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CHAPTER 4

REDEFINING THE BORDERS BETWEEN PUBLIC, SOCIAL ECONOMY AND FOR-PROFIT ORGANIZATIONS IN THE PROVISION OF PUBLIC SERVICES: THE CASE OF JAPAN

Shinichi Saito
Munenori Nomura
Fumitoshi Mizutani
Francis Rawlinson

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Université de Liège
Quartier Agora
Place des Orateurs, 1
Bât. B33, bte 6, BE-4000 Liège
ciriec@uliege.be; http://www.ciriec.uliege.be

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Redefining the borders between public, social economy and for-profit organizations in the provision of public services: The case of Japan / Chapter 4

Shinichi SAITO*, Munenori NOMURA**,
Fumitoshi MIZUTANI***, Francis RAWLINSON****

Abstract

Japan's public services including public utilities have traditionally been provided by the public sector with strong government involvement through regulation or ownership. In this chapter, we look at the current situation and the issues surrounding institutional reform in the field of public services.

Although private participation is a possible option in some cases, the underlying market conditions are a determining factor. Some rural areas are facing major difficulties in maintaining public services and public infrastructure. Are there alternative ways of maintaining services and infrastructure in such areas? We describe options such as restructuring and the foundation of "social businesses".

The options discussed extend the former concept of PPP from the relationship between private operators and the public sector to one involving beneficiaries including local residents as well. Such social enterprises, which are independent both from the private commercial companies involved in service provision and of the public sector, are one means of regenerating local communities. The contribution thus indicates the shifting roles of the public sector from direct service provider towards a supporting intermediary.

Keywords: Public Private Partnerships (PPPs); public infrastructure; social enterprises; rural areas

JEL-Codes: H54, R48, R51

* University of Shimane (Japan) (shi-saito@u-shimane.ac.jp).
** Kwansei Gakuin University (Japan) (mune@kwansei.ac.jp).
*** Kobe University (Japan) (toshi@kobe-u.ac.jp).
**** formerly European Commission and Kwansei Gakuin University (Japan) (cpd64958@kwansei.ac.jp).

Introduction

Public infrastructure services face a number of challenges in present-day Japan. The government invests in public infrastructure because it is necessary for economic activity and growth, and has traditionally used such investment to reduce regional disparities and to stimulate the economy through public spending.

However, the maintenance of such investment is jeopardized not only by the constantly increasing budget constraints facing the government, but also by the problems of decreasing population and an aging society. With continued public financing of infrastructure services in the future no longer guaranteed, increasing expectations are being made of private financing and of the involvement of the private sector in such services.

The concept of public infrastructure is somewhat ambiguous. Based on several sources, Nagamine (2013) defines public infrastructure as the social infrastructure essential for citizens' daily lives and for economic activity, i.e. not only commercial infrastructure such as roads, water, sewerage and waste treatment, ports and airports etc., but also non-commercial public infrastructure such as schools and libraries. The concept of public infrastructure is sometimes extended to include human and institutional capital, the so-called "social capital", as this, too, is often provided by the public sector itself or by public corporations.

Investment in public infrastructure has traditionally been used as a means of stimulating the economy. However, doubts about the potential waste of resources involved in such investment have led to the introduction of private management. PFI / PPP is an extension of this idea. In this case, it is intended not only to introduce the market mechanism and promote competition, but also to source part of the resources for the maintenance and management of services externally.

The first type of PPP introduced in Japan was the "Third Sector" formula. It was intended to add private-sector vitality to public corporations. However, many of these businesses eventually failed due to the ambiguous allocation of management responsibility between the public and private sectors. Later PPPs in which there is a better definition of the roles of the private and public sectors have proved to be an effective way of public service provision without the drawbacks of the earlier formula. More recently, a new framework for public-private partnerships called "social businesses" in which local residents act on their own to solve regional problems has been gaining traction.

The chapter focuses on the types of public infrastructure services that used to be subject to extensive public intervention but have experienced privatization and deregulation. Government intervention in public service provision can be justified by several factors; 1) the services are essential for people's daily lives, 2) the possibility of charging for such services is limited, and 3), especially in the case of public utility industries, the characteristics of network industries and natural monopolies are present.

The contribution considers the current situation and the issues surrounding certain public infrastructure services in Japan and discusses the significance of PPP for such services. Section 2 summarizes the history of the privatization of public services in Japan, while in Section 3 we consider the introduction of private sector participation as a means of maintaining public services and the growing expectations placed on social enterprises.

