

Some Points for
"Independent Administrative
Corporation" System

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Comparison between the Independent Administrative Corporation in Japan and the Executive Agency in the United Kingdom

As legislative system concerning public administration are different between Japan and the United Kingdom, it is not easy to make a simple comparison of government systems in both countries.

Nevertheless, we can find some points in common between independent administrative corporations and the British executive agencies. Both are introduced to separate policy-making functions and policy- implementing functions, and to improve the efficiency and quality of services toward the people by granting more autonomy and responsibilities to a corporation and also to ensure the transparency of the operation. Both systems are similar in these respects since the executive agency system in the United Kingdom gave a hint in inventing this new system in Japan.

There are also some differences between two systems. Independent administrative corporations are corporate bodies independent of the Government, while British executive agencies are a part of the national government. Moreover, employees of some independent administrative corporations have the status as public servants, while employees of every executive agency are public servants.

Differences between the Systems of the Independent Administrative Corporation and the Executive Agency

- An independent administrative corporation has a status of corporate body independent from the Government. Each executive agency in the United Kingdom is an integral part of the national government organization.
- There shall be two kinds of independent administrative corporations; one with employees with the status as public servants, and the other with employees who shall not be public servants. All the employees of British executive agencies are public servants.
- To ensure the objectivity of the evaluation of the performance of independent administrative corporations, they are subject to independent evaluations by the Evaluation Committee, to be established in the Ministry of General Affairs, in addition to the evaluation by supervising ministries. The United Kingdom does not have such double-check organizations for executive agencies.
- Independent administrative corporations have legal obligations to publish wide-ranging matters such as business operations and financial affairs. British executive agencies do not have such legal obligations.

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Criteria of Government Activities to be Transferred to the Independent Administrative Corporation System

89 activities and organizations were selected, in the Cabinet Decision titled "Fundamental Plan for Streamlining and Efficiency of the Government" of April 27, 1999, to be transformed into independent administrative corporation system. They were decided through deliberations in earnest by the Administrative Reform Council, followed by impartial and fair consideration in the Government, based on the criteria stated in the Final Report of the Administrative Reform Council and the "Basic Law for the Reform of Ministries and Agencies".

To put it concretely, government activities that meet the following three conditions are selected to be transferred to independent administrative corporations.

1. The activities that should be implemented without fail from public point of view,
2. The activities that need not be directly implemented in the name of the Government, and
3. The activities that may not be implemented if they are left to the private sector.

In connection with the above-mentioned condition 2, whether or not specific activities need be directly implemented in the name of the Government are judged mainly by examining whether such activities are:

1. the exercise of public authority to directly and forcibly limit the rights of the people,
2. invalid unless executed in the name of the Government, and
3. directly related to the management of national crises.

Comparison between the Independent Administrative Corporation and the Public Corporation in Japan

Public corporation is defined, by the way how it is established, as a corporation established directly by law or a corporation established through the special procedure provided by a specific law. There are currently 81 public corporations as of April 1999. Each of them was established to meet specific policy needs of the time, and there is no basic law that prescribes the basic system common to all the public corporations. Naturally, therefore, there are considerable variety among public corporations in their activities, management, relationship with supervising ministries, and so on.

Independent administrative corporations would have fallen into the aforementioned category of "the public corporation" since an independent administrative corporation is established through special procedure provided by a specific law. However, the independent administrative corporation is introduced as a new category of legal entity in that all the independent administrative corporations are subject to a common set of rules provided by "General Law for the Independent Administrative Corporation".

Comparison between the two categories is difficult because there are few common characteristics among public corporations. However, it could be said that independent administrative corporations have three main features as compared to existing public corporations in general.

1. To promote flexibility and autonomy, the executives of independent administrative corporations are given more discretion in implementing the activity and management of the corporation. For example, while most public corporations are subject to annual approval of business plans by the supervising ministry, independent administrative corporations must ask for approval of business plans according to the medium-term targets for the term of three to five years set by the supervising ministry.
2. To promote transparency in accounting, independent administrative corporations must comply with corporate accounting standards and, unlike most public corporations, must have their accounts audited by certified public accountants.
3. To promote result-oriented improvement, the General Law provides that an evaluation committee to be set up in each supervising ministry should evaluate the activities of an independent administrative corporation annually and for the term of the medium-range targets, and the supervising ministry shall take appropriate measures based on the evaluation at the end of the term. In addition, the Evaluation Committee of the Ministry of General Affairs, at the end of the medium-range term, gives advice to the supervising minister on necessary measures including changes and discontinuation of business of the corporation based on its evaluations.

