

**LEGISLATURE: Bicameral**

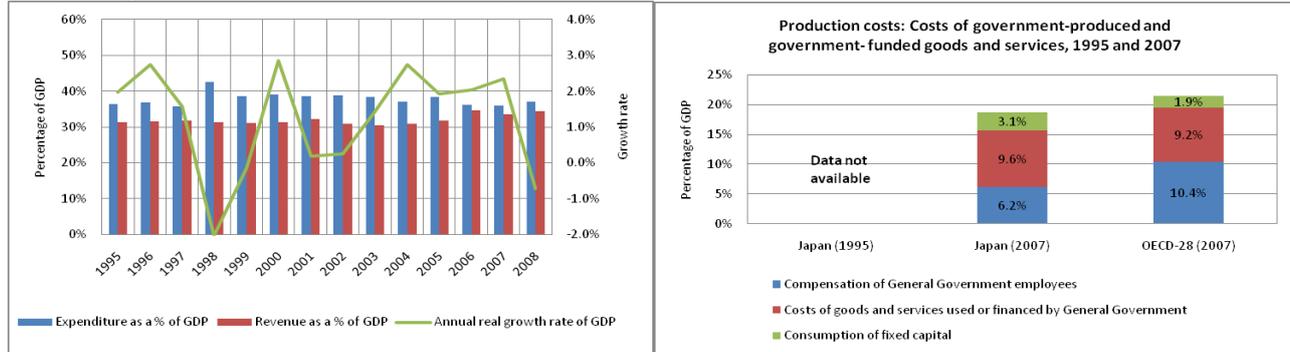
- Upper house: elected
- Lower house: elected using Semi-Proportional Representation

**SYSTEM OF GOVERNMENT: Parliamentary**

- No. of ministries: 11 (2008)
- No. of ministers: 18 (2008)

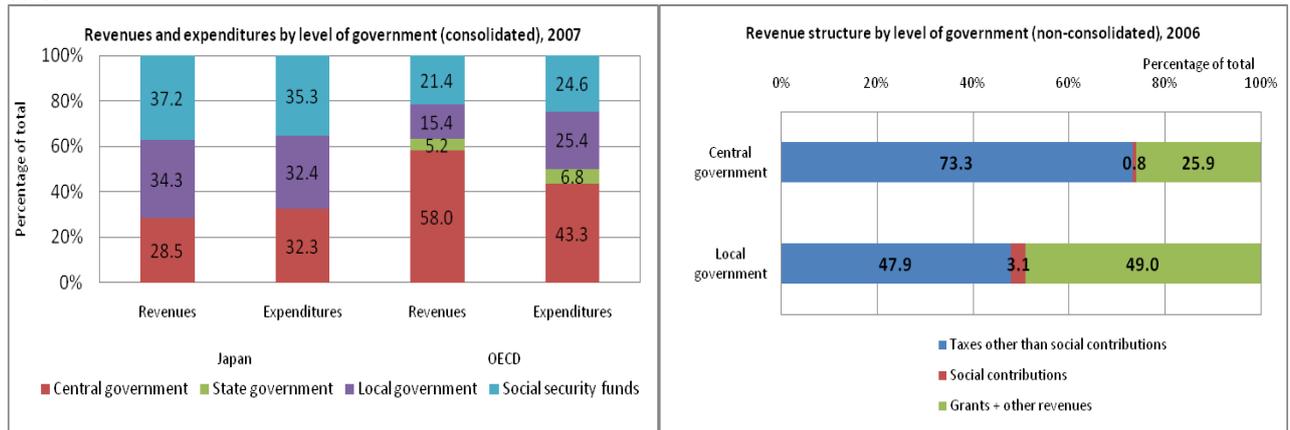
**STATE STRUCTURE: Unitary**

Japan has operated at a fiscal deficit for the past decade, although the deficit has decreased from 8.2% of GDP in 2002 to around 4% in 2007, with the improvement divided almost equally between spending cuts and revenue increases. GDP has grown at a moderate pace since 2000, although, like most OECD countries, Japan has been affected by the fiscal crisis. Slightly over 50% of all expenditures are used to produce goods and services, and most of these are produced by the private sector on behalf of the government. The use of capital in government production is intense in Japan compared to other OECD countries.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

Unlike other OECD countries where central government plays the largest role in collecting revenues and spending resources, revenue and expenditures are divided almost equally between the central and local governments and social security funds. Local government revenues are divided almost equally between taxes and social contributions on one hand, and grants and other revenues on the other.



