 2018, the Agriculture and Forestry Working Group, the Fishery Working Group, the Medical Care and Long-term Care Working Group, the Childcare and Employment Working Group, and the Investment and Miscellaneous Issues Working Group.

The Council meeting defined key issues and what should be urgently addressed among them.

Subsequently, "Reforms of regulations and systems with a view to promoting the 4th industrial revolution innovation and innovative businesses," which consists of "Full-fledged promotion of online distance education," "Development of appropriate competitive environment in the mobile market," "Realization of a comprehensive exchange," and "Reduction in business operators' burdens through the promotion of electronic government," witnessed the first two investigated and discussed by the Investment and Miscellaneous Issues Working Group, the third by the Council, and the fourth by the Subcommittee for Administrative Procedures.

The Childcare and Employment Working Group investigated and discussed "Reforms of regulations and systems with a view to supporting childcare and nursing in accordance with the declining birth and aging population".

The Agriculture and Forestry Working Group investigated and discussed "Reforms of regulations and systems with a view to reinforcing provincial revitalization".

3 . Working toward realizing this report

This report indicates a road map for reforming issues of urgency among those to be reformed in this term. Immediate actions are required according to it.

Many regulations involve a structure where interest conflicts, which leads to a passive stance being adopted by regulatory enforcement ministries and agencies and is a principal factor in preventing

reforms from moving forward. In order to move reforms forward, interested parties in a variety of positions will need to be persuaded and coordinated to surmount such a structure. This hinges wholly upon political leadership. Much is expected of political leadership so that the content of this report may be realized to the greatest extent possible.

*Specific measures to be taken among recommendations in each sector are detailed in "Items to be Implemented."

II Pushing ahead with regulatory reforms in each sector

1 . Reforms of regulations and systems with a view to promoting the fourth industrial revolution innovation and innovative businesses

With the fourth industrial revolution, digitalization has entered a new phase, which has triggered new technologies and new business models in a broader range of sectors. As the speed of innovation is lightning fast, it also spreads lightning fast. In order to create new possibilities in our life through this trend, it is indispensable to reform relevant regulations and systems appropriately and flexibly.

Based on this perception, the fourth report focuses on the four following points, listing regulatory reform items for each: full-fledged promotion of online distance education; realization of a comprehensive exchange; development of appropriate competitive environment in the mobile market; and reduction in business operators' burdens through the promotion of electronic government.

(1) Full-fledged promotion of online distance education

[To be implemented in FY2018]

<Basic Stance>

Thanks to ICT development, online distance education in schools is technologically feasible. Although it can offer high-quality education in various fields such as programming and English conversation beyond geographical and temporal restrictions, there is no sign of full-scale utilization of it.

In order to further enhance educational quality from the standpoint of students, the Council formulated measures for full-fledged promotion of distance education from a broader perspective in the first report of May 2017, proposing that it be shared among school officials and other necessary measures be taken. The report also proposed that the system for licensing to teach subjects outside of teaching certificate, which was introduced in 1953 as a tentative measure "for a while," be reviewed in terms of ensuring educational quality. These proposals were incorporated in an implementation plan for regulatory reform in June 2017.

In response, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) formulated the "Policy for Promoting Distance Education" in September this year. While the policy makes it clear that ailing children and children non-attendance at school will be eligible for distance education, such a measure is already mentioned in the existing system and policy. In this sense, it cannot be comparable to the Policy for Full-Fledged Promotion of Distance Education incorporated in the implementation plan for regulatory reform. The Roadmap for Economic and Fiscal Recovery Plan and Reform has set a FY2020 goal of conducting distance education for enrichment of academic subject options—in which a licensed academic teacher gives lessons from a remote area in the presence of another teacher in 70 high schools. Given that the figure accounts for less than 2% of the total number of high schools and other types of remote education have not offered respective whole images including how many high schools are involved, 70 is too low as a numerical target for full-fledged promotion of distance education.

Programming education, however, is going to be introduced in elementary curriculum by

FY2020 and the time is just around the corner when distance education will play a new role. In high schools, there is a shortage of teachers who can cover information, a subject which was introduced in high school education in FY2003, and in order to address the problem, 1,248 licenses to teach subjects outside of teaching licenses have been issued annually with 255 provisional teaching licenses being issued. While the education content of programming is going to double in junior high schools from FY2021, it is feared that they will face the same problem that high schools had in a more serious manner.

When it comes to the system for licensing to teach subjects outside of teaching licenses, MEXT formulated the "Research Cooperators' Meeting Report on the System for Licensing to Teach Subjects outside Teaching Certificate," in September this year, which, while trying to minimize the application of the system, insists on its continuation as a system capable of meeting individual educational needs appropriately on the condition of supporting teachers who are licensed to teach a subject that is not his/her speciality and training such teachers. However, now that 65 years has passed since the system was introduced as a tentative measure "for a while", it is no longer acceptable to overlook this situation.

Based on the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

In order to carry out high-quality education in a broader range of fields including programming and English conversation, a comprehensive measure shall be taken so that all schools at all three levels that want to conduct distance education can utilize it as early as possible (within five years) with a teaching system established. MEXT shall consider flexible implementation of distance education in junior high schools based on the Education Rebuilding Implementation Council's discussion, formulate an interim report including a roadmap, which shall be reported to the Council by the end of FY2018.

(2) Realization of a comprehensive exchange

To be implemented in FY2018

<Basic Stance>

Since the 2007 Basic Economic and Fiscal Policy (Big-Boned Policy), the idea of a comprehensive exchange that comprehensively covers securities trading, financial trading, and trades in commodities has been incorporated in every year's growth strategy as something to be realized as soon as possible and the Financial Instruments and Exchange Act was amended twice. Nonetheless, with no consensus formed among parties concerned, the idea has remained pending.

Outside Japan, a comprehensive exchange that allows one exchange (group) to deal with securities, financing, and commodity derivatives is taken for granted. The global commodity market is so lively that the trading volume in the commodity derivative market marked eightfold growth between 2004 and 2017. Japan, on the other hand, witnessed the market shrink due to failure to attract new investors in addition to tightening of solicitation restrictions with the trading volume during the same period falling to one-fifth of what it

once was.

