



## Labor Update No.12 July, 2017

***This bulletin contains information on law changes that have either passed, or are being discussed, in parliament, court decisions, and other labor issues in Japan that are of interest to activists.***

### **1. Ongoing “povertization” of Japan’s wage-earners**

#### **(1) Net income down by nearly 70,000 yen per month over the past 20 years**

According to the national household economy survey (wage-earning households of 2 or more) by the Statistics Bureau of the Prime Minister’s Office, when we compare 1997 to 2016:

“Non-consumption expenditures” such as taxes, social insurance premiums, etc., were 98,176 yen in 1997 and 98,586 yen in 2016. The burden rate in proportion to real income (face value) increased consistently. It was 16.49% in 1997 and 18.67% in 2016.

The face value of real income was 595,214 yen in 1997 and 528,103 yen in 2016.

As a result of burden of non-consumption expenditure growing heavier while real income shrank, net income showed a large decrease of nearly 70,000 yen per month, going from 497,035 yen in 1997 to 429,517 yen in 2016.

#### **(2) Households with no savings reach over 30%.**

According to the national household economy survey (households of 2 or more wage-earners) by the Statistics Bureau of the Prime Minister’s Office, when we compare 1997 to 2016:

The category called “other consumption expenditure”, including personal expenses, totaled 94,543 yen in 1997. After that, it decreased gradually, shrinking by nearly 30,000 yen to 61,533 yen by 2016. “Clothing costs” shrank from 20,264 yen to 13,153 yen. These figures show that people are having to lower their living standards in order to live on less.

As a result of this, there is less ability to put money into savings. According to the “Poll Regarding Household Financial Assets” conducted by the Central Council for Financial Services Information, the proportion of “households with no savings”, which was 10% in 1997, has remained at high levels of over 30% since 2013, when Abenomics took full effect.

Statistics Bureau, Office of the Prime Minister: “Income per household since 2000 (wage-earning households only), along with expenditure amounts, etc.” (in Japanese): <https://view.officeapps.live.com/op/view.aspx?src=http://www.stat.go.jp/data/kakei/longtime/zuhyou/zenh-n.xls>

Central Council for Financial Services Information: 2016 “Poll regarding Household financial Assets” (in Japanese): <http://www.shiruporuto.jp/public/data/survey/yoron/futari/2016/pdf/yoronf16.pdf>

## **2. Number of men taking leave after their wives give birth remains at 56%: 2017 “White Paper on Measures for Society with Decreasing Birthrate”**

On June 16, 2017, the Government decided on this year’s “White Paper on Measures for Society with Decreasing Birthrate”. In this, it became clear that the number of men who took leave right after their wives gave birth was stuck in the mid-50-percent range. The paper states that there is a need to improve workplace environments and encourage men to have conversations with their wives in order to aim for the goal of raising this number to 80%.

While the number of men who took leave within 2 months after their wives gave birth was 55.9%, those who had the intention to but were unable to take leave totaled 29.1%, while those who had no intention and did not take leave added up to 15.0%. Furthermore, to a multiple-answer question of what made them want to take leave, the largest number, 59.1%, answered “recent conversations with spouse”, while the second largest, 35.3%, replied “requested by spouse”.

The paper points out that, to work toward the Government’s goal of raising this percentage to 80% by Heisei 32 (2020), in addition to improving the workplace environment--by such means as creating a spousal birth leave system for men to attend at births, etc., and rectifying the situation of overlong working hours—there is also a need to encourage the conversations with wives, etc., that lead to men’s taking leave.

“White Paper on Measures for Society with Decreasing Birthrate”, 2017 edition, below (in Japanese):

<http://www8.cao.go.jp/shoushi/shoushika/whitepaper/measures/w-2017/29pdfhonpen/29honpen.html>

## **3. Toyota Motors to grant the same level of special leave to limited-term employees as to regular company employees**

On June 20, 2017, Toyota Motor corporation finalized a plan to introduce a “special leave system”, granting leave in case of family bereavement, etc., starting in October. It would apply to irregular limited-term employees, such as those working in factories. Approximately 3,300 people (as of the end of May) would be covered, thereby becoming able to take the same amount of leave as regular employees.

Toyota’s special leave system, separate from paid leave, is a system where leave at 90%

pay is granted in case of family bereavement or when one's spouse gives birth. It applies to regular employees and part-timers, but was not previously granted to limited-term employees. As limited-term employees cannot even take paid leave until 6 months after they start work, their union was seeking improved conditions. It is said to be rare for limited-term employees to be granted special leave.

#### **4. Emergency measures within the year regarding teachers' work style, including range of duties and pay: education minister Hirokazu Matsuno**

With teachers' long working hours becoming a problem, on June 22, 2017, education minister Hirokazu Matsuno requested a proposal for "work-style reforms" from the Central Education Council, an advisory body. They will discuss teachers' range of duties and methods of working-time management, the structure of their pay, and how to make their work more efficient. The Ministry of education plans to announce emergency measures within the year, with reference to these discussions at the Central Education Council.

One point of debate will be just how much work teachers should be expected to do. The division of duties between teachers and office staff or school counselors, cooperation with families or neighborhoods in club activities, and other such things will be discussed. According to the Ministry's explanation, teachers in Japan have a very wide range of duties compared to those in countries such as Britain, where teachers do not have to do school cleaning, run school clubs, or visit students' homes.

