

Contracting-out in Local Governments in Japan

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1. Introduction and Definition of Contracting-out

The radical public sector reform programs of the 1980s that began in the UK, the USA, Australia and New Zealand have since fostered a wave of reform in developed, developing and transitional countries. Currently, the governments of many countries, both developed and developing, are once again reviewing the roles of civil service, local authorities and public enterprises. Many functions previously performed by public sector organizations are being privatized; the remaining public corporations are now required to compete with private firms or to make profits. Local authorities are presently urged to tender for work in competition with private suppliers. Public sector organizations are in the process of managerial revolution in service production and delivery as characterized in many countries under the heading of "New Public Management (NPM)." The philosophy of NPM has been cited repeatedly by various scholars in public administration and they have included as the core element of NPM, greater competition through contracting out and quasi-market and consumer choice.

Japan carried out the drastic reform of the central government in 2001. Some NPM characteristics can be seen in the reform measures. Introduction of the "Incorporated Administrative Agency System" and downsizing government organization and operation through aggressive contracting-out are the examples of the reform measures which have certain NPM characteristics.

Contracting out arrangement is one of the widely adopted approaches for introducing private market disciplines into public administration. In this paper, contracting-out is defined as such an arrangement that government transfers supply or operation of a function to a contractor for a specified period of time, but without relinquishing program responsibility or accountability.

Outsourcing is the similar concept of contracting-out. In the business world, outsourcing can be defined as a process in which an organization delegates some of its in-house operations to a third party with the third party gaining full control over that operation. On the other hand, in contracting the control of the operation being contracted remains in the organization. Even when certain government functions are contracted out, the government retains the control of operation by a contractor. Therefore, "contracting out" is used in this paper for describing the phenomenon of government's procuring goods and services that have been produced inside the government so far.

"Contracting-out" is closely related to "privatization." Privatization is a term that has been associated with the transfer from the public to the private sector of assets in terms of ownership, management, finance or control. In its narrowest

sense, it has been used to describe the sale of public assets to the private sector. Over the years of adopting the NPM approaches, privatization has been linked to a range of action which includes asset sales, contracting out services, internal market arrangements, user fees, public-private partnerships and so on. The range of actions indicates that privatization is increasingly defined broadly to include all efforts to encourage private sector participation in the delivery of public services. In his book on privatization, Savas clearly presented the forms of privatization. His classification is based on the three general methods to privatize government services as delegation, divestment and displacement. "Contracting-out" to be used in this paper may be identified as delegation by contract according to Savas's classification.

In contracting-outs, the government procures from the private sector the goods and services that have been produced inside the government. Actual production activity is delegated to the private sector but the government remains entirely responsible for the function so that certain public policy objectives can be realized.

2. Brief Outline of the Local Government System in Japan

Local government systems and practices vary significantly from country to country, however for the most part the main elements are similar. Local government in Japan has its basis in the Constitution. And the Local Autonomy Law prescribes the basic principles of organization and management of local government as well as inter-governmental relations.

As for the tiers of local government, Japan adopts the two-tiered system, the first tier being prefectures serving wider areas and the second tier being municipalities providing local services. As of April 2006, there are 47 prefectures and 1,820 municipalities (cities, towns and villages).

The local government system in Japan adopts a chief executive system, under which the legislative branch (the local assembly) and the executive branch (the chief executive) control each other to ensure a fair public administration. Assembly members and chief executives are elected by direct popular vote.

Japan is a unitary state and Japan's intergovernmental relation differs from that of federal states. Local governments may deal with any matter excepting the national affairs such as foreign affairs and judiciary affairs. Authority is bestowed upon them by the Constitution to enact by-laws on condition of not conflicting with the Constitution and national laws.

Administrative affairs dealt with by local governments are divided into two categories:

- Self-governing affairs of local governments, to be executed on their own responsibilities
- Statutory entrusted affairs, i.e., affairs entrusted by the national government based on the statutes or cabinet orders to the chief executives of local governments.

Handling the statutory entrusted affairs is in principle the responsibility of the

national government. While resources are limited on the side of the national government, these affairs are entrusted to the local governments to ensure the proper handling according to the principles stipulated by laws and cabinet orders.

Most familiar day-to-day public services are provided by local governments. Such services as child and maternal welfare services, primary and secondary education, elderly nursing services, disposal of wastes, managing public facilities are delivered especially by municipality governments. This situation is reflected in the government expenditure side. According to the government expenditure statistics, the expenditure by local governments occupies more than sixty percent in the total government expenditure.