In order to make our commodity market have a price formation function and a risk aversion function in commodity trading ensured stably, further decline in the commodity derivative market must be averted. A comprehensive exchange should be embodied so that the market will be formed according to the country's economic size and the financial and capital market size.

As noted in the "Recommendation for Realizing a Comprehensive Exchange" (November 8, 2018), creating a comprehensive exchange offers various advantages. In Japan, nevertheless, exchanges dealing with securities and financial derivatives and those dealing with commodity derivatives have been separately founded and operated. Such inefficiency has discouraged global investors from entering the market, which has resulted in a lot of missed business opportunities.

Based on the perception stated above, the Council proposes that the following measures be taken. While the management of an organization after the Tokyo Commodity Exchange (TOCOM) and Japan Exchange Group (JPX) are merged should be discussed among relevant parties, the Council hopes that required measures will be taken so that the merger will lead to substantial realization of a comprehensive exchange.

- It is hoped that a strategic transfer of some commodity derivatives listed on TOCOM to exchanges under the control of JPX will be considered so that one-stop trading in commodity derivatives and securities derivatives such as a stock index can be realized in places such as the Osaka Exchange. To do so, the Financial Services Agency (FSA) and the Ministry of Economy, Trade and Industry (METI) shall hold talks with relevant parties in order to facilitate consultations between TOCOM and JPX.
- b For the "Agreement" of a minister(s) holding jurisdiction over particular commodities that is needed when commodity derivatives are listed on a financial instruments exchange, a specific and clear guideline shall be formulated so that excessive uncertainty about the feasibility of a comprehensive exchange will not be raised by the end of FY2018 under the initiative of METI.
- In order to realize a comprehensive exchange as early as possible around 2020, the current implementation plan shall be accelerated, while FSA and METI shall hold talks with relevant parties to facilitate consultations between TOCOM and JPX so that they can find their direction by the end of FY2018. In the process, it is important for them to share the following points to revitalize the commodity futures market.
 - Position that our commodity futures market aims for in the global market
 - · Reinforcing creditworthiness
 - · Feasibility of liquidity enhancement through increased new entrants
 - · Design of a player-friendly market that can curb players' costs
- d One of the current important issues is the creation of an electricity futures market and a comprehensive energy market that includes it, but as it does not matter which one should be prioritized, the issue shall be addressed in parallel with the realization of a

(3) Development of appropriate competitive environment in the mobile market

[To be implemented in FY2018]

<Basic Stance>

The mobile industry is under the oligopolistic control of three mobile network operators (MNO), which has disturbed the competitive environment. Although the Ministry of Internal Affairs and Communications (MIC), in terms of promotion of competition, has tried to ensure appropriate connection fees between MNOs, which own networking equipment, and mobile virtual network operators (MVNO), which borrow networks from MNOs for business, appropriate service conditions including call rates, appropriate mobile terminal sales in addition to promoting SIM unlocking with a view to making it easy for users to switch over to another operator, satisfactory competitive conditions have not been established yet. One reason for the mobile market being under oligopolistic control is that communication is part of the apparatus industry. To have 5G in place, enormous investment in communication equipment is expected, which is likely to make barriers to entry even higher.

As in the "Competition Policy Issues in the Mobile Market" (FY2018 survey), the Japan Fair Trade Commission (JFTC), in terms of the standpoint of a competition policy, has raised competition issues among MNOs or between MNOs and MVNOs regarding promotion of competition among mobile operators, arguing against a package deal of a mobile terminal and communication service, two-year or four-year term commitment. The Consumer Affairs Agency (CAA) has alerted users in response to complaints about mobile services from them as well. While some problems were resolved, many still remain pending. When it comes to secondhand mobile terminals, it is pointed out that MNOs, after taking users' mobile phones as a trade-in, sell them to trading companies or makers and most of them flow abroad. But with sufficient data unavailable, a close consideration of necessary countermeasures has not been made.

Consequently, the country's mobile call rates are higher than in other countries, remaining high, which is swelling the ratio of call rates in household spending year by year. Mobile phones, whose various services are based on radio waves, public property, function as indispensable infrastructure for the people especially in case of disaster. As long as such a situation is left unresolved, national welfare may be significantly harmed given a likely increase in communication service demand thanks to the introduction of 5G.

These problems can be traced back to a failure of a competition policy in the mobile service market. While MIC has launched actions for improvement through the examinations by the "Study Group on Competitive Environment in the Mobile Market," such actions should be ongoing in order not to repeat similar problems. It is necessary to build a system that enables people to benefit from the market growth through the promotion of competition among operators in the form of more reasonable prices or service fees, a broader choice of services and products that meet user needs more precisely with an established appropriate competitive environment of communication services and mobile terminals sales.

- a MIC, based on a country-by-country comparison of the competitive environment in the mobile market, shall present the whole image of a comprehensive solution including measures listed below (d to g) by the end of FY2018. Viable measures shall be taken immediately despite what is mentioned above.
- b JFTC, based on a country-by-country comparison of competition policies, shall examine approaches to competition policy issues in the mobile market that have been discussed and implement necessary measures.
- c CAA shall formulate rules on proper indication about mobile phones and improve the application of rules in order to eliminate the complexity of the mobile service contract and sales advertising by the end of FY2018.
- d MIC shall work on a complete separation of call rates from terminal prices for appropriate call rates by eliminating the sense of unfairness between users who will purchase a terminal and who won't that is derived from terminal purchase support, and the complexity of price plans. In addition, the Ministry shall formulate appropriate rules as soon as possible for the distributing agents, which are immune from regulations, in order to address their sales and advertisements for terminals. The Ministry shall make operators clarify the total amount payable for a certain period for users who purchase communication services and a terminal in the package at the time of purchase. These measures will make it possible to develop an appropriate competitive environment for both communication services and terminals sales accompanied by a communication services contract, which will pave the way to more reasonable prices or service fees and a broader choice of services and products that meet user needs more precisely.
- e MIC, in addition to working on a more appropriate level and transparency of communication fees and wholesale contract price, shall examine the alleged unfair discriminatory treatment by the MNO group in providing networks and take necessary measures. The Ministry shall also drastically lower switching costs, embodied in the form of a term commitment contract and automatic renewal, penalty level at the time of contract termination, time-consuming procedure for the conclusion of a contract, that hamper competition between MNOs and MVNOs to develop a healthy competitive environment.
- MIC and JFTC shall undertake an immediate inquiry into the reality of the distribution of mobile phones (e.g. whether the distribution of mobile phones MNOs took as a trade-in from users is subject to unfair restrictions) and conduct a follow-up inquiry where appropriate. Should some problems be discovered, they shall take necessary corrective measures according to the Telecommunications Business Act (Act No. 86, 1984) and Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54, 1947).
- g MIC, while promoting equipment competition, shall formulate some guideline for developing an environment for equipment sharing and promote smooth development of networking to reduce investment in equipment in the mobile industry.