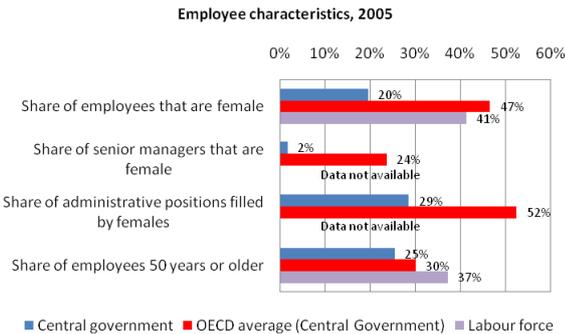
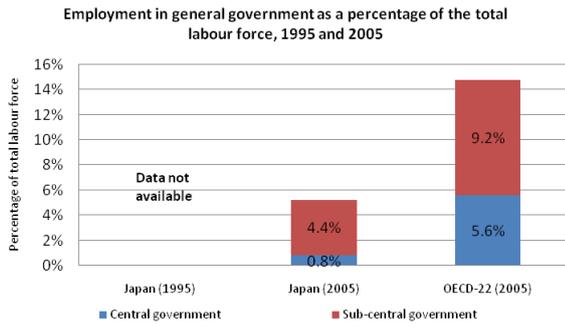
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

The structure of Japanese expenditures is fairly similar to that in other OECD countries. However, Japan spends a notably larger share of resources on environmental protection than other countries. Like most OECD countries, the largest share of resources is spent on social protection, health, education and general public services.

Expenditure structure by function of government (non-consolidated), 2006	Share of total	
	Japan General government	OECD-26 General government
General public services	14.0%	13.8%
Defence	2.6%	3.4%
Public order and safety	3.9%	3.8%
Economic affairs	9.9%	10.6%
Environment protection	3.4%	1.7%
Housing and community amenities	1.8%	2%
Health	19.6%	15.1%
Recreation, culture and religion	0.4%	2.6%
Education	10.6%	12.9%
Social protection	33.9%	34.2%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

**GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS**



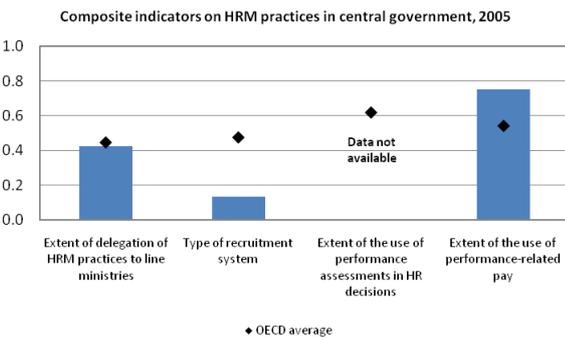
The Japanese government employs just 5% of the total labour force, making Japan the country with the smallest government staff among OECD members (the OECD average is 14%). Japan is one of the few OECD countries that relies extensively on private entities to produce government-funded goods and services, as opposed to using government employees. At the same time, government employment in Japan is very decentralised, with most government employees working for local governments.

Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey  
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females represent a much smaller proportion of the central government workforce than the general labour force. Within central government, females are employed in administrative positions at a much lower ratio than the OECD average. In addition, only 1.7% of senior managerial posts are filled by women, the lowest share among all OECD member countries. While an ageing workforce is an issue for Japan's central government, the share of employees 50 years and older is lower in the central government workforce (25%) than in the total labour force (37%).