1. Reforms of public services since the 1980s

1.1. Trends in privatization and the background to this development

Privatization and deregulation have been a feature of economic policy throughout the world and especially in the UK and the United States since the 1980s. While it is regarded as "natural" for previously state-owned manufacturing industries to be privatized and exposed to market forces, the privatization of network industries providing public services has always been somewhat problematic. Such reforms can have significant effects on the economy and on citizens' lives owing to changes in the service level and the price of the services. They therefore require careful consideration. Nevertheless, in recent years, the introduction of market forces in network industries has been undertaken even in developing countries as a means of stimulating infrastructure investment.

Network industries typically own their own infrastructure. Public investment in them has been justified by "market failure" and they have been run as "natural monopolies", subject to necessary government regulation. However, to combat perceived management inefficiencies governments have gradually introduced private management into such industries. New management practices and technological progress, for example in the telecommunications sector, are now further improving the potential for privatization and deregulation of public services.

In Japan, the privatization of public service industries began in the 1980s under the Nakasone administration. The government privatized three large Japanese public corporations, the Japan Tobacco & Salt Corporation, Nippon Telegraph and Telephone Corporation, and Japan National Railways[1]. This was followed by share flotations by other publicly owned companies such as Japan Airlines.

Different decision-making processes mean that major economic changes such as privatization take different forms in different countries. In Japan the privatization of public corporations took longer than in other countries such as the UK. There was a

[1] Shares in four of the Japanese railway companies, East, Tokai, West, and Kyushu Railway Company have been floated on the stock market, but not those of the other two passenger railway companies or the Japan Freight Railway Company. These have not been publicly listed and their shares are still all held by the Japanese Government.

prior stage before actual privatization in which only the management of the corporations was entrusted to private companies (Table 1).

Table 1 - History of privatization of significant industrial sectors in Japan

Year	Existed national company	Established private company	Sector	Approach
1985	Nippon Telegraph and Telephone Public Corporation	Nippon Telegraph and Telephone Corporation	Telecoms	Stock sales (1987)
1985	Japan Tobacco and Salt Public Corporation	Japan Tobacco Inc.	Manufacturing	Stock sales (1994, 1996, 2004)
1987	Japan National Railway Corp.	Japan Railway (7 companies)	Railways	Horizontal separation
1987	Japan Airlines	Japan Airlines	Airlines	Stock sales
1988	Ryukyu Electric Power Corporation	Okinawa Electric Power Company	Electricity	Stock sales
2003	Postal Services Agency	Japan Post Corporation	Postal services	Corporatization
2005	Japan Highway Public Corporation	Nippon Expressway Company (3 companies) and Japan Expressway Holding and Debt Repayment Agency	Toll roads	Vertical separation
2004	Teito Rapid Transit Authority	Tokyo Metro Co., Ltd	Railways	Corporatization (Stock sales expected)
2004	New Tokyo International Airport Authority	Narita International Airport Corporation	Airports	Corporatization (Stock sales expected)
2007	Japan Post Corporation	Japan Post Group (4 companies under the Japan Post Holdings Co., Ltd.)		Reformed into 3 companies under Japan Post Holdings Co., Ltd in 2012. (Publicly listed in 2015)

Source: Ishida and Nomura (2014), *The Reform of Transport Infrastructure Service Provision through the PPP*, Dobunkan Publishing, p. 4 and data retrieved from each company's website.

During the interim period the corporations remained subject to strict government regulation, controlling not only prices but also supply and market demand. By this means the government hoped to obtain the benefits of private sector management rapidly, while allowing time to carry out regulatory reform. Privatization has thus turned out to be a protracted process in many cases. In the electricity sector retail competition for residential customers was finally introduced only in 2016, and in the same year the first public-private partnership arrangement in the airports sector began with the reorganization of Kansai and Osaka International Airports.

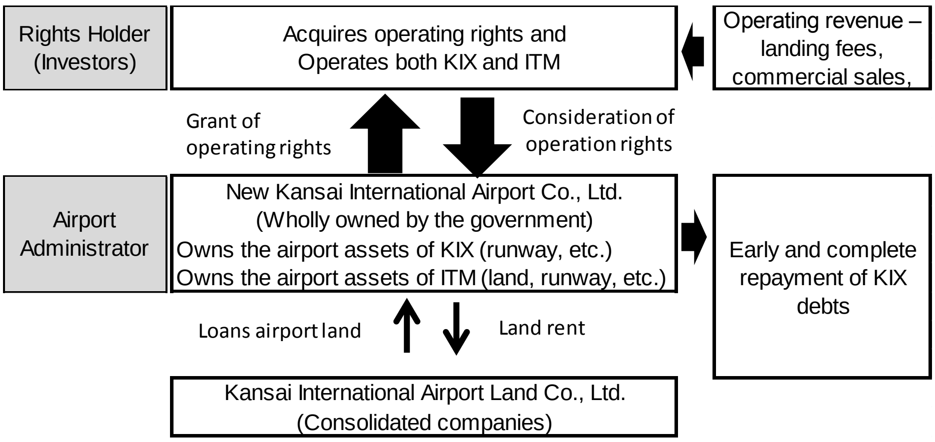
As well as promoting competition, an important purpose of the restructuring is maintenance of unprofitable services. This is the case with many services, but it is argued that they need to be maintained because of their importance for the community and its quality of life.

