



Labor Update No.52 January 25, 2019

***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. Law/Policy**

(1) Aiming to prevent non-enrollment, Japan Finance Corporation and Okinawa Finance Corporation to make *Shakai Hoken* a condition for financing

The Japan Finance Corporation and the Okinawa Development Finance Corporation, whose main work is financing for small and mid-size businesses, will be making financing conditional on enrolling in social insurance (*Shakai Hoken*), including the pension (*Kosei Nenkin*), starting next fiscal year. The types of financing that this will apply to are the “Regional Revitalization and Employment Promotion Fund”, which promotes employment, and the “Work-Style Reform Promotion Support Fund”, which gives support for efforts to improve conditions for non-regular workers.

(2) MHLW releases pamphlet on “‘Equal Pay for Equal Work’ for Dispatch Workers”

The Ministry of Health, Labor and Welfare has released a pamphlet to explain the amendment to the Worker Dispatch Law (relating to “equal pay for equal work”) that will come into effect on April 1, 2020.

“Summary of the Heisei 30 [2018] Amendment to the Worker Dispatch Law--‘Equal Pay for Equal Work’” linked below (in Japanese):

<https://www.mhlw.go.jp/content/000465473.pdf>

(3) “200 hours a year” considered as overtime limit for doctors--MHLW

In regard to the upper limit on overtime, with penalties, that will be applied to hospital doctors starting in fiscal 2024, the Ministry of Health, Labor and Welfare has put together a proposal setting this at 1900-2000 hours a year for doctors working at certain specified medical institutions. They are considering making this a special exception lasting until 2035. This would mean granting approval to the long hours some doctors have been working, and it is unavoidable that objections will be raised.

(4) “Double work” on the rise: industrial-accident recognition at only one company may sharply reduce lost-wage benefits

Although more and more workers are “double-working” (working two jobs), under the current system, when one cannot work due to illness or injury, recognition and compensation for an industrial accident is granted only on the basis of the work situation at the workplace that was the cause. If pay or working hours are low at one of one’s jobs, this could sharply reduce the amount of lost-wage benefits, or even prevent one from getting industrial-accident recognition at all.

At an advisory committee to the MHLW, labor-side committee members are taking the position that “compensation should be given based on the added-together total of wages”.

(5) MHLW underpaid 19.73 million people a total of over 50 billion yen

On the issue of inadequate investigation by the MHLW of their “Monthly Labor Statistics”, the Ministry clarified on the 11<sup>th</sup> that the number of people affected by underpayment of unemployment benefits or workers’ compensation reached a total of 19.73 million, and the total amount of underpayment was 53,750,000,000 yen. Officials in charge were aware that the investigation of the statistics was inadequate, but did not share this information with the whole organization. All applicable persons who were underpaid will be paid the difference.

## **2. Legal Violations/Struggles**

(1) Insurance agencies deduct expenses from wages: former salespeople file suit one after another across the country

One after another, former canvassers (insurance salespeople) employed by insurance agencies are suing the companies, claiming their pay was unfairly low after large amounts were deducted from their salaries for expenses. A nationwide victims’ legal defense team is set to be formed soon.

The plaintiffs joined their companies with the condition that “base pay” would be several hundred thousand yen per month, but in fact were only paid a fraction of that. Also, they were forced to pay large amounts of expenses, such as being charged tens of thousands of yen for “information” each time the company introduced a customer to them who was considering a contract, whether they got a contract or not. The charges could total hundreds of thousands of yen in a month. Not only were they left with almost no pay in some months, but when their expenses were larger than their commission income, they were made to pay the difference out of pocket. Some were also charged for the employer-paid portion of their *Shakai Hoken* premiums.

(2) “No more pre-start greeting”: private high-school teachers strike

On the morning of January 8, twenty teachers at Seisoku Gakuen High School, a private school in Chiyoda Ward, Tokyo, carried out a strike to demand elimination of overlong work hours. The teachers refused to take part in greetings to the Chairman of the Board of Regents, which take place before 7:00 A.M. nearly every day, before the start

of work. They take the position that “the greeting ceremony is a waste of time, and should be abolished”. This strike was only for the early morning, and had no effect on lessons.

The start of work for teachers at the school is at 8:00, but in actuality greetings to the Chairman, for which they come to work before 7:00, are a long-time custom there, so teachers come in at about 6:30. They say they go into the Chairman’s office one at a time to give their greetings. If they do not give greetings, they receive a warning or a reprimand. Therefore, the union to which the teachers belong says “it is *de facto* working time, and a heavy burden”.

Also, their work hours last until late at night with club activities and so on, and although their hours are kept track of with timecards, the hours recorded are shorter than those actually worked, and only a part of the overtime is paid.

### **3. Situation/Statistics**

(1) Nearly 70% say they “intend to work even after 60”

The number of people saying they intend to still be working at or after 60 years old has gone up to nearly 70%, according to an NHK poll.

29% answered that they would “keep working as long as they still were able to”;

19% said “until about 65”;

14% said “until about 70”;

and nearly seven-tenths of people intended to keep working past 60.

When asked why they wanted to work, with multiple answers possible:

67% of respondents answered that they “want to make a living”;

52% said they “want money [they] can use freely”;

And 47% said “because [hey] can have something to live for”.

(2) Bus outsourcing: under the shadow of a driver shortage, withdrawals and reductions increasing; some cities in danger of red ink

Private outsourcing of public bus services is reaching a turning point. It was introduced in various places for the sake of cutting labor costs, but the transport industry is falling into a severe shortage of drivers. With demand increasing due to growing numbers of tourists from abroad, Kyoto City Buses--the first in Japan to use outsourcing--face an increasing trend of withdrawals from the business or reduction in service by companies. They will be in the red starting in the new fiscal year.