- (4) Reduction in business operators' burdens through the promotion of electronic government
 - [1] Realization of simple online application for subsidies and social insurance procedures for small businesses

【a.b: Intending to be introduced in April 2020; c: To be implemented as soon as possible within FY2018】

<Basic Stance>

It is burdensome for small businesses to visit multiple social insurance-related offices (pension offices or job-placement offices "Hello Work") each time an individual employee starts to work or quits a job. Online applications are available at present, but as it needs electronic certificate-based identity verification (annual charge of 7,900 yen is needed for electronic certificate for commercial registration), it has not been in widespread use. In addition, they are required to enter the same information repeatedly when applying for various subsidies, which is burdensome for them. Simpler online procedures need to be realized for them.

Given the goal mentioned in the first report of May 2017 of a more than 20% reduction in administrative costs imposed on businesses by March 2020 and the application of overtime cap to small businesses from April 2020 according to the Act on Promoting Workplace Reform, simpler online procedures should be realized especially for them in the beginning of FY2020.

<Items to be Implemented>

- In order for small businesses to apply for subsidies or engage in social insurance procedures around employment and resignation (or retirement) more smoothly, a system shall be established that enables them to simply fill out an online application with a single ID and PW through Corporate identity federation platform.
- b While METI is constructing a subsidies application system that allows simpler procedures for businesses, other ministries and agencies shall introduce the system, and local municipalities shall be encouraged to make use of the same system as well.
- c For social insurance ID and PW, the National Strategy office of Information and Communication Technology, Cabinet Secretariat, shall take the initiative in resolving security issues as soon as possible within FY2018.
- [2] Reduction in registration procedures according to the Private Lodging Business Act

 [a: To be implemented in FY2019; b,c: Being examined in FY2018 for early conclusion;

 d,e: To be implemented in FY2018]

<Basic Stance>

As pointed out in "Opinions about Minpaku Services" (July 24, 2018), Minpaku services (private lodging services) notification according to the Private Lodging Business Act (Act No. 65, 2017) raises the following problems:

• There are so many required documents to be submitted that online registration procedures cannot be completed even through the Japan Tourism Agency's (JTA)

private lodging management system

 There are many complicated procedures according to the Acts associated with Minpaku services, such as the Fire Service Act (Act No. 186, 1948), Water Pollution Prevention Act (Act No. 138, 1970), Sewerage Act (Act No. 79, 1958), Waste Management and Public Cleansing Act (Act No. 137, 1970)

As these problems indicate that ICT-based system operations, which are expected to function in a drastically different manner from existing regulations on particular businesses, do not, JTA should overhaul each procedure in cooperation with ministries and agencies responsible for relevant procedures.

<Items to be Implemented>

- a The private lodging management system shall include a guideline for operators complying with regulations so that it will become more user-friendly.
- b While a private lodging business notification through the private lodging management system needs electronic certificate-based identity verification, simpler procedures concerning the purpose of the notification system shall be discussed with the whole government's policy taken into account.
- c Registration of particular facilities according to the Water Pollution Prevention Act and of the time of beginning of use of a sewerage system according to the Sewerage Act shall be discussed on the basis that it is unnecessary for a certain size and mode of service.
- d A less burdensome and appropriate way of Minpaku-related waste disposal according to the Waste Management and Public Cleansing Act shall be clarified and disseminated.
- e To implement c and d above, JTA shall urge ministries and agencies responsible for relevant acts to work for better regulations needed for appropriate implementation of Minpaku services.
- [3] Burden reduction in issuing certificates of employment for nursery center admission

 [a: To be implemented by the end of the first half of 2019;

 b: To be implemented by FY2021]

<Basic Stance>

The certificate of employment for nursery school admission, which need to be submitted through applicants as a supporting document, varies in format according to the local municipality and needs to be prepared with a seal affixed to each copy, which takes its toll on business.

Since 2017, the government has worked on format unification and digitalization, but the unified format adoption rate is still around 40% of the total (on the number of nursery school admission applicant-basis), which is low especially in big cities that face a long waiting list for nursery schools (around 25% and 10% in government-designated cities and 23 wards in Tokyo respectively).

- a The target unified format adoption rate for admission in FY2020 shall be set to 70% on the number of nursery school admission applicant-basis to drastically boost this rate. In order to achieve the target, following careful examination of the results of the questionnaire surveys of local municipalities, an analysis of the reasons why the rate is low especially in local municipalities in big cities shall be made (e.g. absence of necessary items in the unified format for entry) and effective measures shall be taken immediately (e.g. format standardization for big cities) to accelerate format unification and digitalization.
- b Relevant ministries and agencies shall work together to construct a completely digitalized system including the abolition of sealing
- [4] Realization of an online one-stop service for procedures associated with ownership of light vehicles

【To be implemented with a conclusion drawn after examination in FY2018】 <Basic Stance>

Online one-stop completion of administrative procedures such as car inspection, tax payment, notification of parking space associated with ownership of light vehicles can reduce administrative costs, but the fact remains that only certified administrative procedures legal specialists are allowed to prepare relevant documents to be submitted, with neither dealers nor maintenance shops being eligible for that. With the Ordinance for Enforcement of the Certified Administrative Procedures Legal Specialist Act (Prime Minister Office Ordinance No. 5, 1951) amended, online one-stop procedures associated with ownership of automobiles can be completed through the bodies mentioned in the Regulations after 2005 onwards and administrative procedures associated with ownership of light vehicles should be completed in the same way as well.

