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The Japan Research Institute, Ltd.

Press Release

JRI Establishes “Public Money Receipt Forum” for Entrusting Business of Receiving Local Taxes and so forth to Private Sector

The Japan Research Institute, Ltd. (head office: 16 Ichibancho, Chiyoda-ku, Tokyo; president: Shunichi Okuyama; hereafter referred to as JRI) has established the “Public Money Receipt Forum” to assist local autonomous entities in diversifying public money receipt methods currently in use and smoothly introducing the entrustment of public money receipt business to the private sector. This is due to the fact that the revision of the Enforcement Ordinance for the Local Autonomy Law has enabled entrustment of the business of receiving local taxes and so forth to the private sector.

1. Background and Objectives

Behind this initiative are the high level of interest shown by local autonomous entities in entrusting public money receipt practice to the private sector at the “Seminar on Public Money Receipt” organized by Sumitomo Mitsui Banking Corp. in the summer of 2003, and JRI’s decision that as a neutral organization, it should make efforts to resolve the issues presented by seminar participants.

Specifically, as part of the support services for “e-local government” that JRI has provided up to now, it shall resolve issues that arise when local autonomous entities introduce the entrustment of public money receipt business to the private sector, and examine the rationality of such an introduction.

2. Issues to Be Considered

(1) Contractor Selection Criteria

In selecting the contractor for the public money receipt business, it is necessary to take into consideration the track record the contractor has of public money receipt business, its management condition, and other factors. Therefore, JRI shall consider drawing up guidelines for contractor selection criteria.

(2) Receiving Agency Inspection Methods

The revised Enforcement Ordinance for the Local Autonomy Law provides that local autonomous entities shall inspect the status quo of local tax receipt business periodically and on special occasions; however, it is not realistic that all of the local autonomous entities that entrust their public money receipt business to the private sector perform inspections of the entire status quo. Therefore, JRI shall study rational methods for performing such inspections.

(3) Risk Sharing Policy

As public money is involved, it is necessary to avoid risks posed by failure of businesses that undertake public money receipt business. For this reason, JRI shall consider measures to be taken to avoid such risks.

(4) Contract Scheme Concept

JRI shall consider the details of standard contracts to be concluded among local autonomous entities, businesses to which public money receipt business is entrusted, and their agencies.

3. Administration

At this forum, proposals shall be submitted by the JRI secretariat, and opinions shall be exchanged and discussions held concerning the proposals at a virtual conference room via e-mail. In order to give consideration to personal information and encourage open and lively discussions, the forum shall ensure confidentiality of the e-mail addresses of those who express their opinions. Moreover, study meetings shall be held to present the results of the discussion and a written report shall be published at a later date.

The Public Money Receipt Forum is a study group that personnel of local autonomous entities can freely join, and they can take part in the forum even in the capacity of an individual. There is no participation fee. The organizer expects approximately 100 local autonomous entities to participate in the forum.

This forum shall be operated as one of the working groups of the Sohatsu Study Group for Local Autonomous Entities run by JRI. This study group aims at considering specific ways of and know-how in local community planning, and membership is open by registration via the Web site (<http://www.jichitai.jp/>).

The forum shall be operated for four months from December 2003 to March 2004 in order to provide useful information as soon as possible, and the secretariat shall be located in the offices of JRI.

4. Organization

In operating the Public Money Receipt Forum, JRI shall seek the support of Sumitomo Mitsui Banking and SMBC Finance Service Co., Ltd., both of which are members of the Sumitomo Mitsui Financial Group. Specifically, Sumitomo Mitsui Banking shall provide information on public money receipt whereas SMBC Finance Service, which has an excellent track record as a public money receipt agency, shall offer know-how in public money receipt service.

For inquiries, please contact:

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