3. Current Decentralization Reform

Drastic reform of inter-governmental relations was put into effect in April 2000. In this reform, the division of responsibilities between the central government and local government was changed. Before the reform, as for certain government affairs (these were called as agency-delegated affairs), the chief executives of the local governments had to handle them as subordinates of the ministers. The authorities for these affairs were retained by the ministers and the governors/mayors of the local governments carried out these affairs under the direct control of the ministers. Because of this system, the local governments could not fully perform their functions in a way as the local people enjoyed the most of the public services. In the reform, many agency-delegated affairs were transformed into the self-governing affairs of the local governments.

In the new system, the central government can only entrust the local governments to handle the affairs of the central government by stipulating in the statutes or cabinet orders. Thus, the relationship between the central government and the local governments became a mandator and trustees and each has an equal status.

When a dispute between the ministers and the governors/mayors occurs, the Committee on Inter-governmental Disputes, a third party organ established in the Ministry of Internal Affairs and Communications, is in charge of examining the contents of the dispute, making recommendations and mediating the dispute.

4. Progress of Administrative Reform in the National Government

Administrative reform is one of the most difficult challenges that any government faces. When the society and economy change, the people's needs toward the government inevitably change. However, there is no automatic adjustment mechanism to transform the government into the one that can successfully deal with such changes. Thus, administrative reform is needed to cope with the ever changing society and economy.

In Japan, administrative reform was one of the top policy challenges of every cabinet in the postwar period. The government-wide and comprehensive reform efforts started from the 1980s when the government suffered from huge amount of

budget deficits resulted from the twice oil crises. Since then, the government has been continuously carrying out various reform measures to cope up with the people's needs for efficient, effective and responsive government.

From the early stages of Japan's continuous administrative reform undertaking, the exploitation of private sector capabilities has been emphasized. The key phrases have been "From the Public Sector to the Private Sector" and "From the State to the Region." The core philosophy is to reduce the roles and functions of government and to increase the roles and responsibilities of the private sector. Namely, the idea of privatization was introduced in the administrative reform undertaking process.

The most successful accomplishment of administrative reform in the 1980s is the privatization of the three big public corporations. In this privatization, such activities as delivering railroad transportation and telecommunication services were separated from the government responsibilities and these services were to be delivered by the private entities. At the initial stage, the stocks of the newly established companies were owned by the government. Later, the stocks were gradually sold out in the market. In addition, contracting-outs, another form of privatization, were gradually put into practice in such service areas as data processing, research, printing, office building maintenance, night-watch, and so on in the central government. As for the public works, the architecture and civil engineering works had been contracted out long before the administrative reform of the 1980s.

In the late 1990s, the Administrative Reform Committee, an advisory body to the prime minister on administrative reform, prepared the criteria for deciding government intervention. The criteria are often being referred in reviewing and examining government programs and projects from the viewpoint of introducing private initiatives in the public administration.

The administrative reform initiative, which Mr. Hashimoto (Prime Minister 1996-1998) started in 1997 by establishing the Administrative Reform Council, realized the drastic restructuring of central ministries and agencies. Together with this restructuring, a basic program to downsize the government organizations and operations was put into effect in 1999. In order to downsize the organizations and operations, the government activities and programs and projects should be decreased or made more efficient. In the program, specific government activities were picked up and the responsible ministries were to take downsizing measures by means of privatization in the narrowest sense or contracting-out.

In 2000, downsizing initiatives were also emphasized in the Basic Principles for Administrative Reform, a five-year plan of administrative reform measures. Successive principles for administrative reform, decided in 2004, included concrete measures for cost-saving in the central government.

Under these reform principles, the central government has been contracting out policy implementing functions as well as back-office operations such as computer system developments, data processing, public works and maintenance of facilities as far as possible.

5. Administrative Reform in the Local Governments

5.1 *Guidelines issued by the Central Government*

Based on the stipulation of local autonomy in the Constitution, every local government is an autonomous entity from the central government. Cabinet decisions on administrative reform measures can oblige central ministries to conduct reform measures but it can not impose such obligation to the local governments.

As mentioned above, the local governments in Japan may deal with any matter excepting the national affairs. Most familiar day-to-day public services are delivered by the local governments. In order to successfully simplify the public administration and curtail the government expenditures, administrative reform in the local governments is indispensable.