<Items to be Implemented>

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) shall work with parties concerned to make online one-stop completion of procedures associated with ownership of light vehicles possible, paving the way to online applications for continuous inspection at first. Based on such efforts, MIC shall amend the Certified Administrative Procedures Legal Specialist Act Implementation Regulations.

2 . Reforms of regulations and systems for supporting childcare and nursing according to the declining birthrate and aging population

Many preschool children who go to nursery school at present are likely to be applicants for after-school children clubs in a few years. The government is laying the groundwork for accommodating preschool children in order to eliminate the waiting list for nursery schools, but after-school care for children in elementary schools is insufficient. With the waiting list for after-school care growing, there is a problem (the "wall of first grade") that children cannot receive after-school care when they start elementary school.

In order to address this situation, the government, formulating the "New Comprehensive After-School Childcare Plan 2018" (hereinafter referred to as the "New Plan"), aims to lay the groundwork for additional after-school childcare clubs for some 300,000 children each year from FY2019 to FY2023, ultimately promising after-school care for 1.52 million children.

The government also aims to merge the after-school childcare club for elementary school children whose parents are both working and the after-school childcare club for all children into one club administered in one elementary school. The government is trying to secure more than 10,000 facilities for the consolidated type by 2019 as a governmental goal, but with just 4,500 sites secured as of FY2017, the same goal has been forwarded to the New Plan.

What is required to achieve the development goals above is to secure facilities suitable for elementary school children to stay in after school or during a long vacation and implement a high-quality program by experienced staff with expertise, which has challenges that are shared by both big cities and provincial areas.

Based on the standpoint above, regulatory reform items to be implemented are listed below.

(1) Promotion of after-school childcare (To break the "wall of first grade")

[1] Securing of places suitable for children

(a: To be implemented in FY2019; b: To be implemented in FY2018; c: To be implemented during the first half of FY2019; d: To be implemented in FY2018; e: To be implemented in 2018; f: To be implemented in FY2020

<Basic Stance>

What is the most important in achieving the zero-waiting list for after-school childcare is to secure places that accommodate children after school or during a long vacation. An after-school childcare club for elementary school children should be located in elementary schools that are easily accessible to children, but not all elementary schools have such a facility at present.

Case examples of some local municipalities that are trying to use school facilities can be of help to others in many ways. Good case examples should be shared in order to promote the installation of an after-school childcare club for elementary school children in elementary schools.

While using a school facility constructed under government subsidy for another purpose requires in principle the amount equal to the subsidy payable to the government, some mitigation measures such as simplified procedures apply when such a facility is converted to

an after-school childcare club for elementary school children under given conditions. However, such measures are not well-known.

The government has asked local municipalities to estimate the total number of members of after-school childcare clubs for elementary school children (hereinafter referred to as "the estimated number") under certain conditions, but with children from part-timer families excluded. In order to reinforce after-school childcare, the government should change the way that demand in the future is estimated.

We propose that the following measures be taken.

<Items to be Implemented>

- a In order to eliminate extreme disparities according to living areas around admission to after-school childcare clubs for elementary school children, the Ministry of Health, Labour and Welfare (MHLW) and MEXT shall disclose the number of elementary schools in each municipality that has a certain number of children on the waiting list for after-school childcare, of after-school childcare clubs for elementary school children, of after-school childcare clubs for all children, of available rooms, and of children on the waiting list. Should available rooms be found in municipalities with a waiting list, the Ministries shall help such municipalities convert them to after-school childcare clubs
- b MEXT shall stipulate in the "Guideline for Elementary School Facilities Development" the importance of securing places for children to stay after school.
- If an after-school childcare club for elementary school children is managed in an elementary school, the administrative body shall be a municipal education board or some welfare division, not the school, which should be clarified. MHLW and MEXT shall prepare some guideline which will facilitate the discussion on locus of responsibility for the management of school facilities (handling of education property, campus zones and their management, use of existing school facilities, scope of responsibility in the event of accidents, etc.) among relevant parties and inform local municipalities of the guideline.
- d MHLW and MEXT shall urge local municipalities to utilize simplified or flexible procedures and financial support for ongoing promotion of the installation of after-school childcare for elementary school children in schools.
- As families that use after-school childcare clubs for elementary school children include not only ones which are using nursery schools but those in which one of the parents is working part-time, MHLW shall count children of the latter family type as potential after-school childcare club members for elementary school children as well when calculating the estimated number of children in the municipal childcare support project plan.
- f MHLW and MEXT shall introduce some municipalities' unique efforts of fully using school facilities to other municipalities.

[2] Recruitment of diverse human resources

(a: To be implemented in FY2020; b: To be implemented in FY2018; c: To be implemented in FY2020; d: To be implemented in FY2019)

As leaders of after-school childcare for elementary school children, after-school children supporters (hereinafter referred to as "Supporter(s)") play an important role. Given the length of time children spend in a childcare club and attitudes toward children who need some special care based on expertise, Supporters, who directly commit themselves to children, influence them significantly and have broad responsibility for them.

Those who want to become Supporters are obliged to complete the after-school childcare supporter qualification training under auspices of prefectural governors by the end of FY2019, while some prefectures have excess subscriptions, which will make it difficult for some to complete the training by the deadline. In addition, those eligible for the training are qualified childminders, caseworkers or people who meet the training requirements mentioned in the "Guideline for Facilities and Management for the Sound Growth of After-School Children Project" (Ministry of Health, Labour and Welfare ordinance No. 63 2014) (e.g. someone who engaged in some welfare program for a given period of time). The administrative body of an after-school childcare club for elementary school children is required to train experts according to local realty and support environmental development for the frontline Supporters' career development education.

The government should properly evaluate Supporters' skills and experiences in their career and take measures to give them secure employment and increase their career opportunities as childcare experts.

