

# **Appendix**

## **5 Appropriate Implementation and Early Adjustment of “Special Zones for Structural Reform” System**

**[Awareness of the Issues] 4 (2) Views of the competent  
authorities on the remaining reform items**

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Reform Items (competent authority)	Views of competent authorities
<ul style="list-style-type: none"><li>● Permit private companies to enter the management of schools</li></ul> <p>( Ministry of Education, Culture, Sports, Science and Technology )</p>	<p>Schools have “public” elements, and the establishment and management of such schools accompany high public responsibilities. Because education is not substitutable, the management of schools requires stability and consistency. Based on that perspective, the approval of school management to anyone other than academic juridical persons, even in special zones, is regarded as inappropriate.</p>
<ul style="list-style-type: none"><li>● Fully liberalize the establishment of universities, departments, and Curriculums (transfer from an approval system to a notification system</li></ul> <p>( Ministry of Education, Culture, Sports, Science and Technology )</p>	<p>Maintaining the high quality of university education, the transfer from an approval system to a notification system is expected to start on April 1, 2003. A complete liberalization of the establishment of universities, etc. is rare in other countries. It might not only put the minimum quality of education in danger, but might also take a toll on the international compatibility of degree systems. Therefore, it appears unsuitable even in special zones.</p>
<ul style="list-style-type: none"><li>● Apply discretionary labor system to faculties of national universities</li></ul> <p>( Ministry of Education, Culture, Sports, Science and Technology )</p>	<p>It is not possible to assume any district having comparative advantages to be able to implement the discretionary labor system. The system does not seem to adapt itself to a program that has particular regional advantages. Currently, the labor hours of university faculties are under deliberation at the Council for Comprehensive Regulation Reform and conclusion is expected in 2003. The Ministry adopts a stance of assessing the deliberations.</p>
<ul style="list-style-type: none"><li>● Adopt a more flexible educational system in terms of curriculums, subjects, and government course guidelines including consistent education throughout elementary, junior, and high schools [to make sure that the operation of “R&amp;D School System for Special Zones for Structural Reform” (tentative name)</li></ul>	<p>It has already been decided that the operation of “R&amp;D School System for Special Zones for Structural Reform” (tentative name) will be handled in line with the basic concept of the special zones . Therefore, it is not suitable to list this item as an unsolved issue. The item stated left should be included among reform items in the special zones.</p>

<p>will not be too restrictive]. ( Ministry of Education, Culture, Sports, Science and Technology )</p>	
<ul style="list-style-type: none"> <li>● Permit the hiring of foreign personnel as departmental or divisional managers at national universities</li> </ul> <p>( Ministry of Education, Culture, Sports, Science and Technology )</p>	<p>Departmental or Divisional foreign managers do not seem to fit with the concept of the special zone system which has regional characteristic advantages. The regulation dealing with this issue is based on the legitimate right of civil servants. In the meantime, when national universities are turned into independent administrative entities in FY 2004, hiring foreign personnel to departmental and divisional managerial positions will be made possible. In respect of public municipal universities, discussion is continuing in view of the discussion on national universities. The Ministry adopts a stance of assessing the deliberations.</p>
<ul style="list-style-type: none"> <li>● Introduce an education voucher system to ensure equality of burden on students of state and independent schools</li> </ul> <p>( Ministry of Education, Culture, Sports, Science and Technology )</p>	<p>This issue can be incorporated into the current education finance system by using financial resources of municipal governments in order to secure equality in state and independent schools. Therefore, this does not have to be listed as a reform item for special zones. Moreover, there are no municipal governments requesting this item to start with.</p>
<ul style="list-style-type: none"> <li>● Permit private companies to enter the management of medical institutions</li> </ul> <p>(Ministry of Health, Labor and welfare)</p>	<p>It is not proper to provide different regulations on medical services in different districts because people's lives are at stake when it comes to medical services. The fundamental concept of private companies is to maximize profit. Due to this incentive, companies may trim personnel costs, and thus, may endanger the provision of proper medical services. They may only concentrate on businesses with higher profit margins, resulting in higher medical expenses. Therefore, the Ministry's view is that the entry of private companies to the medical services field is not desirable.</p>
<ul style="list-style-type: none"> <li>● Broaden the scope of employment agency services to permit them to provide employment services to the medical area (doctors, nurses, etc.)</li> </ul>	<p>It is not proper to provide different regulations on medical services in different districts because people's lives are at stake when it comes to medical services. Approval of employment agencies to hospitals or clinics must be cautiously deliberated. In most cases, medical services are provided as a team. When</p>