Reduction in private outsourced service is occurring in multiple places. Sendai City returned part of its bus service to direct management in fiscal 2016 and 2017.

The causes of this are the shortage of drivers and the drivers’ harsh working conditions.

(3) Number of public high schools to decrease by 130 in 10 years; consolidation of

schools even in cities

It has become clear that the number of prefectural public high schools is likely to decrease by 130 over the next ten years. There are high-school reorganization plans in 35 prefectures; consolidation and mergers of schools, which has been ongoing in regions especially affected by the declining birthrate, will go forward even in urban areas in such places as Kanagawa and Saitama prefectures. This will include traditional schools as well. Some schools, in order to bring out some uniqueness on the occasion of reorganizing, are planning to turn away from offering a general course.

According to prefectural Boards of Education, there are 35 prefectures that have reorganization plans, 25 of which have indicated a concrete number of schools to be reduced. The number of full-time high schools (regular schools), which was 3,165 in the 2018 school year, will decrease by 130 by the 2028 school year, returning to the level of the mid-1970s.

The greatest decrease will be seen in Kanagawa Prefecture, which will lose 20-30 prefectural schools (or about 20% of its total number).

(4) Japan's rate of taking paid leave the lowest in the world for the third year in a row: strong sense of guilt for taking a break

Japan is the most difficult country in the world in which to take paid leave: among 19 countries and regions in the Americas, Europe, Asia, etc., Japan's rate of people taking their paid leave was the lowest at 50%. Also, there is a strong sense of guilt at taking leave, according to the results of a recently-released survey. This is the third year in a row that Japan has ranked lowest.

The rate of people taking paid leave was 100% in Brazil, France, Spain, Germany and others. Japan's rate of 50% was particularly low even when compared with the second-lowest, Australia, which had 70%.

"Rate of taking paid leave lowest in the world for three years in a row! International Comparative Survey on Paid Leave 2018" linked below (in Japanese):

<https://welope.expedia.co.jp/infographics/holiday-deprivation2018/>

(5) With children of foreign nationality exempt from compulsory education, the number of those whose attendance at school is unknown is 16,000

There are approximately 16,000 children of foreign nationality, of elementary or junior-high school age and registered as resident in Japan--about 20% of the total number of such children--whose attendance at school or not is unknown. This number has come to light through an investigation in 100 municipalities across the country. It is believed there may be some cases in which they have returned to their home countries. But since it is not compulsory for children of foreign nationality to attend school, many municipalities do not even keep track of their attendance, and there is a possibility that many children may be failing to receive education.

(6) Nittsu to raise non-regular employees' wages, make them the same level as those of regular staff

Nippon Tsuun (Nittsu) has finalized plans to raise non-regular employees' wages, starting in April of 2019, to match the level of regular employees who work under the same conditions.

Nittsu's employees number approximately forty thousand. There are about 11,000 regulars who can be transferred anywhere in the country (general staff), another 16,000 regular employees who do not get transferred (area staff), and the rest are non-regular employees on limited-term contracts. The several thousand of these who work full-time will be switched to the same pay scale as area staff, raising their pay.

According to Nittsu, while the burden of labor costs will go up in April due to the raise in non-regular staff pay, on the other hand the structure of pay raises by seniority will be revised, though it is unclear whether the total labor costs can be kept the same into the future. If this total cannot be maintained, there is a chance that there may be less money for regular employees.

(7) 40% of small and medium businesses unaware of limits on overtime: JCCI survey result

Regarding the maximum limits on overtime work included in the Work-Style Reform Act that is to come into effect in April 2019, a survey released by the Japan Chamber of Commerce and Industry (JCCI) has made it clear that about 40% of small and mid-size companies said they did not know of these limits. Regarding "Equal Pay for Equal Work", which aims to eliminate disparities in treatment between regular and non-regular workers, nearly half answered that they did not know.

"Aggregate results of Japan Chamber of Commerce and Industry/Tokyo Chamber of Commerce and Industry 'Survey of the State of Preparation for the Work-Style Reform Act'" linked below (in Japanese):

<https://www.jcci.or.jp/20190109%20for%20press.pdf>

(8) One after another, various places move to accept sexual diversity

Regarding the "partnership system" which is to grant recognition to sexual-minority (LGBT) couples as "partners" equivalent to marriage, the mayor of Oizumi Town, Gumma Prefecture, has announced it will be introduced in January. This is the first such system in a town or village. It is also the first within Gumma Prefecture.

Naha Senior High School, starting in the third term, will introduce a school uniform choice system, in which students can freely choose skirt or trousers regardless of their sex. Consideration for sexual minorities, including LGBT, is given as a reason, along with convenience. This will be the second high school in Okinawa to adopt a uniform choice system.

In regard to the "sex" field on application forms for public high schools, not only have

Osaka and Fukuoka Prefectures decided to abolish this beginning with the spring 2019 entrance exam, but fourteen other prefectures including Kanagawa and Kumamoto are now known to be considering doing the same starting in spring 2020 or thereafter. They cite as a reason consideration for sexual minorities such as those who are transgender, and feel discomfort with their gender.

Chiba City has announced they will institute a system where common-law couples can also have a certificate issued to them as “partners”. It is the first municipality in the country to have a “partnership system” not only for same-sex couples, but applying to opposite-sex couples as well. The system will begin operating on January 29.

Dentsu has released a survey result showing that a full 8.9 percent of people believe themselves to be sexual-minority (LGBT). This figure is an increase from the 2015 survey, which had 7.6%. The company’s analysis is that “the increase in information and progress in understanding relating to LGBT people is behind the increase”.