Given that seniors are looking for opportunities to contribute to their own areas amid reduced opportunities in which children interact with groups of a diverse age, there should be an environment created in which the position of a Supporter appeals to seniors.

We propose that the following measures be taken so that those with a wide variety of skills and experiences will be certified as Supporters and demonstrate their own abilities in their own community.

- a MHLW shall consider what the training should be like so that those wishing to become Supporters can get employed as certified Supporters as soon as they graduate from a university or a vocational school.
- b When the admission quota is low in the after-school children supporter qualification training under the auspices of prefectural governors, the Ministry shall ask each prefecture to increase the quota or the number of training sessions. The Ministry shall ask each prefecture to preferentially admit applicants from after-school childcare clubs for elementary school children where there are few certified Supporters to the training.
- c The Ministry shall consider offering a correspondence course-based training to students so that they can take training without being constrained by time and location.
- d The Ministry shall urge the National Silver Human Resources Center Association to make some arrangement so that more members from silver human resources centers will get employed as Supporters or assistant staff.

[3] Securing of quality

(a: To be implemented in FY2018; b: To be implemented in FY2019; c: To be implemented in FY2018; d: To be implemented in FY2020)

<Basic Stance>

The sound growth of children is inseparable from securing quality after-school childcare clubs for elementary school children. The government, while suggesting that the sound growth of after-school children project operators make a self-assessment about their operations, does not show them the assessment items unlike in the case of nursery schools, which results in just 50% of the operators' self-assessment implementation rates with variations in assessment items.

When it comes to after-school childcare clubs for elementary school children, the participation of various administrative bodies such as municipalities and business corporations leads to securing of facilities for accommodating them and some operators' active implementation and disclosure of their self-assessment improves the quality of the clubs. However, it is pointed out in some municipalities that business corporations are excluded from club administration applications.

With regard to the consolidated type, it is noted that since after-school childcare clubs for elementary school children and those for all children are supervised by different ministries, it complicates administrative procedures, which takes a toll on administrators. We propose that the following measures be taken.

<Items to be Implemented>

- a MHLW and MEXT shall discuss the schedule for achieving a governmental target about the consolidated type to formulate a roadmap by the end of FY2018.
- b MHLW shall formulate assessment items based on which the administrative bodies can make a self-assessment and notifies local municipalities of them.
- c In order to make it known that various administrative bodies including private operators can participate in the administration of after-school childcare clubs for elementary school children, MHLW shall disclose them by administrative body.
- d MHLW shall make some arrangements so that municipalities can reduce burdens of processing application documents from administrative bodies according to the "Digital Government Implementation Plan" (determined at a digital government cabinet meeting, July 20, 2018).

Aiming to achieve the zero-waiting list as soon as possible, this report has examined matters so that maximum efforts will be made. Given that the needs for after-school places are expected to become more diversified, the number of choices of after-school places should be increased according to the progress in items to be implemented (i.e. installation of after-school places outside schools, even if small in size). In addition, in order to make after-school childcare clubs for elementary school children accessible to all children who need after-school places, support measures that can help reduce considerable disparities in use conditions such as living areas and household income level should be discussed.

For quality assessment, the government should take the following measures as well.

- Issuing a guidance and inspection guideline to local municipalities as in the case of nursery schools
- Formulating assessment criteria according to an independent welfare service assessment system
- · Asking administrators to hear the opinions of children and parents for self-assessment
- · Asking administrators to develop a system for accepting complaints

3 . Reforms of regulations and systems with a view to reinforcing provincial revitalization

In order to vigorously reform agricultural structures and reduce production costs for making agriculture a growth industry, farmland utilization integration and consolidation is needed. Despite the cropland use and integration facilitating program in 2009 and the Farmland Intermediary Management Program in 2014, it is hard to say that farmland utilization integration and consolidation is being accelerated and these projects need to be overhauled.

In addition, in order to have integrated and consolidated farmland utilized for productivity enhancement, it is necessary to make business farmers incorporated and expand incorporated farmers.

Agriculture cannot be immune from the fourth industrial revolution. With agriculture facing the aging of farmers and labor shortages, utilizing data and new technologies are essential for its survival and prosperity as a growth industry. Utilizing drones and advanced agricultural devices in particular is indispensable for productivity enhancement. Utilizing a state-of-the-art drone, in addition to saving the effort of spraying fertilizers and agricultural chemicals, makes it possible to collect big data through image analysis, grasp growth situations through AI analysis, and predict yield amount, which will lead to drastic improvement in agricultural productivity. Regulations and systems that block the introduction of drones and advanced agricultural devices need to be overhauled.

Based on the standpoint above, this report will focus on the three following points, listing regulatory reform items: regulatory reform for making agriculture competitive through farmland integration and consolidation; review of regulations hampering utilization of drones; and review of regulations hampering utilization of advanced agricultural devices and snowplows.

- (1) Regulatory reform for enhancing agricultural competitiveness through farmland utilization integration and consolidation
 - [1] Improvement in procedures and system consolidation for farmland utilization integration and consolidation

[To be implemented in FY2019]

<Basic Stance>

The Growth Strategy 2018 (cabinet decision on June 15, 2018) has set the goal of having 80% of the total farmland area utilized by business farmers by 2023, while there has been no remarkable progress in farmland utilization integration and consolidation for business farmers since 2014 when the Public Corporation for Farmland Consolidation to core farmers through Renting and Subleasing (Farmland Banks) was launched (it stood at 55.2% at the end of FY2017, a small increase from 48.7% at the end of FY2013). In order to achieve the goal, all policy measures for accelerating the utilization integration and consolidation need to be employed with the frontline needs taken into account.

When it comes to Farmland Banks, it is pointed out from the frontline that since the Farmland Banks formulation of a plan for distribution and integration of agricultural land is time-consuming with the complicated accompanied clerical procedures, it takes time to have access to the plan for distribution and integration of agricultural land and that farmland recipients are required to provide the same report about farmland utilization to

another body as well.

