Response Measures Related to the Basic Policies for Reviewing the Clerical and Business Operations of Incorporated Administrative Agencies

Basic Policies for Reviewing the Clerical and Business Operations of Incorporated Administrative Agencies

Japan Housing Finance Agency engages in response measures in accordance with the Basic Policies for Reviewing the Clerical and Business Operations of Incorporated Administrative Agencies (approved by the cabinet on December 7, 2010).

Review of clerical processes and business operations

Clerical processes / business operations	Steps to be taken	Time of implementation	Specific content	Response measures
Securitization support business	Repayment to the national treasury of capital provided for ALM risk management	Implementation in FY 2011	Out of ¥48.0 billion provided between FY 2007 and FY 2009 by the government in capital for ALM risk management purposes, taking into account business volume over time and the overcollateralization ratio of MBS (the ratio of overcollateralization relative to the MBS issuance amount to ensure the stable provision of the"Flat 35"loans), the necessary minimum amount will be retained and the rest will be repaid to the national treasury.	An amount of ¥11.3 billion was repaid to the national treasury on March 16, 2012.
	Repayment of reserve funds for interest rate change to the national treasury	Implementation in FY 2011	With regard to ¥45.0 billion in reserve funds for interest rate change, based on the"Flat 35" business volume over time, the minimum necessary amount will be retained and the remainder will be repaid to the national treasury.	An amount of ¥10.6 billion was repaid to the national treasury on March 16, 2012.
Housing loan insurance business	To be discontinued	Implementation beginning in FY 2012	As part of the Policy Package to address Economic Crisis in April 2009, insurance premium rates have been lowered until FY 2011 (as part of the Emergency Economic Countermeasures of December 2009, rates were lowered further until December 2010). After the end of the economic countermeasures, the existing operations will be discontinued and government funds no longer needed will be paid to the national treasury. Exceptions to the above are, however, limited operations necessary to be maintained in step with securitization business (insurance coverage for package loans and bridge loans connecting to "Flat 35"loans), and such operations will be implemented until they can be substituted by the private sector.	With regard to the housing loan insurance business, limited operations necessary to be maintained in step with securitization business (insurance coverage for package loans and bridge loans connecting to Flat 35 loans) have been implemented since FY 2012, and will be continued until they can be substituted by the private sector. Regarding government funds no longer needed, an amount of ¥23,4 billion was repaid to the national treasury on November 21, 2012.
	Creation of new schemes for residences for the aged	Implementation beginning in FY 2011	With regard to residences for the aged (Residence with Support Services for Seniors (provisional name) cooperating with medical care and nursing care), schemes will be reviewed, including the cooperation with other ministries and government agencies. If relevant new legislations are implemented, strictly based on a scrap-and-build approach, related loan insurance will be implemented.	In line with the enactment of the Act for Partial Revision of the Act on Securement of Stable Supply of Elderly Persons' Housing (Act No. 32 of 2011), the housing loan insurance business has been implemented to cover upfront admission fees for serviced housing for the elderlies when private financial institutions' provide such funding under reverse mortgage program. From 2012, the current housing loan insurance business was discontinued, and operations, etc., limited in those necessary to be maintained in step with securitization business have been implemented until they can be substituted by the private sector.
Loan origination business	Discontinuation of mortgage loan operations for rental housing	Implementation beginning in FY 2011	Existing mortgage loan operations for rental housing will be discontinued in FY 2011. However, with regard to loan operation related to the supply of of highly energy efficient housing, acquisition of which is particularly promoted at securitization business, operations will be implemented until they can be substituted by the private sector.	With regard to loan origination related to the supply of highly energy-saving rental housing, acquisition of which has been particularly promoted at the securitization business as well, operations have been implemented since FY 2011, and will be continued until they can be substituted by the private sector.
	Creation of new schemes for residences for the aged	Implementation beginning in FY 2011	With regard to residences for the aged (Residence with support services for seniors (provisional name) cooperating with medical care and nursing care), schemes will be reviewed, including the cooperation with ministries and other government agencies. If relevant new legislations are implemented, strictly based on a scrap-and-build approach, related loan will be implemented.	In line with the enactment of the Act for Partial Revision of the Act on Securement of Stable Supply of Elderly Persons' Housing (Act No. 32 of 2011) on October 20, 2011, loan origination has been implemented for serviced rental housing for the elderlies since November 7, 2011. From FY 2011, the current mortgage loan operations for rental housing was discontinued, and loan operation related to the supply of highly energy efficient housing, acquisition of which is particularly promoted at securitization business, operations will be implemented until they can be substituted by the private sector.
	Discontinuation of town development loan	Implementation beginning in FY 2012	After the end of the measure for the relaxation of lending conditions until the end of FY 2011 implemented under the Policy Package to Address Economic Crisis of April 2009, existing operations will be discontinued, and unnecessary government capital will be paid to the national treasury. However, with regard to condominium rebuilding operations where the reorganization of property rights causes problems and operations last for a long term, operations only implemented by small and medium-sized enterprise will be continued until they can be substituted by the private sector.	With regard to town development loan origination, operations have been implemented since FY 2012 exclusively for condominium rebuilding projects (which involve complexity of property rights adjustment among owners and whose procedure would likely to last for a long term) conducted by small and medium-sized enterprise, and will be continued until they can be substituted by the private sector. Regarding government funds no longer needed, an amount of ¥0,7 billion was repaid to the national treasury on November 21, 2012.
Management of outstanding loans	–	–	–	–
Operation of group credit life insurance	–	–	–	–
Housing information providing business	To be discontinued	Implementation beginning in FY 2011	Operations will be discontinued, and the field will be left to the private sector (relevant operations do not include the provision of information related to the implementation of the respective operations of securitization business, etc.).	Operations were terminated at the end of March, 2011except for the housing information website service, which was also terminated on July 26, 2011.