Government Activities Transferred to Independent Administrative Corporations

(Tentative translation)

Transferred in April 2001:

(Cabinet Office)

- National Archives

(Ministry of General Affairs)

- Communications Research Laboratory
- Fire Research Institute

(Ministry of the Treasury)

- National Research Institute of Brewing

(Ministry of Education and Science)

- National Aerospace Laboratory
- National Research Institute for Metals
- National Institute of Radiological Sciences
- National Research Institute for Earth Science and Disaster Prevention
- National Institute for Research in Inorganic Materials
- National Institute for Special Education
- National Science Museum
- National Language Research Institute
- National Research Institutes of Cultural Properties
- National Center for University Entrance Examination
- National Olympic Memorial Youth Center
- National Youth Houses
- National Children's Centers
- National Women's Education Center
- National Museums
- National Museums of Modern Art
- National Museum of Western Art
- National Museum of Art, Osaka

(Ministry of Welfare and Labor)

- National Institute of Health and Nutrition
- Research Institute of Industrial Safety
- National Institute of Industrial Health

(Ministry of Agriculture, Forestry, and Fisheries)

- National Agriculture Research Center
- National Institute of Agrobiological Resources
- National Institute of Agro-Environmental Sciences
- National Institute of Animal Industry
- National Grassland Research Institute

- National Institute of Fruit Tree Science
- National Research Institute of Vegetables, Ornamental Plants, and Tea
- National Research Institute of Agricultural Engineering
- National Agricultural Experiment Station
- National Institute of Sericultural and Entomological Science
- National Institute of Animal Health
- National Food Research Institute
- Japan International Research Center for Agricultural Sciences
- Forestry and Forest Products Research Institute
- National Fisheries Research Institute
- National Research Institute of Aquaculture
- National Research Institute of Fisheries Engineering
- National Farmers Academy
- National Fisheries University
- Fertilizer and Feed Inspection Stations
- Agricultural Chemicals Inspection Station
- Center for Quality Control and Consumers Service
- National Center for Seeds and Seedlings
- National Livestock Breeding Center
- National Forest Tree Breeding Center
- National Salmon Resources Center

(Ministry of Economy and Industry)

- Research Institute of International Trade and Industry
- National Institute for Advanced Interdisciplinary Research*
- National Research Laboratory of Metrology* and Weights and Measures Training Institute
- Mechanical Engineering Laboratory*
- National Institute of Materials and Chemical Research*
- Osaka National Research Institute*
- National Industrial Research Institute of Nagoya*
- National Institute of Bioscience and Human Technology*
- Geological Survey in Japan*
- Electrotechnical Laboratory*
- National Institute for Resources and Environment*
- Hokkaido National Industrial Research Institute*
- Kyushu National Industrial Research Institute*
- Shikoku National Industrial Research Institute*
- Tohoku National Industrial Research Institute*
- Chugoku National Industrial Research Institute*
- National Center for Industrial property Information
- National Institute of Technology and Evaluation
- International Trade Insurance

(Ministry of National Land and Transport)

- Development Public Works Research Institute
- Ship Research Institute
- Electronic Navigation Research Institute

- Port and Harbor Research Institute
- Traffic Safety and Nuisance Research Institute
- Public Works Research Institute
- Building Research Institute
- Marine Technical College
- Institute for Sea Training
- Schools for Seamen's Training
- Civil Aviation College

(Ministry of the Environment)

- National Institute for Environmental Studies

Transferred in April 2002:

(Defense Agency)

- Labor management and other businesses concerning Japanese employees working for the U.S. Forces

Transferred no later than in the first half of the year 2002:

(Ministry of National Land and Transport)

- Motor Vehicle Inspection (at inspection offices)

Transferred in April 2003:

(Ministry of General Affairs)

- Statistics Center (excluding Statistical Training Institute)

Transferred in the first half of the year 2003:

(Ministry of the Treasury)

- Mint Bureau
- Printing Bureau (including affiliated hospitals)

Transferred in the fiscal year 2004:

(Ministry of Welfare and Labor)

- National Hospitals and Sanatoriums

Notes:

Organizations with an asterisk (*) are currently research institute of the Agency of Industrial Science and Technology, Ministry of International Trade and Industry.

Underscored are corporations with employees without the status of civil servants and the rest are corporations with employees with the status of civil servants.