

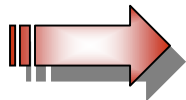
(Provisional Translation)

The Three-Year Program for Promoting Regulatory Reform (Revised)

April 2002
Cabinet Office

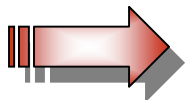
Positioning of the “Three-Year Program for Promoting Regulatory Reform (Revised)”

➤ Decided by the Cabinet on March 29, 2002



- The program developed in March 2001 was drastically revised based on the discussion at the Council for Regulatory Reform initiated in April.

➤ Features of this revision



“Priority Planned Issues of FY 2001”

- All of the individual regulatory reform issues included in the “First Report Regarding Promotion of Regulatory Reform” (“respected to the utmost” under the cabinet decision of December 2001) were designated as the government program.

“Regulatory Reform” Measures Taken Last Year

2001

April

The “Council for Regulatory Reform” (President: Yoshihiko Miyauchi, Chairman and CEO, ORIX Corp.) was newly established within the cabinet office as an advisory council of the prime minister.

[Profile of the council]

- Reform that is “led by the private sector”
 - Members from the private sector (15 members) and associate members appointed by the prime minister directly negotiate with ministries and agencies concerned according to fields (working groups)
- Shift from “dealing with individual needs” to “working on the reform of the system as a whole”
- Closely related to the “Council on Economic and Fiscal Policy”, “Headquarters for the Promotion of Administrative Reform ” and “IT Strategy Headquarters”, etc.

July

“Interim Report on Regulatory Reform in Six Priority Areas” prepared by the Council for Regulatory Reform

[Points]

- Focus on the “people-oriented service field” (“social regulatory field”).
 - “Medical Care”, “Welfare and Childcare”, “Human Resources (Labor)”, “Education”, “Environment”, and “Urban Renaissance”
- “Implementation time” should be in principle designated for every issue.
- Negotiation with ministries and agencies concerned should be carried out by high-level officials (vice-ministerial level).

September

Advancement of regulatory reform issues in the “Reform Schedule”

[Points]

- “Regulatory reform” was positioned as the core of the schedule.
- Almost all issues addressed in the “Interim Report” were included in the schedule “with the implementation time being in principle advanced for a year.”

December

“First Report Regarding Promotion of Regulatory Reform” prepared by the Council for Regulatory Reform

[Points]

- 15 fields in total including the “six priority areas” and other areas (note) are addressed.
(Note) “Competition policy”, “Legal affairs”, “Financial sector”, “Distribution”, “Agriculture”, “Energy”, “Transport”, “Standards certification, etc.”, and “Simplification of procedures.”
- Cabinet Decision that the report should be “respected to the utmost” by the government.

Medical Care

○ Liberalization and computerization of examination of medical fee bills and reinforcement of the functions of the insurers

- First examination and payment of the bills by the insurer themselves [To be implemented in FY 2001]
- Fundamental use of online billing of medical fees [To be implemented in FY 2002 (Prompt implementation)]
- Liberalization of individual agreements between insurers and medical institutions [To be concluded in FY 2001 and implemented in FY 2002]

○ Promotion of liberalization of management of medical institutions

- Review of regulations concerning management of medical institutions (management method for private companies) [To be examined in FY 2002]
- Abolishment of the requirement that the board chairman of a medical corporation be a doctor [To be implemented in FY 2002]
- Deregulation of advertising for medical institutions [Already partially implemented and to be examined in 2002 with a view to adopting a negative list in the future]
- Review of regulations concerning dispatch of workers engaged in the medical field [To be concluded in FY 2001 and implemented in 2002]

○ Review of the medical fee system

- Shift from a fee-for-service system to a prospective payment system [To be implemented in phases]
- Combination of use of public insurance medical care and medical care not covered by public insurance [Implementation in successive steps]
- Abolition of the “205 yen rule” under which the fee for medicines worth 205 yen or less can be charged without indicating the medicine name or other details on the bill [Already implemented]

Welfare and Childcare

○ Competition on equal terms among various management bodies in in-facility long-term care

