

## **Paper 11 : Government Policy Change As a Response to Major Disaster Events**

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### **Abstract**

The 1995 Kobe earthquake mobilized almost 1.5 million volunteers. This event changed Japanese government policy relating to the establishment of not-for-profit corporation for small volunteers groups and clubs (1998). The Japanese Earthquake and Tsunami in 2011 caused even greater damage than the Kobe Earthquake. Again events changed policy towards not-for-profit organisations, namely an "Act to Amend the Income Tax Act". This further encouraged donations and

participation in NPO activities. These seemingly technical changes may herald a massive change in government attitudes and policies.

Keywords: Events; Non-profit; Government Policy; Donations; Volunteers.

## 1. Introduction

After the 1995 Kobe Earthquake, nearly 1.5 million volunteers came from all over Japan to help the recovery. This was partly a response to the slow arrival of professional sheer rescue teams including government due to inadequate response mechanism and decision-making, and the sheer congestion of roads. However, for these volunteers there was a lack of coordination. Thus, some shelters close to the main roads had many volunteers and some isolated shelters had no volunteers. This changed government policy to the establishment of not-for-profit (NPO) corporation, which allowed small volunteer groups or clubs to gain corporation status in 1998.

The Great East Japan Earthquake of 11<sup>th</sup> March, 2011 caused five to ten times the size of damage of the Kobe Earthquake. Damage to the nuclear power plant in Fukushima, brought a challenge to reconstruct, to check existing nuclear power plant safety measures and future energy policy. Again government reaction and policies were found to be inadequate, including the manner in

which it treated NPOs. This led to an "Act to Amend the Income Tax Act and other taxation in order to improve employment conditions and supports the current severe economic situation" (Law No. 82 year 2011). This was an amended scheme for authorised NPOs. This was promulgated on June 22, 2011 as the "Law for Partial Revision of the Law to Promote Specified Nonprofit Activities" (Law No. 70 year 2011). Amendments were made regarding the NPO Certification System. A new certification system will be established to certify the prefectural governor or the head of the designated cities with respect to disasters. This legislation will be enforced from April 1, 2012.

## **2. What is an authorised NPO corporation?**

Neither Authorised NPOs and other NPOs cannot belong to government organizations nor to public companies, their existence being to provide free social activities to the community authorised by the Cabinet Office. The primary difference between authorised and non-authorised is related to tax for donations. If the Cabinet Office approves an authorised NPO corporation, the donation it receives will receive tax benefits, through income tax credits and deductions given to donors.

To become an authorised NPO (Nintei NPO), the criteria as that beyond a certain level the services provided are needed by society whose activities (Public Support Test: PST for short) must be cleared. But the old rules were cumbersome and strict. The "Special Tax Measure Law"

is introduced by the National Tax Agency to award “Nintei” NPO Corporation. Thus, a “Nintei” NPO Corporation is designated by the National Tax Agency to be given special tax exemption status for contributions and gifts, allowing these to be tax deductible (as with Deductible Gift status to Australian Charities). However, Yamamoto (2003) argues the complexity of the requirement of the new law makes it difficult for many NPO Corporations to receive a “Nintei” NPO, Deductible Gift Tax Exemption status. Thus, in 2002 only 10 NPO Corporations hold Deductible Gift Tax Exemption status under the “Special Tax Measure Law”, which was just 0.11% of the total number of NPO Corporations at that time (Yamamoto 2003).

Table 1 presents the growth in the number of NPO Corporations from 1999 to 2008, showing that the total number of NPO Corporations has increased by 66% from 5,625 organisations in 2001 to 9,329 in 2002. By simplifying registration procedures on, in 2003, the NPO Law was amended to abolish the requirement for a budget plan at the time of application (Yamamoto 2003). Table 1 shows the growth of NPO Corporations from 1999 to be 1,176 organisations. There were zero NPO Corporations in December 1998.

Table 1: Growth of NPO Corporations (1999–2008)

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
NPO Corporations	1,176	3,156	5,623	9,320	14,659	19,964	22,421	31,115	34,371	37,198
Nintei NPO Corporations	0	0	0	10	18	26	39	58	80	93

Sources: Cabinet Office Government of Japan (2004, 2006, 2009) and National Tax Agency Japan (1999, 2005, 2006).

In 2010, only 0.5% of all new NOOs were authorised. The rules have been eased this, we will be increasing rapidly authorised NPO. A contact person for preliminary consultation will be provided to each bureau will precede as smooth certification procedures before the tax authorities to apply for authorized NPO.

This method suggests two things. The first is that the law remains very strict and confusing (Pekkanen 2000). The second is that the use of this mechanism can be used by the bureaucracy to hinder (as much as help) those groups that are seen as potential problems. Table 2 presents Circulars Interpretation the New Laws to provide understanding the amendment for Nintei NPO Corporation. The number of circulars indicates that the law still remains very strict.

**Table 2: Circulars Interpreting the New Laws**

Application for Certification - Nintei NPO corporation	Partial Amendment	June 30, 2011
Application for Certification - Nintei NPO corporation	Partial Amendment	April 1, 2010
Application for Certification - Nintei NPO corporation	Partial Amendment	May 14, 2008
Application for Certification - Nintei NPO corporation	Partial Amendment	April 19, 2006
Application for Certification - Nintei NPO corporation	Partial Amendment	April 14, 2005
Application for Certification - Nintei NPO corporation	Partial Amendment	April 1, 2004

Sources: Sources: Cabinet Office Government of Japan (2004, 2006, 2009, 2011) and National Tax Agency Japan (1999, 2005, 2006, 2011).

### **3. Conclusion to outline**

The Japanese civil bureaucracy has long been held to have far more power than s usual in advanced democracies. This is especially so in terms of their ability to promote policy, or even deny policy choices to elected representatives. It has enormous ability to protect itself.

It could appear that the events of 1995 and 2011 provided the impetus for this to change, at least in relation to NPOs, in terms of their formation, their ability to gather freely given donations and to engage socially beneficial activities. The changes that are occurring would see to be in line with this view. However, as is argued that changes made are ambiguous in this respect. Furthermore, the changes that see a consultancy “help” process will almost certainly be used as a netting procedure. The bureaucracy’s “consultants” will have to power to hinder those that the bureaucracy sees as reducing its power. This regardless of how useful to NPO would be to the larger community.

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