From the 1980s when the government-wide administrative reforms were started, the central government has repeatedly made guidelines on promoting administrative reforms in the local governments in line with administrative reform undertakings in the central government.

The guidelines were notified to the chief executives of the local governments by the responsible minister on local affairs. Such guidelines were issued four times since 1985. The most recent guideline was issued in March 2005 upon the stipulation in the principles for administrative reform decided in December 2004.

As the personnel exchange between the local governments and the central government fosters mutual trusts and the central government has some power of allocating tax funds to the local governments, they usually follow the guidance issued by the central government.

5.2 *Administrative Reform Programs of the Local Governments*

The local governments have prepared their own administrative reform programs based on the guidelines of the central government. The main subjects often included in such reform programs are the reduction of personnel, control of pay level, contracting-out of public tasks, introduction of policy evaluation system and the improvement of transparency.

The most recent guideline on promoting administrative reform in the local governments stipulates that an intensive reform plan is to be formulated in fiscal 2005. It also stipulates that the local governments should release the progress reports of administrative reforms by making use of such indicators as are easily understood by the general public. The responsible ministry, Ministry of Internal Affairs and Communications carried out a survey to monitor the progress of preparing the intensive reform plans by the local governments. The results shows that almost all the local governments are making efforts to prepare the intensive reform plans to be released to the general public by the end of March 2006. Such items as restructuring and reducing programs/projects, contracting-out goals and personnel reduction goals are to be included in the intensive reform plans.

6. Contracting-out Practices in the Local Governments

6.1 Introduction

The Local governments in Japan handle wide range of services from family/resident registration, social services such as child welfare services, health and hygiene services, waste collection and disposal, environmental services, promotion of economic activities, urban development, construction and maintenance of infrastructures such as roads, police and fire services, education services and so on. The local governments have been undertaking to contract out these services since the 1980s. Such services as food services, waste collection and disposal and architecture and civil engineering are easy to be contracted out. On the other hand, it often involves a lot of difficulties to contract out general administrative services such as personnel and financial management of the local governments. Currently, the local governments are promoting to contract out some of the general administrative services as far as possible.

As there are approximately 2000 local governments and their reform undertaking vary greatly, the central government periodically follows up the local governments' undertakings to disseminate best practices and promote collective reform undertaking. The Ministry of Internal Affairs, an organization in charge of local autonomy affairs, compiled the best reform practices of the local government into a compendium in December 2005. The compendium is to be made use of in preparing reform plans by the local governments.

However, it should be noted that there is common implicit understanding that such functions as restricting human rights and/or levying duties must be handled by civil servants. This principle is taken for granted in examining what functions should be contracted out.

6.2 Local Public Enterprises

Out of the wide range of services the local governments undertake, water supply and sewerage, passenger transport, medical services and other services feasible to corporate-type management are separated from the core administrative services and the responsibilities to provide these services are allocated to local public enterprises. Local public enterprises are established based on the Local Public Enterprise Law and constitute part of the local government but corporate type management is applied for the efficient and streamlined operations. Special accounts of individual enterprises are set up in parallel with the general accounts. The local public enterprises are in principle operated on a self-paying basis.

In the local public enterprises, contracting-out practices have been carried out widely from the 1980s to streamline and economize the organizations and operations. Recently, such reform measures as transforming local public enterprises into private stock companies and transferring the ownership to the private companies are being deliberated by respective local governments with a view to reconstructing local government finances.

According to the survey conducted in April 2004, most local public enterprises have contracted out part or all of the operation to the private companies. However, the contracting ratio was rather low for the local bus enterprises run by the municipality governments. Moreover, some local governments have carried out organizational restructuring such as transforming public corporations into private stock companies.

6.3 General Administrative Services and Management of Public Facilities

6.3.1 Introduction

Contracting out general administrative services and public facility management has been highly recommended in the series of the guidelines for promoting administrative reform in the local governments.

Currently, contracting out these services has been promoted with a view to dealing with varying and complicated needs of the citizens as well as reducing the operational costs and the number of public employees. In this context, such non-profit organizations as grass root citizens' groups and community-based organizations can be the candidates of contractors.