- Bearing of the hotel cost for special nursing homes for the elderly by the users [To be implemented in April FY 2003]
- Promotion of development of public nursing homes managed by private bodies utilizing the PFI method [Already partially implemented; Implementation in successive steps]

○ Expansion and qualitative improvement of childcare services

- Review of the standards of authorized childcare centers [Implementation to be promptly started; Implementation in successive steps]
 - Introduction of the system under which unauthorized childcare facilities are obligated to submit a notification to the municipality [Already implemented]
 - Promotion of development of public childcare centers managed by private bodies utilizing the PFI method [Already partially implemented; Implementation in successive steps]
 - Promotion of entrance of joint-stock corporations to the field of childcare centers (review of the handling of surplus money) [To be implemented in FY 2001]
 - Relaxation of the present regulation that limits the number of childcare workers with short working hours to less than 20% of all childcare workers. [To be implemented in FY 2002]
- ※ In addition, “introduction of the direct subsidy method for users of childcare services (voucher system)” is also mentioned.

○ Review of regulations concerning social welfare corporations

- Review of desirable management styles of social welfare corporations [To be concluded in FY 2001]
- Review of the role of social welfare councils (focusing on providing the type of services that are difficult to be provided by private service providers or social welfare corporations.) [Already partially implemented; Implementation in successive steps]

Human Resources (Labor)

○ **Securing smoother job transition (expansion of the job placement market)**

- Review of the scope of jobs and the applicable fees that can be charged by private job placement services on job seekers [Already implemented]
- Shift of the system for free-of-charge job placement services, from the approval system to the notification system [Early review]

○ **Measures in response to the diversification of working patterns (increase of temporary workers and expansion of fixed-term work contracts, etc.)**

- Expansion of maximum work period (abolition of the one-year limitation) and allowable job categories for temporary workers (to include manufacturing) [Early review]
- Expansion of work period of fixed-term work contracts (from three years to five years), expansion of the allowable categories [Prompt implementation]
- Expansion of allowable job categories under the the discretionary work system for professional jobs [Already implemented]; review of the discretionary work system for planning jobs [Early review]

○ **Measures for dealing with new types of workers**

- Formally put the rules of dismissal into law [Prompt examination]
- Expanded application of pension and medical insurance systems to part-time and temporary workers [Prompt examination]

Education

○ Development of free competitive environments for higher-education

- Determination of the status of faculty members (as non-government employees) towards the corporatization of national universities [Implemented in FY 2001]
- Minimization of common rules in regulating the establishment of universities and faculties [To be concluded in FY 2002]
- Shift of the system for the establishment of faculties, from the approval system to the notification system [To be concluded in FY 2002]
- Abolishment of the regulation for the location of universities (abolishment of Law of Regulating Industry Zones (Factories)) [Bill to be submitted to the ordinary session of the Diet]
- Introduction of a continuous accreditation system by third-party organizations [To be concluded in FY 2002]

○ Reform of elementary and secondary education

- Grappled with the improvement of the legal system to introduce community schools [To be examined in FY 2003]
- Relaxation and clarification of examination standards in approving the establishment of private elementary and lower secondary schools [To be implemented in April FY 2002]
- Promotion of the introduction of a school selection system (promotion of the designation of schools based on parents and children's choices [To be implemented in FY 2002]

Environment



- **Establishment of measures for soil pollution in city areas (measures for investigating and purifying soil pollution in city areas, support measures for cases where the polluter cannot be identified, etc.) [Bill to be submitted to the next ordinary session of the Diet]**
- **Reduction of greenhouse gas emission [Bill to be submitted to the next ordinary session of the Diet]**
- **Designing a national strategy to promote the “coexistence of human beings and nature” [Already implemented]**
- **Reviews of various systems concerning waste/recycle problems (definition and classification of waste, approval for waste disposal business and facility, extended producer responsibility, etc.) [To be concluded in FY 2002]**

Urban Renaissance (housing/land, public works)

○ Ensuring transparency of the real estate market

- Expansion of the scope of public inspection of the assessment roll book [Bill passed by the ordinary session of the Diet; To be partially implemented in April]
- Securing the effectiveness of auction (including the examination of abolishment of the short-term lease protection system) [Bill to be submitted in FY 2002]

○ Review of various systems related to cities

- Developing a legal framework for urban planning proposals concerning community development [Bill to be submitted to the ordinary session of the Diet]
- Private sector participation in the second classification of urban redevelopment projects in the form of acquisition of lands [Bill passed by the ordinary session of the Diet; To be implemented by June]

○ Facilitation of condominium rebuilding, etc.