<p>(Ministry of Health, Labor and welfare)</p>	<p>there is a lack of communication among staff members, it may jeopardize the lives of many patients.</p>
<p>● Permit foreign doctors without Japanese medical certificates to conduct medical services to foreign residents in Japan (even if it is not mainly for “clinical training”)</p> <p>(Ministry of Health, Labor and welfare)</p>	<p>It is not proper to provide different regulations on medical services in different districts because people’s lives are at stake when it comes to medical services. Medical services, especially of medical doctors, require highly specialized knowledge and skills, and therefore, there is a license system in Japan. Some license requirements during the training period and some medical related systems in other countries appear to be different from the ones in Japan. The view of the ministry is that foreign doctors who provide medical services in Japan still need a Japanese medical license.</p>
<p>● Privatize the Public Employment Security Office (the so-called “hello work”)</p> <p>(Ministry of Health, Labor and welfare)</p>	<p>Privatization of this system is not appropriate even in the special zones because of the reasons stated below. It will violate number 88 of the ILO agreements, which states that the “provision of free public employment security services has to be conducted under the control and authority of national organizations.”</p> <p>The employment insurance scheme must be conducted by the central government because it exercises public authority. Privatization of this service will make the operation of the government impossible. Also, it may create moral hazards such as benefits abuse.</p> <p>Private companies require commissions from employment seekers. Those who are unable to pay fees may end up receiving no services. In addition, private companies may be reluctant to provide adequate services to those who have low profit margins such as senior or handicapped citizens, or those who are unemployed for a long time.</p>
<p>● Entitle local municipalities to conduct discretionary exemption of the minimum wage law for elderly or handicapped citizens</p>	<p>The concept of securing the minimum labor wage is laid down in the constitution that states the people of Japan have the right to maintain a minimum standard of wholesome and cultured living. Any exemption should be judged strictly by uniform national standards. In principle,</p>

(Ministry of Health, Labor and welfare)	the difference in judgments between local governments is not tolerable even in special zones.
<ul style="list-style-type: none"> <li>● Consolidate kindergartens and child-care centers (consolidation of qualification exams and establishment standards; abolition of the obligation to install kitchen facilities only for child-care centers)</li> </ul>	<p>Kindergartens and child-care centers collaborate in accordance with regional characteristics and features so that they can both improve their functions and facilities through the promotion of more flexible operations. It is difficult to consolidate the two institutions, even in special zones, because it may have a great impact on national and local financial sources. From a sanitation point of view, as well as considering the healthy upbringing of children and the provision of appropriate and carefully-prepared baby food, etc., kitchen facilities are necessary.</p>
<p>Same as above</p> <p>(Ministry of Education, Culture, Sports, Science and Technology)</p>	<p>Whether or not in special zones, simple consolidation is not feasible in order to respond to the variety of needs of parents and guardians during the child's upbringing. The collaboration of the two institutions is more appropriate and more realistic. Issues like the extent of medium and long-term local and national financial burden must be discussed with the Ministry of Health, Labor and Welfare continuously. In respect of dual qualification approval this issue will be discussed and decided at the meetings of the "Programs for Promotion of Special Zones for Structural Reform"</p>
<ul style="list-style-type: none"> <li>● Relax the requirements for temporary employment of local government employees</li> </ul> <p>(Ministry of Public Management, Home Affairs, Posts and Telecommunications)</p>	<p>Temporary employment is an adjustment measure in response to the temporary increase in administrative workloads, and this exceptional measure has to be taken only in times of emergency or due to temporary positions in nature. It does not fit with the concept of the special zone system. Even today, there is a system of part-time employment, special post, general employees with fixed-terms and others. These systems are established by municipalities with various forms of employment in order to promote a wide variety of human resources.</p>
<ul style="list-style-type: none"> <li>● Shorten or abolish the restricted period (10years) applied to the usage transfer of publicly owned reclaimed areas</li> </ul>	<p>With increased environmental awareness, landfill projects are facing harsh criticism. Under the circumstances, shortening the restricted period applied to the usage transfer is to deny the essence of</p>

(Ministry of Land, Infrastructure and Transport)	the licensing system. There is a fear that it may induce facile development projects, and it goes against the times. This will not gain the people's support. The necessary projects are already in the Special zone Program and they are handled case by case.
Review the scope of ships and vessels requiring pilots  (Ministry of Land, Infrastructure and Transport)	The pilot system is a broad-based safety system for ships and vessels, and it is not possible to reduce the safety of ships in the designated ports. National laws do not cover the activities and operations of foreign owned ships, and they do not have a systematic support system such as protection from domestic admiralty or Japanese-speaking crew members. In congested areas, facilities coordination in Japanese is indispensable. This measure is not provided in other countries.
Permit private companies to acquire agricultural land  (Ministry of Agriculture, Forestry and Fishery)	Under the Designated Structural Reform District Law, a measure to counter threats from the acquisition of agricultural land to allow a legal person other than an agricultural legal person to acquire and manage agricultural land has just taken place. However, this measure has not yet been enforced. Moreover, examination and evaluation of the consequences have not been conducted either. Without them it is not appropriated to even discuss the possibility of allowing private companies, etc. to acquire agricultural land.
Permit foreign lawyers to provide services for foreign residents in Japan .  (Ministry of Public Management, Home Affairs, Posts and Telecommunications)	Even under the current law, foreign lawyers are able to conduct some foreign law business with the approval of the Minister of Justice. The requirement for ministerial approval (3 years or more of on-the-job experience) is a minimum essential to assure the quality of the services of foreign lawyers and to prevent contingent damages to clients or concerned parties. The services are substitutable. Therefore, it is not appropriate or necessary to abolish or to relax this regulation even in special zones.