6.3.2 General Administrative Services

Office cleaning, reception services, telephone switchboard operation, collection of garbage, catering at school, maintenance of roads, information system development and management and pay calculation services are typical general administrative services feasible to contracting-out arrangement. The central government recommends that these services should be the first priority items in introducing contracting-out arrangements.

The Ministry of Internal Affairs and Communications carried out a monitoring survey as of April 2003. The survey questionnaire was sent to all the municipality governments and they were to give necessary information concerning the contracting-out practices of specific general administrative services that are regarded as feasible for contracting-out arrangements. These services are;

1. Office cleaning
2. Night watch operation
3. Reception services
4. Telephone switchboard operation
5. Driving services of official vehicles
6. Collection of night soil
7. Garbage Collection
8. Catering at school
9. School janitor services
10. Inspection of water meters
11. Maintenance of roads
12. Dispatching home help services
13. Catering services to the elderly

14. Information system development and management
15. Development and maintenance of official websites
16. Pay calculation services

According to the survey results as of April 2003, more than 80% of all the municipality governments contracted out all or a part of the dispatching home help services, catering services to the elderly, office cleaning, garbage collection, information system development and management, and inspection of water meters. On the other hand, few municipality governments contracted out reception services, driving services of official vehicles and school janitor services. The outcomes of the contracting-out identified by the municipality governments were the effective reduction of expenditures for those unskilled works as office cleaning, garbage collection and school janitor services and the implementation of high quality services for skilled works as dispatching home help services and information system development and management.

Moreover, there are twenty-one examples of contracting out services in the compendium compiled by the Ministry of Internal Affairs and Communications in 2005. The services contracted-out were technical consultation services of environmental issues, data processing and other information services, daily life information services, call center services, bus transportation services and night watch services. In thirteen cases, private companies became the contractors while in seven cases non-profit organizations became the contractors.

6.3.3 Management of Public Facilities

6.3.3.1 Current Practices

The local governments often build and manage such facilities as day nurseries, nursing homes for the elderly, gymnasiums, libraries, public halls and garages to improve the welfare of the citizens. These public facilities are usually managed and operated by the local governments themselves. Contracting management and operation of public facilities has also been recommended in the series of the guidelines for promoting administrative reform in the local governments.

The monitoring survey conducted by the Ministry of Internal Affairs and Communications as of April 2003 also included the items about the contracting-out practices concerning public facility management. The survey picked up seventeen kinds of public facilities that are regarded as appropriate for the contracting out arrangements. The survey questionnaire contained basic questions about contracting-out practices. The following facilities were included in the survey questionnaire.

1. Public day nursery
2. Children's hall
3. Nursing home for the elderly
4. Public hot spring health center
5. Refuse disposal facility
6. Sewage treatment facility

7. Public gymnasium
8. Public sports stadium
9. Public pool
10. Public hall
11. Public library
12. City park
13. Public auditorium
14. Public hospital
15. Public clinic
16. Public garage
17. Community center

The survey results as of April 2003 showed that more than 80% of municipality governments contracted out a part or all of the management works in hot spring health centers, sewerage treatment facilities, city parks, public auditoriums, hospitals and community centers. In addition, as for children's halls, nursing homes for the elderly, refuse disposal facilities, gymnasiums, libraries and garages, more than 70% of all the municipalities contracted out a part or all of the management works. The outcomes of the contracting-out that the municipality governments reported were the effective reduction of expenditures and flexible operation of the facilities on weekend according to the monitoring survey result.

6.3.3.2 Establishment of a New System

At the time of the survey mentioned above, only the public interests institutions established with the permission of the local governments could be contractors by provision of the Local Autonomy Law. Under this provision of the law, the contractors could not have the authorities of permitting the use of public facilities. Such authorities were retained by the local governments. Because of the difficulties of the authority transfer from the local government to the contractor, the contracting-out of all the management jobs was difficult. These arrangements greatly hindered the exploitation of private sector capability.

In order to eliminate these shortcomings, the Local Autonomy Law was revised in 2003 to create a new designated manager system for managing and operating public facilities. Under the designated manager system, the local governments can contract out the management and operation of public facilities to any entities such as private firms. The revision of law also has enabled the transfer of authorities to the contractor.

The revised law came into effect in September 2003. The local governments are to introduce the designated manager system instead of the former entrusted management system by September 2006.