The structure of teachers' pay, with overtime being not paid as a rule due to the special nature of the work, and a "teaching staff allowance" equivalent to 4% of base pay being paid instead, will also come under consideration. It has been pointed out as a reason for the weakened awareness of working-time management, and Central Education Council members have also called for the abolition of this system. On the other hand, the introduction of overtime pay would necessitate new expenditure burdens and ways of managing working time, so this is likely to be a focus of discussion.

According to a survey carried out by the Ministry last year elementary school teachers' average time worked per day was 11 hours and 15 minutes, while that of junior high school teachers was 11 hours and 32 minutes. 30% of elementary school teachers and 60% of junior high school teachers were over the *karoshi* line.

#### **5. Minimum wage debate begins—3% increment is focus**

The Welfare and Labor Ministry's Central Minimum-Wage Council subcommittee to debate this year's minimum-wage increase began on June 27, 2017. Last year, in accordance with the intentions of the Abe administration, they realized a 3% increase, the largest increase ever. Discussion is likely to focus on whether a 3% increase can be secured again this year.

The "Work-style Reform Implementation Plan" finalized in March by the Conference on

Realizing Work-style Reforms, with participation from leaders of Rengo and Keidanren, set a clear goal of raising the minimum wage “by approximately 3% per year” to reach a national weighted average of 1000 yen per hour.

In response to the Abe administration’s strong desire to use minimum-wage increases to stimulate the economy, last year the minimum wage (hourly) was raised by 25 yen as a national weighted average, to 823 yen.

This year’s subcommittee discussions are expected once again to aim for a 3% increase, in accordance with the Implementation Plan. A standard guideline increase amount is set to be decided at the end of July. Then the heads of each prefecture’s Labor Bureau will decide the amounts for their respective prefectures and plan to revise the minimum wages in October.

48<sup>th</sup> Central Minimum-Wage Council documents (Jun. 27, 2017; in Japanese):

<http://www.mhlw.go.jp/stf/shingi2/0000169261.html>

## **6. Last year’s tax revenue 55.5 trillion yen; lower than the previous year for the first time in 7 years**

Tax revenue for fiscal year 2016, owing to sluggish corporate-tax revenue, totaled only 55.5 trillion yen. This is lower than the figure for the previous year.

This was the first time in 7 years—since 2009, when the economy suffered due to the influence of the so-called Lehman Shock—that tax revenue had been less than the previous year.

At the original budget stage, the Government expected revenue in the general account to increase by about 3 trillion yen over the previous year, to 57.604 trillion yen, supported by healthy corporate performance.

However, seeing that a decline in corporate tax revenue would be unavoidable owing to the influence of the high yen last summer, in the 3<sup>rd</sup> supplementary budget passed in January of 2017 the expected tax revenue was revised 1.744 trillion yen lower, to 55.86 trillion yen.

Furthermore, by the closing of accounts to be finalized next week, revenue will have declined a further 400 billion yen, to 55.5 trillion, and be lower than the previous fiscal year.

## **7. A plan by August for rectifying overlong hours in the transport and construction industries**

The Government has confirmed that they have established a liaison council to promote work-style reform in the transport and construction industries, where the application of upper limits on overtime hours is to be postponed five years. Aiming to rectify the problem of long working hours, they will compile a plan or guideline by about August of this year to deal with the problem for the time being. The “Work-Style Reform

Implementation Plan” drawn up by the Government in march of this year, in regard to regulated upper limits on overtime work, includes a postponement of five years after amending the laws before these limits will be applied to the transport and construction industries.

Amid all this, the Government held liaison conferences one after the other on June 29<sup>th</sup> to promote work-style reform in the transport industry and the construction industry, with Deputy Cabinet Secretary Nogami and agency heads from related ministries and agencies in attendance.

At the conference relating to the transport industry, Deputy Cabinet Secretary Nogami, who chaired the meeting, stated that “In order to improve the situation of long working hours in the automobile transport industry, including cooperation from owners, whole-government backup by all the relevant ministries and agencies will be necessary. What we can do, such as revising our system, I would like us to start doing promptly.”

Then he confirmed that in order to rectify the problem of long working hours in transport, they will put together a “plan of measures for the time being” by this August, including steps to be undertaken this fiscal year.

Furthermore, regarding the construction industry, in preparation for applying the upper limits on overtime, they agreed to decide by August on a guideline for thorough appropriate schedule setting, based on the premise of two days off per week.

Information on Liaison Council of Ministries and Agencies Related to Work-Style Reform in Construction Industry and Automobile Transportation Business below (in Japanese):

<http://www.kantei.go.jp/jp/singi/hatarakikata/>

#### **8. All households’ real consumption expenditures in May decrease by 0.1% year-on-year, down for the 15<sup>th</sup> month in a row: Interior Ministry**

According to the May household economy survey results released by the interior Ministry on June 30, 2017, average consumption expenditure for all households (households of 2 or more, excluding single-person households) was 283,056 yen, a real decrease of 0.1% year-on-year. It was the 15<sup>th</sup> month in a row of decreases, the longest continuous period since comparisons became possible (since 2001).

It is the longest-ever continuous period of real consumption expenditures being down year-on-year. However, since the amount of decrease is tending to grow smaller, the Interior Ministry altered their basic assessment to “despite the weak situation, signs of recovery can be seen”. Until now it was “the weak situation is continuing”.

Real income in May for wage-earning households was 421,497 yen per household, a real decrease of 1.7% year-on-year and down for the third month in a row. Nominally it was a 1.2% decrease.

May 2017 preliminary results of household economy survey (households of 2 people or more) below (in Japanese):

<http://www.stat.go.jp/data/kakei/sokuhou/tsuki/index.htm>