To keep public services operating it may be necessary to relieve the incumbent service providers of large amounts of accumulated debt owed by them. In this case, newly set up publicly owned entities underwrite the debt to take it off the balance sheet of the service providers.

For example, the Japanese National Railway Settlement Corp (JNRSC) was set up when Japanese National Railways (JNR) were privatized in 1987. The Settlement Corp underwrote the railway company's long-term debts of 25.5 trillion Yen (USD 169 billion at the 1987 exchange rate of 151 YEN/USD), which it was expected to reimburse through the sale of land and shares in JR companies reserved by the corporation[2].

In 2016, a concession arrangement was introduced at Kansai and Osaka international airports, the first major of such deal for airport infrastructure in Japan. In advance of the deal, the Kansai Airport Company (NKIAC), which was burdened by 1.3 trillion Yen (USD 20 billion) of long-term debt, was reorganized into the New Kansai International Airport Company owning the land-side assets of both airports, and the Kansai International Airport Land Company, a consolidated company owning the land of the two airports (Figure 1). The concessionaire holds the rights to operate the two airports and is expected to pay remuneration for those rights. The remuneration received by NKIAC is to be used to repay its debts. In this way, the off-loading of debt by means of the restructuring reduces the financial burden on the operator.

Figure 1 - Concession Scheme of Kansai International Airport



Source: NKIAC (2014), "FY2013 Results Briefing Presentation Materials", p. 21.

<http://www.nkiac.co.jp/en/news/2014/260/nkiacfy2013resultsbriefing.pdf>

[2] In the event, the plan was thrown off course by the heavy burden of interest payments, which exceeded the sale of assets, and the debt was transferred to the general government budget and in 1998 the corporation dissolved (Foundation of Transport (2014) p. 169.).

1.2. Expectations of private financing

Grigg (2010) roughly classified the different patterns of privatization into the following types: 1) ceding both ownership and management to the private sector, 2) government contracting with private enterprises to manage the company, and 3) building and operating the facilities using private finance and then returning the assets to the government. In principle, private operators must recoup their capital investment from user charges, but in practice there are many projects that cannot be managed without government subsidy.

In Japan, the stretched state of public finances, on the one hand, and the investment risk of the private sector, on the other, made partnerships between the public and private sectors a natural development. With the fast pace of economic growth achieved in Japan from late 1950s leading to growing demand for infrastructure, governments found themselves with insufficient funds to fill the resulting bottlenecks and had to look for ways of attracting private financing to help fill the gap. The government came up with a "Third Sector" formula, a form of PPP peculiar to Japan and used in many sectors (Figure 2).

The Ministry of Internal Affairs and Communications defines the "Third Sector" as a hybrid between an incorporated foundation and a corporate body jointly financed by a municipality. The Private Sector Resources Utilization Law of 1986 envisaged such vehicles as harnessing the expertise of the private sector to promote the development of industrial infrastructure.

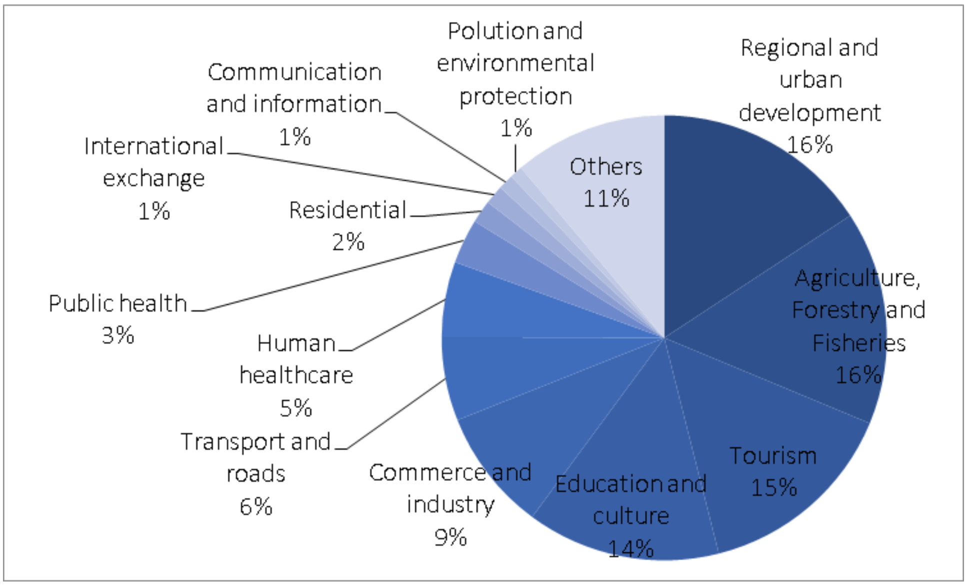
"Third Sector" corporations were based on cooperation between the public and private sectors. Their boards were composed of representatives from both sectors. The expectation was that the involvement of the private sector would enhance the sources of funding and improve the management of the public infrastructure. However, in practice the differing business approaches of the two sides – the public sector defending the public interest and the private sector pursuing profitability – often led to conflict and highlighted the ambiguous nature of the aims of the corporations. Many "Third Sector" corporations eventually went bankrupt. They also received political favors such as interest subsidies and relief from property taxes. This made it questionable how far they were in fact able to benefit from the private management to the extent expected.