In addition to Farmland Banks, the Organization to Facilitate the Use and Integration of Cropland functions as an organization promoting the utilization integration and consolidation and Farmland Banks is commissioning projects to the Organization. Some arrangement is needed to enhance cooperation between Farmland Banks and municipalities and, for its operations, promote cooperation with some agricultural organizations such as agricultural cooperatives and Japan Agricultural Corporation Association according to local circumstances.

<Items to be Implemented>

- a Based on municipal plans for use and integration of agricultural land, a system shall be established to make borrowing and sublease in the package possible through Farmland Banks.
- b Access to the plan for use and integration of agricultural land shall be abolished with no written statement submitted so far taken into account after an alternative measure to give other business farmers' opportunities to express their opinions are taken.
- The farmland recipients' report about farmland utilization to Farmland Banks shall be abolished as it overlaps with the Agricultural committee's utilization survey.
- d The Cropland Use and Integration Facilitating Program, in terms of the facilitation of the farmland integration for business farmers, shall be integrated into the Farmland Intermediary Management Program with some necessary transitional measure prepared. However, a system shall be established to gain the cooperation of those responsible for facilitation project (e.g. allowing only bodies that have had some track record in the locally characteristic facilitation project to formulate the plan for distribution and integration of agricultural land).

[2] Realization of consultation among farmers in the community

[To be implemented in FY2019]

<Basic Stance>

In order to resolve future farmland utilization issues integrally through consultations with business farmers about farmland in the community, personnel and farmland plans are being formulated. Based on Article 26, Act on Promotion of the Cropland Intermediary Management Program (Act No. 101, 2013), the plan is designed to facilitate the Farmland Intermediary Management Program in municipal districts, but it does not sufficiently contribute to the farmland utilization integration and consolidation partly due to the absence of the description of a farmland provider. The plan needs to be revised to accelerate the farmland utilization integration and consolidation.

<Items to be Implemented>

To formulate personnel and farmland plans, clarification of the reality of local farmland utilization (mapping) and farmland recipient business farmers are required. Some arrangement shall be made so that agricultural committee members for promotion of

optimized farmland usage can actively participate in the consultation on the plan as coordinators.

[3] Other measures

[To be implemented in FY2019]

<Basic Stance>

For farmland utilization integration and consolidation, increasing the number of corporations that can engage in long-term management and Certified farmers who engage in broad-based management is necessary. In order to address the shortage of business farmers in hilly and mountainous areas, measures such as incorporation are required. Farmers' expectations regarding conversion of farmland to be integrated and consolidated should also be curbed so that efficient utilization of farmland will not be hampered.

<Items to be Implemented>

- a With Certified farmers' farmland utilization extending, a system shall be established to have Certified farmers approved nationally or on a prefecture-basis.
- b As agricultural corporations' activities expansion creates new agricultural management needs such as directors working in some group companies, directors from corporations qualified to own cropland shall be able to expand the number of posts to assume that is virtually limited to two by reviewing the requirement of 150 days or more of agricultural engagement per company.
- c In order to promote the farmland utilization integration and consolidation for business farmers, farmland conversion permission criteria shall be reviewed so that efficient utilization of farmland will not be hampered.

(2) Review of regulations hampering utilization of drones

[1] Regulations based on the Civil Aeronautics Act

(a: To be implemented during the first quarter of FY2019; b, c, d, e: To be implemented in FY2018)

<Basic Stance>

With the Civil Aeronautics Act (Act No. 231, 1952) being amended in 2015, MLIT is now fully in charge of the Act-based safety regulations on unmanned aircrafts, whether they be unmanned helicopters or state-of-the-art drones.

However, safety regulations of navigation on unmanned aircrafts that spray agricultural chemicals are subject to the "Permission and Approval Judgment Guideline for Unmanned Aircrafts Flight" (notification by the Director-General, Civil Aviation Bureau, MLIT November 17, 2015, hereinafter referred to as "the Judgment Guideline"), "Treatment of Permission and Approval Regarding Unmanned Aircrafts Flight for Aerial Spraying or the like" [notification by the Director-General, Civil Aviation Bureau, MLIT and Food Safety and Consumer Affairs Bureau Director-General, Ministry of Agriculture, Forestry and Fisheries (MAFF), December 3, 2015] and the "Technical Guidance Guideline for Use of

Unmanned Aircrafts for Aerial Spraying" (notification by the Food Safety and Consumer Affairs Bureau Director-General, MAFF, December 3, 2015, hereinafter referred to as "the Technical Guidance Guideline").

According to the Technical Guidance Guideline, Japan Agricultural Aviation Association (hereinafter referred to as "the Association") is certified as the only registration certification organization that can make proxy applications based on the Civil Aeronautics Act. In addition to proxy applications, the Association approves operators and airframes.

The Technical Guidance Guideline is believed to have been formulated based on the Civil Aeronautics Act and Agricultural Chemicals Control Act (Act No. 82, 1948), but the specific legal basis is not clear. Although it does not impose duties based on the Civil Aeronautics Act, there is a misconception in agriculture that the Association's approvals of operators and airframes are compulsory or that the Association has authority for approval and license based on Civil Aeronautics Law.

In addition, state-of-the-art drones' automatic pilot and camera function will improve their navigation accuracy and ensure safety and MLIT admits that such functions are safety ensuring means in the Judgment Guideline, but the Association does not accept the proxy application for state-of-the-art drones equipped with these functions.

When using a drone, the user is requested to submit a project plan before a drone project and a project report after the project based on The Technical Guidance Guideline to the prefectural council instead of reporting to MLIT, which is burdensome to farmers, preventing agricultural drones from being introduced.

