

Minister's Summary by Minister Yosano**10th Meeting (April 27, 2006)**

- (1) Integrated Reform of Expenditures and Revenues (Total personnel expenses reform)
- (2) Integrated Reform of Expenditures and Revenues (Public works)
- (3) Enhancement of growth potential and competitiveness

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 10th meeting this year. Discussions were made on Integrated Reform of Expenditures and Revenues for total personnel expenses reform, public works, and the enhancement of growth potential and competitiveness.

As for the total personnel expenses reform, a net reduction of public employees has already been mentioned in the Law on Administrative Reform Promotion. With an aim to add something extra to the reform, an expert member has submitted a qualitative paper. I heard that the ruling party would formulate materials including numerical targets.

The Prime Minister made the following statement:

Retirement allowances of prefectural governors and city mayors are too high. I (the Prime Minister) myself do not need retirement allowance. What about recommending that governors and mayors give up their allowances too? All that's required is for the prefectural and city assemblies to decide.

During the meeting of the Administrative Reform Committee of the House of Councillors held yesterday, some good questions were posed by opposition parties. For example, one question pointed out that the cabinet decision on the standard for re-employment of high-ranking, retired public employees in corporations, government-affiliated and other organizations has become a mere formality, and that government offices are sneaking through it. Where is this loophole? We have to inquire further.

It is also necessary to sort out what should be done to enable public employees to work until the age of 60.

In the end, I (the Prime Minister) think that workloads and authority should be reduced before cutting employees. I want the ruling party to cooperate for these reforms.

Regarding the scale of public works, an expert member proposed:

Public works reduction of 3% or more should be continued, and a restraining trend should be maintained over a medium term.

I think the proposal has gained a certain understanding among the CEFP members, and I told them so. Another member pointed out the following:

The average cost of public works is 22% higher than that of private sector works and further reform is necessary.

It was decided that we will invite the Minister in charge of public works next time and advance the discussion.

Regarding the enhancement of growth potential and competitiveness,

I request each ministry to make efforts to enhance policies to foster and secure human resources.

I also request further review of efforts to realize the "nation based on human resources" concept, as outlined by Mr. Nikai, the Minister of Economy, Trade and Industry.

The task of the Conference for the Promotion of the Opportunities of Second-chance is now under review by Mr. Abe, the Chief Cabinet Secretary. A report will be presented in the CEFP meeting next month.

Lastly, this morning, I received the following information from Mr. Nakagawa, Chairman of the Policy Research Council of the Liberal Democratic Party:

Study on enhancing growth potential has been conducted separately in the Rising Tide Policy by the LDP, the Strategy in the Globalizing Economy, in which Professor Motoshige Ito is a participant, and the New Economic Growth Strategy by Minister Nikai.

I (Mr. Nakagawa) request that the contents of each policy strategy to be integrated into something like an "Economic Growth Initiative and Operation Chart" (provisional title) at this stage where we are entering concrete discussions, and that

Minister Nikai works to compile the paper for the Basic Policies 2006. For this, Mr. Nakagawa, Minister Nikai and I will remain in close contact with each other.

The Prime Minister gave instructions that we proceed in this way.

I would like to issue various reports at the next CEFP meeting.