Since the 1990s, the increasingly urgent rebuilding of infrastructure is complicated by a sluggish economy and the long-term decrease in population (Table 2). Figure 3, contrasting the decreasing trend of public works expenditure with the steadily increasing expenditure on social security, illustrates this problem.

As a result, in 1999, an alternative funding mechanism, the "PFI Law", was launched in an attempt to stimulate private sector involvement in infrastructure provision. More recently, in 2013, the Japanese government published the "Japan Revitalization

Strategy"[3]. The strategy sets itself the aim of attracting private investment into the infrastructure sector, in particular air and seaports. These are seen as important sectors in which to promote private financing and management[4].

Figure 2 - Business fields of "Third sector" corporations



Source: Ministry of Internal Affairs and Communications (2016), "Results of the survey of current situations of the "Third sector" corporations".

<http://www.soumu.go.jp/main_content/000394172.pdf.>

Table 2 - Share of infrastructure aged more than 50yrs

	2012	2022	2032
Road bridges (157,000 facilities)	9%	28%	53%
River control: Flood gates (10,000 facilities)	24%	40%	62%
Sewage system (440,000 Km)	2%	7%	23%
Quay walls (Port) (5,000 facilities)	7%	29%	56%

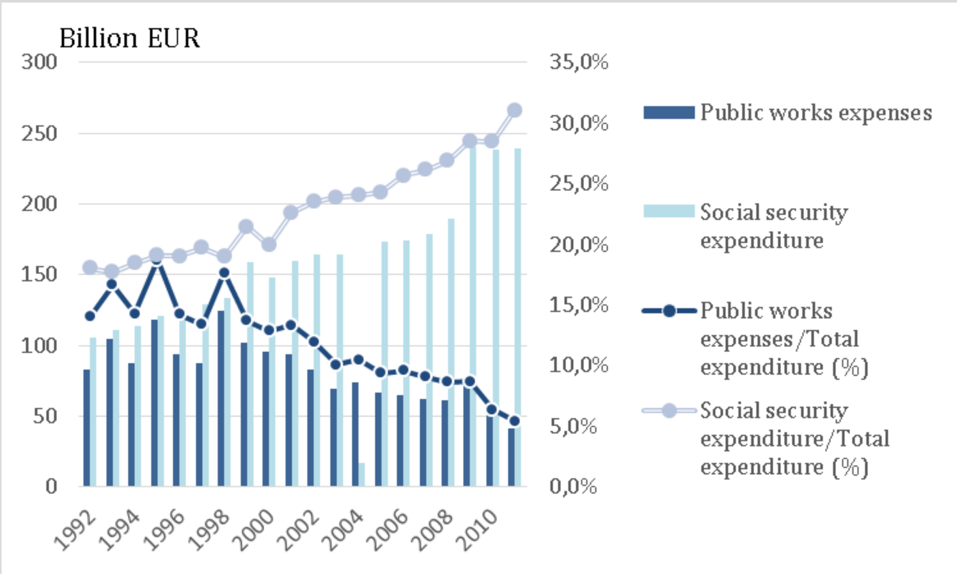
Source: Cabinet Secretariat (2013) Documents prepared for the round table conference for national resilience

<http://www.cas.go.jp/jp/seisaku/resilience/dai1/siryou7.pdf>

[3] An updated strategy is now under consideration. A draft sets the ambitious target of promoting PFI investment and growing its market size significantly to 21 trillion Yen (175 billion EUR: 120 YEN/1 EUR).

[4] Kansai and Osaka international airports have been Japan's first experience in introducing concession schemes in the infrastructure sector. In December 2015 the New Kansai International Airport Company, Ltd concluded a concession contract to manage Kansai and Osaka international airports for 44 years. Sendai airport is to follow the example set by Kansai, and in 2015 it decided on the private airport operator expected to receive a 30-year contract. Talks of similar arrangements are at an advanced stage at other airports and with toll road operators.