- a The Technical Guidance Guideline shall be abolished for state-of-the-art drones.
- b MAFF shall inform thoroughly local municipalities and relevant parties that as the Association's direct approval of operators and airframes is what it is doing voluntarily, there is no need to obtain it.
- c When it comes to conventional unmanned helicopters, the following measures shall be taken in consideration of avoiding on-site confusion.
 - Aviation security shall be regulated through the Judgment Guideline or notices cojurisdicted by MLIT and MAFF.
 - MAFF shall formulate a new guideline for the safety of agricultural chemicals.
 - Reporting to a prefectural council shall be minimal and online reporting shall be promoted.
- d The Judgment Guideline imposes a 10-hour flying career requirement with no exception irrespective of automatic pilot or manual controls. With regard to autopilot agricultural drones, the requirement shall not apply if users have taken a course about necessary matters such as basic operations including routing according to model-by-model functions and performances, and such as troubleshooting.
- e In order to expand the utilization of state-of-the-art agricultural drones through a proxy application system based on the Judgment Guideline, MAFF shall urge dealers and makers to make proxy applications for a drone fly permit for customers with an aim to

establish a track record of applications for a permit to fly drones equipped with an autopilot function and a camera function.

[2] Regulations based on the Agricultural Chemicals Control Act

[To be implemented in FY2018]

<Basic Stance>

For efficient use of agricultural chemicals, using a drone is effective.

The Agricultural Chemicals Control Act obliges agricultural chemicals makers to register and to indicate dilution rates of agricultural chemicals and users to comply with the rates and time of use.

Low dilution rates allowable for land spraying do not apply to aerial spraying by drones as the amount of spraying solution is too great. Agricultural chemicals available for drones are limited to around 500 types. In terms of agricultural products, the number drops significantly. For citrus, for example, just two types are available. While expanding agricultural chemicals types available for drones is necessary, easing the dilution rates requirement is essential when making a drone spray agricultural chemicals permitted for land spraying.

However, changing dilution rates likewise requires agricultural chemicals makers' registration and indication, for which the Food and Agricultural Materials Inspection Center's (FAMIC) inspection is needed. As this inspection takes agricultural chemicals residue data from scratch, it costs tens of millions of yen, which prevents the expansion of the types available to drones.

<Items to be Implemented>

- a The Agricultural Chemicals Control Act does not include the types of spraying devices in the criteria that agricultural chemical users should comply with. MAFF shall inform relevant parties that agricultural chemical users will determine whether to use drones in various aspects such as "spraying", "weed foliage application", "flooding spraying" and "overall soil application."
- b When making an alteration registration application for the review of dilution rates of existing (ground) spraying agricultural chemicals, FAMIC's agricultural chemical residue test shall be replaced with a test on beneficial and harmful effects to significantly reduce the inspection cost.

[3] Regulations based on the Radio Act

a: To be implemented in FY2019; b: To be implemented as soon as possible during FY2019; c: To be implemented as soon as possible during FY2018.

<Basic Stance>

In order to ensure the safety of drone flight, collecting location information based on real time communication or checking the flight visually by using a camera is effective. Visual checking with a camera is needed to spray fertilizers or agricultural chemicals with pinpoint accuracy. As this type of communication is made unstable with low power Wi-Fi, electric waves from the mobile electric waves are indispensable.

But according to the Radio Act (Act No. 131, 1950), a land mobile station is defined as a "radio station that functions while in motion on the ground or while motionless in an unspecific spot" and a drone is not certified as such.

In order for MIC and mobile operators to grasp the number of mobile terminals available for drones, some test stations for practical operation are operated, but the Minister's permission is needed each time they are to be used, which prevents the promotion of drone use.

<Items to be Implemented>

- a MIC shall conduct necessary tests by the end of FY2018 and, based on the test results, implement necessary system reforms to promote use of the mobile electric waves for drones.
- b When it comes to drones that fly low, MIC, based on the Radio Act, shall technologically examine requirements for utilization of the mobile electric waves for them as land mobile stations as on the ground and clarify them. If feasible items have been made clear prior to overall implementation of the system reforms mentioned in a, they shall be implemented before it.
- A system shall be established to make the mobile radio waves such as LTE communication or 5G utilized more easily, as represented by the simplification of the license application system by test stations for practical operation before a new system comes into effect.

[4] Effort for the spread of state-of-the-art agricultural drones

[To be implemented in FY2018]

<Basic Stance>

It is extremely important to introduce drone-related innovation in agriculture and the role the government plays for that is significant. In order to promote data-based advanced agriculture, it is necessary to promote strongly and intensively on multirotor drones capable of highly stable flight and the following reforms should be undertaken.

- a A comprehensive plan for introducing agricultural drones that contains the factors below shall be formulated under the initiative of MAFF.
 - Numerical target for the number of state-of-the-art drone units to be introduced
 - Numerical target for the number of local briefing sessions for promoting the introduction
 - Numerical target for the number of agricultural chemicals that can be virtually regarded as agricultural chemicals for drones
 - Framework for sharing of information on overhaul of regulations for accelerating the spread of agricultural drones and advanced technologies

b In order to accelerate the spread of agricultural drones with private operators' needs in mind, MAFF shall launch a private-public council in cooperation with METI. For state-of-the-art drones, a prefectural council based on the Technical Guidance Guideline shall be abolished. When a regional organization is needed for promoting drones, a new organization shall be launched under the private-public council.

(3) Review of regulations hampering utilization of advanced agricultural devices and snowplows (a: To be implemented in FY2018;

b: Starts to be discussed in FY2018. To be implemented as soon as a conclusion is drawn \(\begin{align*} \le \text{Basic Stance} \end{align*} \)

The Growth Strategy 2018 (determined at a cabinet meeting on June 15, 2018) aims to realize driverless agricultural devices under remote supervision by 2020. While it is certainly essential to achieve this aim to eliminate labor shortages in rural areas and boost productivity, some measures are needed that will facilitate use of advanced agricultural devices as well.

When moving around scattered farm fields by tractor, it is not rare for farmers to drive a tractor on a public road with devices attached to it or with another machine in tow as it takes time to attach or detach such attachments. Even if the tractor body is a certified model based on the Road Transport Vehicle Act (Act No. 185, 1951), it may not meet Safety Regulations for Road Vehicles provided it mounts devices or snowplows on the body or tows that are not included at the time of the model certification. With agricultural devices having advanced and been made larger, regulations need to be reviewed that hamper use of these attachments.