Review of assets and operations, etc.

Steps to be taken		Time of implementation	Specific content	Response measures
Return of unnecessary assets to the national treasury	Capital for ALM risk management	Implementation in FY 2011	Out of ¥48.0 billion provided between FY 2007 and FY 2009 by the government in capital for ALM risk management purposes, taking into account business volume over time and the overcollateralization ratio of MBS (the ratio of overcollateralization relative to the MBS issuance amount to ensure the stable provision of the"Flat 35"loans) the necessary minimum amount will be retained and the rest will be repaid to the national treasury.	An amount of ¥11.3 billion was repaid to the national treasury on March 16, 2012.
	Reserve funds for interest rate change	Implementation in FY 2011	With regard to ¥45.0 billion in reserve funds for interest rate change, based on the"Flat 35" business volume over time, the minimum necessary amount will be retained and the remainder will be repaid to the national treasury.	An amount of ¥10.6 billion was repaid to the national treasury on March 16, 2012.
	¥200.0 billion in government capital funds related to Securitization business	Implementation during FY 2010	With respect to the review of the implementation of the first Supplementary Budget for FY 2009, as a result of a review of the business volume expected until FY 2011, an amount of ¥200.0 billion has been identified and finalized to be repaid to the national treasury. This must be implemented with certainty.	Repaid to the national treasury on March 14, 2011.
	¥30.0 billion in capital funds from the government related to town development loan operations	Implementation during FY 2010	With respect to the review of the implementation of the first Supplementary Budget for FY 2009, as a result of a review of the business volume expected until FY 2011, an amount of ¥30.0 billion has been identified and finalized to be repaid to the national treasury. This must be implemented with certainty	Repaid to the national treasury on March 14, 2011.
Review of offices, etc.	A review plan will be prepared at an early time	Implementation beginning in FY 2010	Over the course of FY 2010, an examination will be conducted on the appropriateness of the holding and/or renting of all assets including the headquarters, branch offices, lodging facilities, and rented offices. Based on this examination, a review plan will be formulated at on early time and deliberations will be implemented on consolidating offices and lodging facilities, etc.	With regard to the current branch office system divided their responsible regions in 11 blocks, their reallocation, etc., including deliberations, towards an efficient and effective system has been reviewed in the second mid-term plan based on their volume of business. A review plan was formulated. As for employee dormitories, a review plan was formulated in December 2012 in line with the Review Plan for Employee Dormitories of Incorporated Administrative Agencies (approved by the Administrative Reform Executive Headquarters on April 3, 2012). The plan indicates that 15 dormitories (91 houses) and 13 rented dormitories are to be disposed by the end of FY 2016, in addition to 3 dormitories decided their disposal in the second mid-term plan.
Review of employee dormitories	Disposal of employee dormitories and the Kouko General Sport Ground.	Implementation beginning in FY 2010	Employee dormitories facilities and Kouko General Sport Ground will be sold.	With regard to employee dormitories, a review plan was formulated in December 2012 in line with the Review Plan for Employee Dormitories of Incorporated Administrative Agencies (approved by the Administrative Reform Executive Headquarters on April 3, 2012). The plan indicates that 15 dormitories (91 houses) and 13 rented dormitories are abolished by the end of FY 2016, in addition to 3 dormitories decided their disposal in the second mid-term plan. With reference to disposal of neighboring state-owned lands Kouko General Sports Ground was sold through the public invitation in order to choose the counterparty using the asset for the use of public, official or utility services (the public invitation was announced through the JHF website from December 21, 2012 to March 21, 2013). As a result, an incorporated education institution was chosen and the sales process was advanced.
Review of personnel expenditures	Lowering of the Laspeyres index	Implementation beginning in FY 2010	Steps will be taken with certainty to reduce the Laspeyres index through such as reviews of employees'base salaries and the allowances for officials above director level, among other steps, with further checks on overall personnel expenses.	For FY 2012, employee's monthly based salary has been lowered (average revision rate: △0.23%) and measures for lowered salary payment has been taken from August 2012 (the measures for executives has been taken from April 2012), in line with the Act on Revision of Remuneration for National Civil Servant and Temporary Special Provisions (Law No. 2, 2012). In addition, personnel and salary systems were reformed including review of the salary structure (terminate periodic pay raises of relevant employees in line with the lowering of the maximum rank in the salary table to the 81st rank) and the following efforts were made to normalize wage levels. (1) Implementation of revision of salary and adjustment of measures for lowered salary payment applied to bonus payment in December 2012 (accordingly, the end of implementation of the measures was moved up from July 2014 to March of the same year) (2) Introduction of a retirement system for management positions (staff members who will turn 55 years or older at the end of FY 2012 become non-management employee and their salary level is lowered to around 70%) From FY 2013, with the consideration of total personnel expenses reduction of the government, personnel expense is reviewed continuously through reform of personnel and salary systems (*) including continuous efforts such as retirement system for management positions, etc. and revision of the salary structure as well as further efforts are made to normalize salary level. Though such efforts, the pay-scale is to be declined to the level equivalent to that of the national government employees after adjusting age and regional differences and educational level by FY 2016. * The abolishment of the current job category (operational work) and the creation of a new job category (business career work) (approximately 10% reduction in the salary level compared to the current level)