Figure 3 - Japan's "aging society" problem



Source: Ministry of Internal Affairs and Communications

<http://www.soumu.go.jp/johotsusintokei/whitepaper/ja/h24/html/nc112120.html>

2. Maintenance of public services in remote areas

2.1. Responsibility for investment in infrastructure

The expectations placed on the private sector with regard to infrastructure provision have been growing. Baumol's contestable market theory (Baumol *et al.* (1982)) started this trend, leading to a questioning of the rationality of vertical integration and natural monopoly in network industries. Today, network industries in several countries have been "unbundled" to separate off the previously vertically integrated segments that can be privatized.

The UK's railway industry is one of the best-known examples of this trend. The industry was broken up into train operating companies, rolling stock companies and an infrastructure company (Railtrack). Private ownership was introduced for all three sectors at first. But it soon became clear that the private sector would have difficulty financing the investment needed in the infrastructure. Railtrack was put into bankruptcy in 2001 and renationalized as Network Rail.

The breaking up of previously integrated network industries enables private operators to compete in the segments suitable for privatization[5]. The unbundling of the infrastructure is thought not only to stimulate competition but also to avoid discrimination between the users of the infrastructure and to facilitate charging mechanisms able to finance new investment.

[5] It should be noted that the UK railway privatization did not introduce competition between operators on the same track, but operators competed for a franchise giving them the exclusive right to operate services on the designated line.

However, a disadvantage with unbundling is the loss of internal relationships that are a distinctive feature of infrastructure industries with their strong asset specificity. Difficulties of consensus building and coordination between stakeholders are considered to be one of the reasons for the poor performance of UK railways in the late 1990s[6].

In the UK's experience of railway privatization, the importance of the market mechanism is widely recognized, but so is the continuing involvement of a publicly oriented third party, the Department for Transport. The public sector is still expected to plan investment and to reduce the risk faced by the private sector. However, it must be said that in the unbundling of network industries there is no one-size-fits-all method, and solutions will vary in different countries.

2.2. Maintenance of services

Development and maintenance of public infrastructure used to be a major part of regional development in Japan. In the 1960s, there was a national regional policy aimed at the "balanced development of national territory" through investment in infrastructure, as a means of redistributing economic development between regions. This policy has now changed and more emphasis is now placed on the autonomy of the region.

The content of regional development varies considerably depending on the situation of the region concerned. In regions facing declining population, increasing visitor numbers may be an important objective of regional development. Infrastructure investment now figures much less prominently, partly due to cuts in central government financing.

Moreover, public investment in local infrastructure is also prone to inefficiencies in the allocation of resources, and even if temporarily effective cannot create a sustainable community in the longer term. Private enterprises are therefore increasingly expected to be involved in supplying such services. As described in Section 2.2, the forms of such arrangements vary, but generally neither do they involve leaving the services entirely to the private sector – which would be unable to provide them alone – nor do they expect the government to do so as part of a regional development role. Instead, both the public and private sectors play a part in these arrangements.

Because of decreasing population, the provision of public services is expected to be more difficult in future in small provincial cities than in big urban centers. The

[6] Commentators criticized the deterioration of performance caused by poor coordination between the various parts of the industry (Gomez-Ibanez, J. (2003), p. 295). This concern was highlighted by a fatal crash at Hatfield near London, which was followed by the bankruptcy of Railtrack and its reorganization into Network Rail, a state-owned company operated at arms-length from the UK government. See also the UK Government's proposals for improved coordination of track and train operation in: UK Department for Transport, "An innovative, modern, passenger-focused railway network," 6 December 2016.

Japanese Cabinet Office (2013) has reported that many local governments are already struggling under the fiscal burden of maintaining public services and are worried about the burden on local residents growing further in the future.

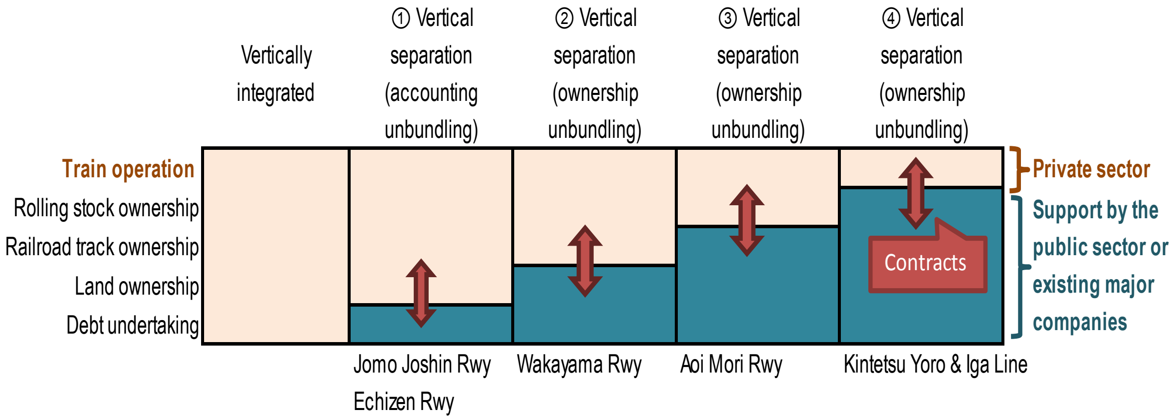
The need for fiscal consolidation is one of the biggest constraints facing local and central government alike. For local government, mergers of local authorities and cutting of some services are thought unavoidable[7].

