

**Outline of Comments of Minister for Public Management,  
Home Affairs, Posts and Telecommunications Taro Aso**

(From Central to Local Government)

- In building a new and decentralized administrative system, the powers and responsibilities of local governments must be dramatically increased, and autonomous and self-reliant regional communities must be created based on a clear demarcation of central and local functions.
- For this purpose, we are currently implementing an integrated body of reforms comprising “reform of national subsidies and contributions,” “review of the allocation and transfer of tax revenue resources,” and “reform of local allocation tax.” The most important point is to design these reforms so that they win the trust and confidence of local governments and contribute to regional revitalization.
- This requires the following:
  1. Providing a greater degree of freedom to local governments
  2. Transferring core taxes, which provide stable revenues and smaller regional disparities
  3. Adjusting regional fiscal disparities while maintaining the necessary level of administrative services

<Example>

A 1 trillion-yen reform of national subsidies and contributions will be implemented in fiscal 2004 consisting of reforms of subsidies for the operation of public nursery schools and subsidies for compulsory education, and the provision of a greater degree of freedom to local government. Steady progress is also being made in the transfer of tax resources, including the transfer of income-tax powers, and placing a cap on total allotments of local allocation tax.

- We will continue to work toward prompt realization of reforms patterned on the principle of decentralization as expressed in these words: “Allow local governments the freedom to decide on all matters which are theirs to decide.”

(From Public to Private Sector)

- Efficient allocation of resources is an essential requirement in achieving sustained economic growth. For this purpose, it is necessary to advance in the direction of privatization and regulatory reform based on the principle of transfer of initiative from the public to the private sector.

<Examples>

- Outsourcing of the clerical and administrative functions of local governments will be promoted. Under the 2003 revision of the Local Autonomy Law, beginning in September 2003, local governments can outsource the general management and maintenance of facilities established by local government organizations to private businesses (establishment of a designated management system). We expect this measure to create new employment and business opportunities in the area of services provided by local government organizations.
- The following reforms have been implemented in the telecommunications field:
  1. Progress made in regulatory reform has allowed the realization of the world's most inexpensive, high-speed broadband services.

[Reference]

Always-on Internet connection charges (DSL):

Dec. 2000: ¥6,600 (1.5 Mbps: ¥440 per 100kbps)

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Dec. 2003: ¥3,438 (40Mbps: ¥8.6 per 100kbps)

2. The Law concerning the Use of Information and Telecommunications Technology on Administrative Procedures came into force in February 2003 to promote electronic government and electronic administration. This general law allows all administrative filings and procedures to be conducted online, as a rule.
3. The “Frequency Open Policy” is being implemented to promote wireless broadband networks. Under this policy, frequency allocations are reformed and radio frequencies are boldly opened to such new businesses as wireless LAN systems and intelligent home appliances and so on.
4. The terrestrial digital broadcasting system launched in December 2003 supports bi-directional services and high-resolution TV. Measures are being taken to accelerate the transition to terrestrial digital broadcasting scheduled to be completed by 2011.
5. The Telecommunications Business Law was thoroughly revised in 2003 to promote more flexible business development.

[Examples]

- Revisions to the Telecommunications Business Law means that carriers no longer need to obtain the permission of the government for market entry with respect to such services as FTTH and wireless LAN, with a consequent freeing up of the market.
- Also as a result of these revisions, most pricing regulations, such that those for mobile phones and broadband services were eliminated. Companies are now able to set prices freely.