6.4 Procedures of Contracting-out

In contracting-out public services, the central government suggests that an open tendering procedure should be taken as far as possible. However, the ratio of con-

tracts through open tendering procedures remained low, less than 10% of all of the contracts according to the monitoring survey results as of April 2003. Most contracts were private ones. This was partly because no contractor was available outside the big cities.

7. Current Outcomes and Shortcomings of Contracting-out

7.1 *Current Outcomes of Contracting-out*

The local governments evaluated the qualitative outcomes of contracting-out in the monitoring surveys by the central government, but few of them carried out estimation of quantitative outcomes. With a view to conducting objective evaluation of contracting-out practice, the central government requested that the local governments were to evaluate the outcomes of contracting-out as the amount of money curtailed or staff number reduced by the end of March 2006.

As the direct indicators featuring the outcomes of contracting-out are not available as of February 2006, the trend of the number of public employees is described as an alternative indicator to evaluate the outcomes of contracting-out in the local governments.

The number of employees in the local governments increased until 1995, when the total number reached 3,278,332. Then the number decreased continuously. The number was 3,042,122 as of April 2005. The decrease rate over the previous year widened, 0.1% decrease in 1996 and 1.3% decrease in 2005. The number of decrease in 2005 is the biggest since 1975 when the central government started the personnel number survey of the local governments. Looking at the data by branch, the general administration branch in charge of general administrative affairs, tax affairs, labor, agriculture, industrial and civil engineering affairs reduced its staff by 1.9% over the previous year, the special administration branch in charge of police, fire fighting and education services reduced the staff by 0.7% and the enterprise branch that includes local public enterprises reduced the staff by 2.4% in 2005. They reduced the number by various means such as abolishing regional offices, organizational restructuring and contracting-out.

As for the special administration branch, the staff number was increased in the police and fire fighting services because of deteriorating public order, while the staff number was reduced in the educational services because of the decrease of pupils and students.

According to the trend of staff number in the local governments, it can be said that contracting-out practices contributed to decreasing the number of public employees in the local governments.

7.2 *Current Issues of Contracting-out*

7.2.1 *Issues of Personnel Management*

In contracting public services, there are some difficulties about the reassignment of the public employees previously in charge of the services to be contracted out. The local government can fire such employees but must follow the discreet and

semi-judiciary proceedings under the present civil service system. In practice, the local governments would not fire such employees. When the present jobs are contracted out, the local government should transfer the employees to other positions. However, as the modern public administration needs professional knowledge and expertise to manage, it is not usually the case that the persons previously in charge of unskilled jobs rather easily being contracted out are competent in other positions that need professional knowledge and expertise. When the reassignment of existing employees seems difficult, contracting-out arrangements would not be introduced. It is cheaper to let the existing employees do the jobs than to pay additional money to the contractors keeping the existing employees in the same positions.

7.2.2 Issues of a New Designated Manager System for the Public Facilities

The local governments are now preparing to introduce the designated manager system for managing and operating the public facilities such as a community center. The procedures stipulated in the law are;

- ① The local assemblies enact necessary by-laws stipulating application procedures, the criteria of designation, basic management principles and the range of responsibilities of the designated manager.
- ② The local governments call for the submission of applications from the private sector.
- ③ The selection of contractors is to be carried out in a transparent way.
- ④ The local assemblies decide the contractors and the period of contract.
- ⑤ The chief executives of the local governments designate the contractors and make contracts.
- ⑥ The contractors are to prepare annual reports on the management of the public facilities to be submitted to the local governments.

Before the creation of this system, the local governments often contracted out management and operation of public facilities to the public interests institutions established with their permission. These institutions usually employed ex-officials of the local governments. Under the new system, a for-profit company can be designated as a contractor. In that case, the public interests institutions may lose a part of their jobs and be forced to be dissolved. Therefore, local government officials may encounter the implicit resistance in introducing the designated manager system for management and operation of public facilities.

7.2.3 Issues of Tendering Procedures

As for the tendering procedures, it is not usually the case that there are plural contractors to do the jobs in a municipality located outside the metropolitan areas. In such a case, competitive market does not exist. Then the municipality government faces the difficulty of contracting out public services through the competitive bidding procedures.

8. Future Development and Challenges

In the administrative reform programs of the local government, contracting-out measure often constitutes one of the major reform items. It is regarded as one of the most effective means to reduce the expenditures of local government. Contract-out may not only bring about the expenditure reduction rather effectively, it also enables to deliver public services suitable for the citizens with various and complicated needs. In addition, contract-out may promote the growth of local economy. For example, a prefecture government located in the central part of Japan contracted out its information related services such as system development and operation of information systems with a view to fostering the information related industries in its prefecture area.