In this situation, it is widely accepted that greater participation and investment by the private sector is necessary. Public services do not need to be supplied by the public sector. However, as local public services tend to be less profitable, it cannot be ruled out that the role of the public sector may have to increase again in the future.

The problem is that local governments are expected to take a bigger role at a time when they are facing an unprecedentedly tight financial situation. Uto *et al.* (2013) fear that even currently prosperous local authorities risk losing the financial resources needed to maintain such services in future because of demographic trends[8].

To tackle this severe situation, some providers of local services are undergoing restructuring involving the vertical separation of infrastructure from operation of services. This type of reorganization has been introduced in the railway sector, the infrastructure entity being publicly supported while operations are left to the private sector.

Figure 4 - Vertical separation as a solution



Source: Authors, referenced Nikagi, Y. (2002), "Various vertical separations in the transport sector", *Transport Policy Studies*, Vol. 5 No. 3, p. 64.

[7] Cabinet Office (2013), pp. 354-355.
[8] Uto *et al.* (2013), pp. 255-257.

2.3. The increasing role of PPP and "social enterprises"

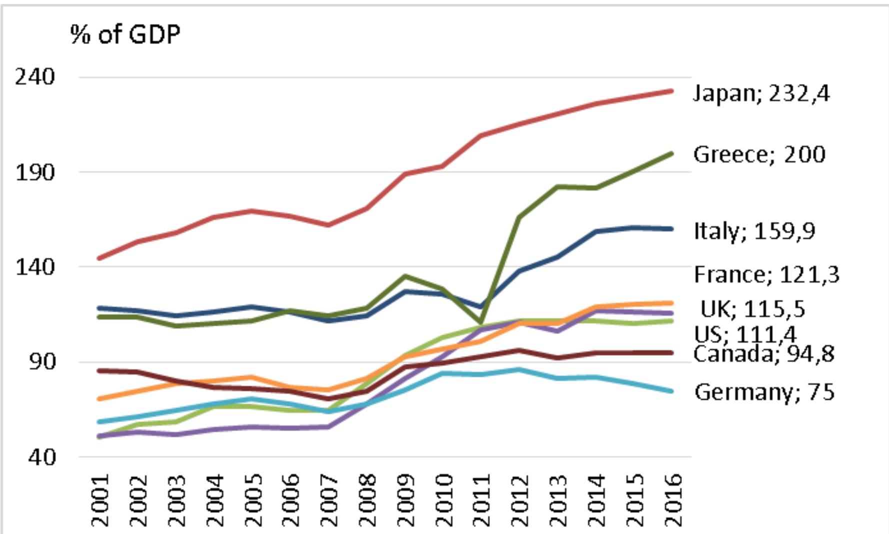
Many public services cannot be delivered by the private sector alone, but some form of cooperation between the public and private sectors must be devised in order to maintain such services.

With the demographic situation rapidly deteriorating, many rural areas are facing the problems of depopulation, declining population and aging society. These phenomena pose a huge problem for public services. In tackling such multiple problems, it is useful to consider them separately. Although the terminology is similar, the concepts underlying these terms are different[9].

Depopulation is the phenomenon of decreasing population density, not only declining population numbers. Depopulation creates special barriers for people in the region. An aging society, on the other hand, means an increasing share of elderly people in the population and associated changes in the pattern of needs to be provided for. Thus, decreasing population and depopulation involve a quantitative change, while an aging society involves qualitative changes.

As mentioned above, public authorities face linked problems not only of financing investment to develop and maintain infrastructure and but to keep providing public services especially in remote areas. The state of public finances in Japan has seriously deteriorated to the point where public sector borrowing as a % of GDP is well in excess of that of Greece and Italy (Figure 5).

Figure 5 - Situation of public sector borrowing



Source: Ministry of Finance website <http://www.mof.go.jp/tax_policy/summary/condition/007.htm>

[9] Tanimoto and Hosoi (eds.) (2012), p. 13.

Thus, private sector involvement in service provision has high priority and the government is promoting PPP as well as private finance initiatives (PFI) in this area. Private sector involvement is sought not only for efficiency reasons, but also to provide alternative sources of funding.