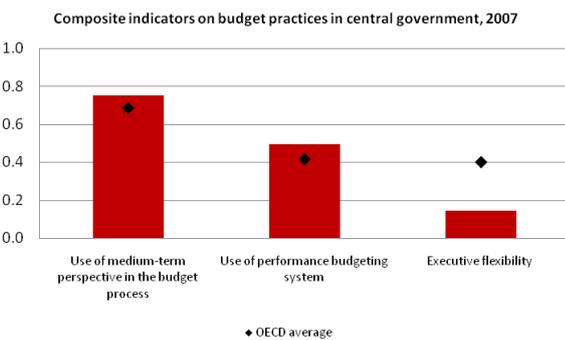
Source: OECD Strategic HRM Survey and Labour Force Survey  
[\[Female participation\]](#) [\[Ageing\]](#)

**COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES**



The HRM system in the Japanese central government is a career-based, with some delegation of authority to line departments, and is characterised by a new exchange programme with the private sector. Performance-related pay is well established for central government employees. Japan is characterised by a cadre of senior civil servants that are managed separately, although the conditions of their employment are not very different from other staff.

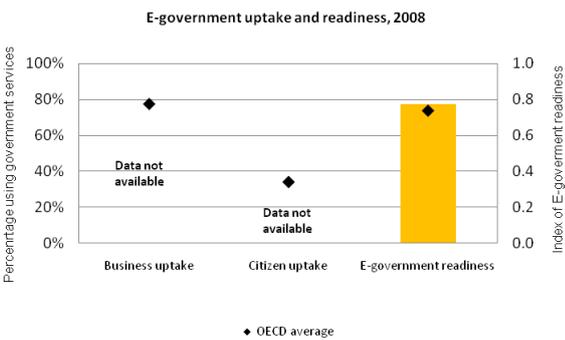
Source: OECD Strategic HRM Survey  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)



Despite the reduction in the budget deficit, government debt has continued to rise, reaching around 180% of GDP in 2007, the highest level ever recorded in the OECD area. Japan has taken steps to improve fiscal sustainability by incorporating a multi-year perspective into its budget process. Expenditure estimates spanning four years are presented at an aggregate level as are aggregate targets/ceilings for expenditures. In addition, performance information has been incorporated into the budget process; for example, evaluation reports are used by the executive to determine budget totals. Compared to other OECD countries, Japan grants the executive (and line ministries in particular) less flexibility to make changes to budgeted funds during the fiscal year.

Source: OECD International Budget Practices and Procedures Database.  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

**E-GOVERNMENT**



Overall, Japan exhibits a high-degree of e-government readiness characterised by a highly educated population and strong investment in ICT infrastructure.

Source: United Nations E-Government Readiness Knowledge Base, Eurostat.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-Government Publications\]](#)

**INTEGRITY**

**Types of information central government decision makers are required to disclose and level of transparency, 2009**

Requirements for disclosure	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Assets and liabilities	DP	DP	DP	DP
Loans	DP	DP	DP	DP
Sources and level of income	DP	DP	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	DP	DP	DP	DP
Previous employment	ND	ND	ND	ND

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

Compared to other OECD countries, Japan requires key elected officials from the executive and legislative branches to disclose and make publicly available a significant amount of information about their private interests. Like many OECD countries, Japanese decision makers are not required to disclose information about previous employment.

Source: OECD Survey on Integrity  
[Disclosures](#)

**REGULATORY MANAGEMENT**

**Requirements for Regulatory Impact Analysis (RIA) processes used by central governments**

	2005	2008
Required for draft primary laws	In selected cases	Always
Required for draft subordinate regulations	In selected cases	Only for major regulation
Required to quantify costs	In selected cases	Always
Required to quantify benefits	In selected cases	Always
Required to publicly release results	No	Always
Quality reviewed by body external to Ministry preparing rules	Yes	Yes

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Over the past four years, Japan has significantly strengthened the formal requirements for RIA and extended its application, reflecting a commitment to improved processes but also raising challenges for compliance and integration within government agencies. Japan's efforts at reducing administrative burdens do not rely on a systemic measurement of the aggregate burden. Instead, they use a biannual practice of soliciting requests for regulatory reform.

Source: OECD Survey on Regulatory Management.

[RIA] [Administrative simplification](#)

Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)

EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regret/eu15](http://www.oecd.org/gov/regret/eu15)

Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

**Extent of programs for reducing administrative burdens at the central level of government**

	2005	2008
Explicit programme exists	Yes	Yes
Includes quantitative targets	No	No

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, the costs of goods and services produced by private entities funded by government (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

**Budget Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.