- a With regard to tractors that travel on public roads with agricultural devices or snowplows attached on the body or tow, MLIT and MAFF shall make it clear to the Regional Transport Bureau what measures should be taken to comply with the Road Transport Vehicle Act regarding vehicle width, mounting of a lighting system, etc. with relaxation of safety standards taken into account.
- b MLIT and MAFF shall check other regulations than what is stated in a that prevent a tractor from equipping itself with or towing large agricultural devices and take measures immediately with traffic safety taken into account in cooperation with the National Police Agency.

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■ Council for Promotion of Regulatory Reform

37th	October	Council management process
meeting	12, 2018	• Key issues in the 3rd term
38th	October	• Comprehensive exchange (interviews with Financial Service Agency, METI,
meeting	29, 2018	MAFF, Tokyo Commodity Exchange, Japan Exchange Group)
39th	November	Comprehensive exchange
meeting	8, 2018	Opinions supporting the spread of agricultural drones
		Examination progress in regulatory reform promotion

■ Subcommittee for Burden Reduction

1st	October	Opinions from business groups (responses from each ministry)
meeting	17, 2018	• Simplification of small businesses' administrative procedures (related to
		subsidies, social insurance)
		Interviews with relevant ministries and agencies
		- Report from Municipal Strategy 2040 Initiative Workshop
		(interviews with MIC)
		Format unification and digitalization of the certificate of employment
		(interviews with Cabinet Office Childcare Headquarters, Cabinet Secretariat
		National Strategy office of Information and Communication Technology,
		MHLW, Cabinet Office Social Security and Tax Number System Office
2nd	October	Interviews with relevant ministries and agencies
meeting	22, 2018	- Change of address in health insurance
	·	- Commissions for J-LIS services (interviews with MHLW and MIC)
		Interviews with relevant ministries and agencies
		-Promotion of private lodging service (interviews with Japan Tourism Agency and
		MHLW)
		• Simplification of sole proprietors' business succession (licensing)
3rd	November	Examination progress in an identity verification guideline
meeting	5, 2018	Interviews with relevant ministries and agencies
		- Promotion of private lodging service (Fire and Disaster Management Agency,
		Ministry of the Environment, MLIT, Japan Tourism Agency, MHLW)

■ Agriculture and Forestry Working Group

1st	October	Current status of drone-related regulations and issues (interviews with relevant
meeting	12, 2018	operators)
		Operating device-mounted farm vehicle's travel on a public road
		(Interviews with relevant ministries and agencies)
		Key issues for the group this term
2nd	October	• Current status of drone-related regulations, progress in efforts for and discussion
meeting	30, 2018	on further utilization of drones
		(Interviews with Aviation Association of Agriculture, Forestry and Fisheries,
		MAFF, MIC, MLIT)

3rd	November	• Further promotion of Farmland Banks-led farmland integration and consolidation
meeting	8, 2018	and curbing of expectation regarding farmland conversion beneficial to liquidity
		in effective use of farmland (Interviews with MAFF)
		• Current status and issues of farmland policy (Interviews with operators)
		Opinions supporting the spread of agricultural drones
		· New scheme on wood supply from national forests and wood production and
		distribution (Interviews with MAFF)
4th	November	· New scheme on wood supply from national forests and wood production and
meeting	15, 2018	distribution
		(Interviews with MAFF)
		Further promotion of Farmland Banks-led farmland integration and consolidation
		and curbing of expectation regarding of farmland conversion beneficial to
		liquidity in effective use of farmland (Interviews with MAFF)

■ Fishery Working Group

1st	October	• Regulatory reform implementation plan amendments (Interviews with MAFF)
meeting	29, 2018	• Key issues to be discussed by the group this term (tentative)

■ Medical Care and Long-term Care Working Group

1st	October	• Key issues to be discussed by the group this term (tentative)
meetir	g 29, 2018	Facilitation of access to medical checkup information (Interviews with relevant)
		parties)
		• Review of Health Insurance Claims Review and Reimbursement Services
		(Interviews with MHLW and the Services)
2nd	November	Progress in survey and examination on data portability
meetir	ng 8, 2018	Review of medical fees for overseas tourists

■ Childcare and Employment Working Group

1st	October	Key issues to be discussed by the group this term
meeting	15, 2018	Hearing survey on after-school childcare club for elementary school children
		(Interviews with relevant operators)
2nd	October	Hearing survey on after-school childcare club for elementary school children
meeting	26, 2018	(Interviews with people in Nerima ward)
		Hearing survey on conditional permanent employees (Interviews with relevant
		operators)
3rd	November	Hearing survey on after-school childcare club for elementary school children
meeting	1, 2018	(Interviews with people in Itabashi ward)
		Hearing survey on annual paid leave (Interviews with MHLW)
4th	November	Hearing survey on after-school childcare for elementary school children
meeting	2, 2018	(Interviews with MEXT and MHLW)
5th	November	Hearing survey on conditional permanent employees (Interviews with Professor
meeting	9, 2018	Shinobu Nogawa, Meiji University)
		• Follow-up survey on the Council on Children on the Waiting List (Interviews
		with MHLW)
		Deliberation of the report on after-school care for children

■ Investment and Miscellaneous Issues Working Group

1st	October	Key issues to be discussed by the group this term
meeting	18, 2018	Utilization of state-of-the-art technology in education such as online distance
		education
		(Interviews with MEXT)
2nd	October	Utilization of state-of-the-art technology in education such as online distance
meeting	26, 2018	education
		(Interviews with Japan Association of New Economy and people of Ehime
		prefecture)
3rd	October	Utilization of state-of-the-art technology in education such as online distance
meeting	31, 2018	education
		(Interviews with people of Ibaraki prefecture)
		Promotion of competition among mobile operators
		(Interviews with Consumer Affairs Agency, JFTC, and MIC)
4th	November	Promotion of competition among mobile operators
meeting	7, 2018	(Interviews with Telecom Services Association and NTT Docomo)
5th	November	Utilization of state-of-the-art technology such as online distance education
meeting	9, 2018	(Interviews with MEXT)
6th	November	• Promotion of competition among mobile operators (Interviews with MIC, JFTC,
meeting	13, 2018	and Consumer Affairs Agency)