Although PPPs can help solve the problem, they are difficult to apply in many rural areas. Faced with the serious scarcity of human and financial resources in such areas, making better use of those resources is essential. Assuming demographic change is unavoidable, several possible solutions present themselves. These range from promoting cooperation between different entities, to encouragement of local residents to take on second jobs in the service sector as well as their primary jobs.

Some areas are developing self-support systems to provide some public services independently, taking advantage of swift and easy consensus building. Another recent trend is for NPOs and community organizations to assume a greater role in providing essential services and in activities to revitalize the local economy.

The outflow of population and particularly young people from rural areas continues and is leading to an increase in single-person households often consisting only of one elderly person living alone. In some rural areas, private businesses like shops are closing because of the decline in population. When their local shops close, residents face difficulties in supplying their daily needs.

In this situation, the local authority cannot be expected to cope with all the problems of the community. Empirical evidence shows that public spending per capita tends to increase in line with decreasing population density (Figure 6). It also points to the likelihood that certain public services will no longer be available in severely depopulated areas. In addition, patterns of public service provision by municipal authorities, which often focus on equitability and impartiality, do not necessarily suit the needs of local residents.

This is prompting social enterprises like NPOs and local residents’ associations to step in to solve the problem. Child and old age care services and town planning are among the commonest fields served by such initiatives. They often have an advantage over the public sector in terms of greater flexibility and ability to respond to local needs.

A typical pattern is for local residents to cooperate with the private and public sectors. This extends the concept of PPP from a relationship between private operators and the public sector to once involving beneficiaries including local residents as well. Social enterprises are now increasingly expected to take over part of the role of the traditional public sector in coping with the new challenges to rural communities.

METI (2008) classifies the entities set up to address social issues of this kind as “social businesses”. It conducted a survey of the current status of such businesses. There is no fixed definition of social business, but a common feature is that they combine commercial interests with catering for public needs. In terms of legal form, the types of organization involved cover a wide range, from joint stock companies (including private companies established by the local government and private investors), to NPOs and mutual organizations (Table 3).

The survey also found that 47% of the organizations have the form of NPOs, while only 20% are for-profit corporations such as joint stock or limited companies. The Ministry estimates the total number of social business organizations at around 8,000 with an estimated total turnover of somewhat over 240 billion yen (about 2 billion USD). The main area in which such organizations were active was regional development ("revitalization"). About 60% of the organizations work in this field, in which they complement local government (Figure 7).

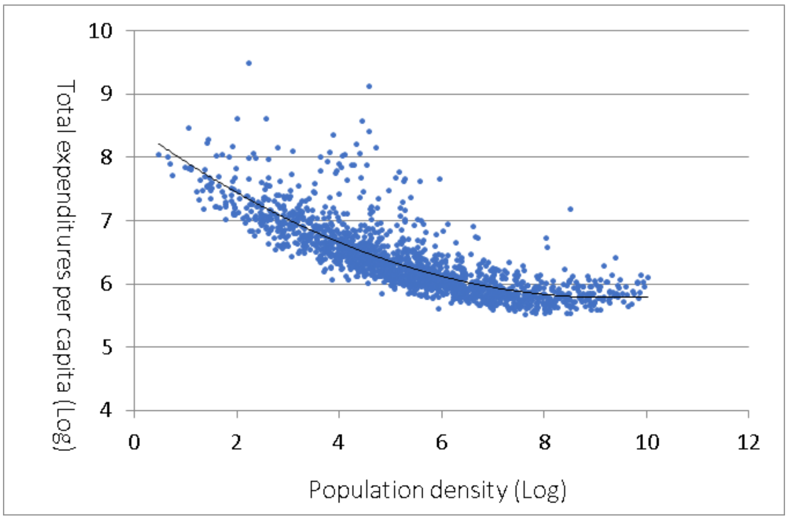
The small size of the organizations is reflected in their sales – with the largest group (26%) having sales income of 10-50 million yen (83-417 thousand USD) – and their number of employees – with over half having less than 10 employees, indicating a low volume of business.

In terms of profitability, while more than 60% of the organizations run their business at a profit or at least break even, 27% are loss making. Many, especially the smallest, are dependent on public subsidies, with only a minority being able to raise their own funds or borrow from financial institutions.

Certain problems with the model should also be noted. First, social awareness and understanding do not guarantee a similar grasp of financing. This means that with their businesses tending to be less profitable, managers have difficulty obtaining funds from financial institutions. The survey found that 24% of respondents thought loan conditions were too severe and made it hard to raise the necessary funds for their operation. It was clear that many found it difficult to demonstrate management capacity and systems that were attractive to financiers and to put forward concrete business plans. In this connection, human resource development in social businesses appears to require attention.