- Clarification of the requirements for rebuilding under the Compacted Ownership Law [Bill to be drafted by fall of FY 2002]
- Development of a legal framework for facilitating condominium rebuilding projects (measure to transfer the mortgage and other related titles to new buildings smoothly and securely, granting of legal corporate status to rebuilding entities, etc.) [Bill to be submitted to the ordinary session of the Diet]

Competition Policy

- **Abolishment of the restriction by such formal criteria as capital or net assets on stock holding by large-scale companies [Bill to be submitted to the ordinary session of the Diet]**
- **Expansion of the open and competitive bidding system [Implementation in successive steps from FY 2001]**

Legal Affairs

- **Clarification of the scope of legal affairs that are to be monopolized by lawyers [To be implemented in FY 2003 at the latest]**
- **Review of company forms under private laws (including “Japanese limited partnership”, limited partnerships for venture capital investment , associations under the Civil Code) [To be examined in FY 2002]**
- **Ensuring speedy reorganization procedures through the revision of the Corporate Reorganization Law [Bill to be submitted in FY 2002]**

Financial Sector

- **Legislative measures for over-the-counter sales of Exchange Traded Funds (ETFs) by registered financial institutions including commercial banks [To be implemented in April FY 2002]**
- **Establishment of a new transfer system for reducing settlement time and cost upon purchasing and selling corporate debentures and government bonds [Bill to be submitted to the ordinary session of the Diet]**

Agriculture

- **Examine the current system and situation with regard to farming corporations and take measures to facilitate joint-stock corporations to be established for farm management [Review of the current system to be promptly started and measures decided on to be implemented from FY 2002]**

Distribution

- **Development of a regulatory system for franchise systems (augmentation of disclosures to potential franchisees by managers of the headquarters and expansion of application of the system to the service sector, and the review of the Franchise Guideline) [To be partially implemented in April FY 2002; Studies to be promptly made based on fact-finding investigation]**
- **Investigation for the early review of the “guideline” of “Daiten-Ricchi Ho” [Implementation in successive steps]**

Energy

- **Expansion of the scope of liberalization of electric power retail sales (examination on expanding of the scope of liberalization at least to high-voltage electric power and specifying the date for implementing total liberalization) [To be examined and concluded in FY 2002]**
- **Expansion of the scope of liberalization of gas retail (examination on expanding of the scope of liberalization for majority users contracting less than 1 million cubic meters per year) [To be examined and concluded in FY 2002]**

Transport

- **Acceleration of introduction of one-stop services of import and export procedures at ports ('single-window' system) [Measures to be operational at the earliest possible time in FY 2003]**
- **Regulatory reform in the truck transportation business (shift in the charges and freight regulations from the current prior notification system to the ex-post facto report system, abolishment of the regulations regarding business areas) [To be concluded in FY 2001]**

Standards Certification, etc.

- Introduction of self-declaration system concerning conformation to standards for telecommunications terminal equipment, etc. (introduction of a self-declaration system under which manufacturers themselves declare that their products are in conformity to the standards) [To be concluded in FY 2002]
- Review of regulations relating to the Electrical Appliance and Material Safety Law (rational changes for notification content undertaken by business operators, promotion of international compliance of technical standards) [The latter issue was already partially implemented and is being implemented in successive steps]

IT

- Simplification of procedures upon establishing a radio station for a wireless card system [To be implemented in FY 2002]
- Promotion of on-line administrative procedures for application and notification [Bill to be submitted to the ordinary session of the Diet]