Therefore, the local governments will continuously promote to contract-out various activities. The shortcomings mentioned above should be compromised and the support from the citizens should be acquired to successfully promote contracting-out practices. To overcome these challenges, the following measures should be implemented in the future.

a. Appropriate personnel management and capability building

The personnel management is one of the key points to further promote contracting-out practices. Appropriate control of retiring and hiring of public employees should be conducted. Capability building of employees is also necessary to make it easy to transfer staff in charge of contracted jobs to other administrative jobs.

b. Getting the understanding of the public employees

When the objectives of contracting-out are understood only as streamlining organizations and reducing personnel, the public employees may resist the further introduction of contracting-out practices. To get the understanding of the public employees, it is desirable to exploit the surplus human resources resulted from contracting-out in handling new services that are strongly needed by the citizens.

c. Making use of a new designated manager system in contracting public facility management

All the local governments are to introduce the designated manager system in contracting public facility management by September 2006. Under the designated manager system, the local governments can contract out the management and operation of public facilities to any entity that proposes the most efficient and effective management plan. The revision of law also has enabled the transfer of authorities to the contractor. The local government should make use of the new system for economizing the management costs as well as improving the quality of services.

d. Ensuring the market principle in tendering procedures

Plural bidders are indispensable for ensuring the market principle in tendering

procedures. Especially in the remote areas, finding and fostering capable private contractors are mostly needed with a view to delivering continuous and stable services by contractors. Involving grass root citizen groups or non-profit institutions in tendering procedures is one of the solutions. To contract-out public services to such institutions will also contribute to strengthening their financial bases so that the non-profit institutions will be able to share responsibilities between the governments for improving public welfare. It is also important to improve the transparency of contracting procedures.

e. Ensuring and improving the quality of public services

It is indispensable for the local governments to ensure the delivery of such services as are satisfactory to the citizens. If the service quality is down after the contracting-out, the local governments would not get the support from the citizens for increasing the contract-out practices. The local governments should take responsibilities in ensuring and improving the quality of service contracted out. In addition, the various personal data of the citizens acquired by the contractors through the delivery of services should be managed properly so as to avoid the leakage of personal information.

Moreover, deliberation of contracting-out from a legal point of view is indispensable to institutionalize contracting-out practices in the local governments. In this context, it is strongly suggested that the following issues are to be deliberated.

- How the sharing of responsibilities between the local governments and the contractors should be in torts, execution and information disclosure?
- How the local governments carry out effective management, supervision and evaluation of the contractors?
- What kinds of articles should be included in the contracts between the local governments and the contractors to ensure the impartial, efficient and high-quality services?
- What should the Local Autonomy Law prescribe to ensure lawful contracting out?
- What kinds of positions the local governments should assign to the public employees in charge of the public services that have been contracted-out?

9. Concluding Remarks

As the amount of long term government debt outstanding was reach more than 700 trillion yen at the end of fiscal 2004, the Japanese government is still facing a severe fiscal difficulty. With aging population, the rapid economic growth is not expected in the future. Raising taxes has not yet been put on the political agenda and the Prime Minister Abe is saying that he will continue the structural reforms that the former prime minister Koizumi started. Under these circumstances, the reform measures to reduce the roles and functions of the government and to increase

the roles and responsibilities of the private sector will be continuously carried out to reconstruct public finance as well as to maintain the level of public services.

In the local governments, the situation is almost the same as that of the central government. In the late 1990s, it became apparent that the local governments faced the urgent need to conduct administrative reforms in order to eliminate financial deficits accumulated during the late 1980s to the mid 1990s. As policy implementation activities occupy substantial part of total activities of the local governments, "privatization" will be an effective measure to streamline the organizations and operations of the local governments. Among the privatization measures, contracting-out is the most convenient measure and is rather easy to be carried out. Because of this reason, more and more activities in the local government may be contracted out with a view to curtailing the government expenditures.

In this situation, the criteria of core government activities that must be handled by the civil servants will become a focus of interests in implementing reform measures. Thus, the theoretical deliberation of core government activities should be made further to ensure the impartial, effective and responsive public administration. Such deliberation may lead to the fundamental review of the civil service system.

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