While the government seeks to provide a series of support menus in terms of financing and business consultation through its financing vehicles such as the Japan Finance Corporation, but there is still a shortage of entities dispensing specialized advice to social businesses.

Figure 6 - Relation between population density and expenditure per capita of local authorities



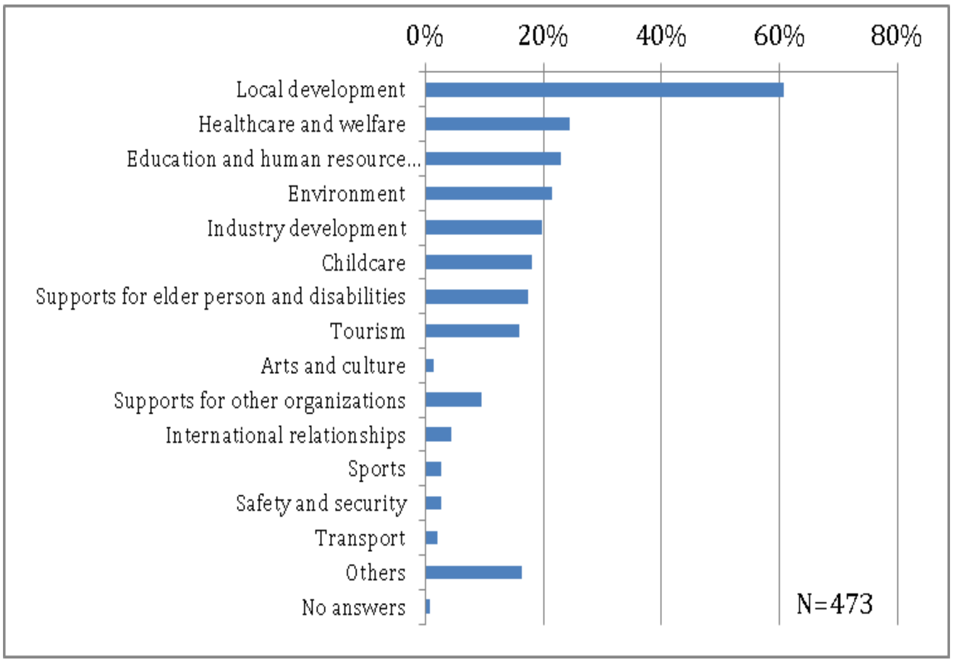
Source: Ministry of Internal Affairs and Communications, *Annual Financial Report of Municipalities 2014*, and *Census Report 2015*.

Table 3 - Public corporations and public utilities

Organization	NPO (46.7%) Joint-stock company and limited companies (20.5%) Private companies (10.6%)
Operational income	Less than 5 million Yen (41 thousand USD) (16.3%) 5 – 10 million Yen (41 – 83 thousand USD) (9.3%) 10 – 50 million Yen (83 – 417 thousand USD) (26.4%) More than 50 million Yen (417 thousand USD) (21.8%)
Permanent staff	0-4 (52.6%) 5-9 (19.0%)
Profitability	Surplus (25.3%) Break even (38.1%) Deficit (27.5%)

Source: METI (2008), *Final report by the research task force of "Social Business"*.

Figure 7 - Fields of operation of social business



Source: METI (2008), Final report by the research task force of "Social Business".

Conclusion

Japan's public services including public utilities have traditionally been provided by the public sector with strong government involvement through regulation or ownership. In this chapter, we have looked at the current situation and the issues surrounding institutional reform in the field of public services.

With a decreasing population and an aging society, the debate about how to maintain public services and infrastructure is a major policy issue. In preparation for the 2020 Olympic Games in Tokyo, reducing congestion and reconstructing urban infrastructure have become urgent tasks, especially as many of these facilities were built during the period of high economic growth in the 1960s.

In order to ensure alternative sources of finance, the participation of the private sector is being seen as an unavoidable option. Expectations for the PPP (Public Private Partnership) approach are increasing. For PPP to function effectively, however, the design of the market conditions is crucial. Even in the UK, which has decided to leave the EU, the logic of even greater private participation in infrastructure provision is inescapable.

Despite the privatization and deregulation of the provision of public services, it has become difficult to maintain standardized services across a whole nation. Some rural areas are facing major difficulties in maintaining services. Faced with the serious scarcity of human and financial resources in those areas, making better use of those resources is essential.

In this contribution we have looked at new mechanisms for maintaining such services, including the restructuring of existing companies and the foundation of “social businesses” which can be considered alternative ways of service provision in rural areas. This extends the former concept of PPP from the relationship of private operators and the public sector to a mutual relationship with beneficiaries including local residents.

It is hoped that the expansion of social enterprises independent of the private commercial companies involved in service provision and of the public sector will help regenerate local communities. In order to meet such expectations, practical action and support by the public sector to help develop human resources and overcome financing challenges are necessary.

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