



Labor Update No.4 March, 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.

Labor Update No.4

As of March 10, 2017

1. National household spending continues to decrease

On March 3, 2017, the Ministry of Internal Affairs and Communications published their “January 2017 Family Income and Expenditure Survey (Report)”.

According to this, expenditure by households of two or more people was 273,249 yen, which is a decrease in real terms of 1.2% compared to the same month of last year. After correcting for the effect of the leap year, this means it has decreased for 17 months in a row.

Details are in the link below (in Japanese).

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

2. Ministry of Health, Labor and Welfare review committee’s secretariat presents a concrete proposal for a “system of monetary settlement for dismissal”

At a conference on March 3 held by the “Review Committee on Transparent and Fair Resolution Systems for Labor Disputes, Etc.”, which was established in October of 2015, the committee secretariat for the first time presented a concrete proposal for a “system of monetary settlement for dismissal”. This means giving an employee who has been fired a right to seek a financial settlement. It will set two choices in front of a dismissed worker: to seek a return to work, or to say “I don’t want to return to work. Give me the money”.

Concrete discussion has only just started, but some have even expressed the opinion that “companies, too, should be granted the right to request a monetary settlement”.

For reference, see the link below (in Japanese).

<http://www.mhlw.go.jp/stf/shingi2/0000153723.html>

3. Irregular employees of local municipalities become “Fiscal Yearly-Appointed Officers”. Bonus payment made clear

“A Bill to Amend Parts of the Local Public Service Act and Local Autonomy Act” was approved by the Cabinet on the 7th and presented to the Diet.

This would make irregular public employees working for all municipalities nationwide into “Fiscal Yearly-Appointed Officers” based on a unified law.

The main points of the bill are as follows:

- (1) contracts will be for one year. Renewal is possible, but automatic renewal like a *de facto* unlimited-term contract is not, nor are multiple-year contracts.
- (2) Those who work exactly the same number of hours as regular employees will be considered “full-time”, those working even slightly shorter hours will be “part-time”.
- (3) Full-timers will be given benefits/allowances, a year-end bonus, and retirement pay. Part-timers will be paid a year-end bonus.
- (4) There will be no change to annual paid leave or special leave.
- (5) Fiscal Yearly-Appointed Officers will fall under the Act on Childcare Leave, etc., of Local Public Officers, so they will be guaranteed the right to take childcare leave.

The government aims to have this take effect on April 1, 2020.

From the perspective of “equal pay for equal work”, some parts of this are a step forward, others a delay, others even may invite a step backward.

Details and resources in the links below (in Japanese).

http://www.soumu.go.jp/menu_hourei/k_houan.html

http://www.soumu.go.jp/main_sosiki/kenkyu/chihoukoumuin_ninyou/index.html

4. Legislating companies’ duty of explanation regarding the gap between regular and irregular employees: the government’s policy

In line with the principle of “equal pay for equal work”, in order to impose a duty of explanation on companies regarding the gap between regular and irregular employees, the government says they are aiming to propose modifications to the relevant laws to the current session of the Diet.

5. Companies’ internal reserves higher than ever; labor share still at low levels

According to the Financial Statement Statistics of Corporations by Industry, published by the Finance Ministry on March 1, companies' internal reserves (money they keep stockpiled) as of the end of 2016 totaled 375 trillion yen, the highest ever. On the other hand, the labor share (the percentage of added value accounted for by labor costs) was 43.7%, the lowest it has ever been.

This shows that there are reasons for demanding higher pay, and that companies have the money to afford it.

6. Regulatory Reform Promotion Council suggestion to the government: privately outsource the work of Labor Standards Inspectors

The government's Regulatory Reform Promotion Council claims that "the Labor Standards Inspection Office must strengthen their monitoring of working hours. Therefore, Labor Standards Inspectors' workload will increase. To deal with this, we would like to outsource part of the Labor Standards Inspectors' work to private licensed social insurance consultants."

Labor Standards Inspectors wield strong public authority, including even the power of arrest.

And their numbers are just a little over 60% of ILO standards.

Therefore, the logical conclusion should be to increase the number of Labor Standards Inspectors, who are public officials.

Why should this be outsourced privately?