

Section 3 Children and Childrearing Support System [Special Edition]

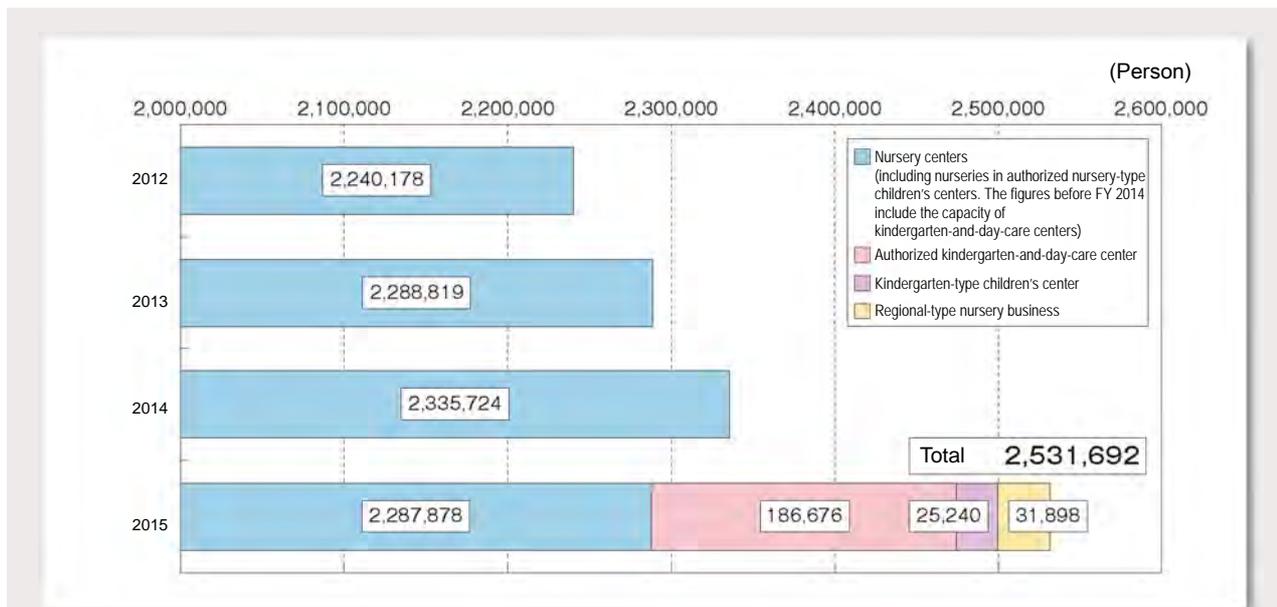
1. Implementation status of the children and childrearing support system

The Comprehensive Support System for Children and Child-rearing (hereinafter referred to as “New System”) enforced in April 2015, aims to create society in which every child can grow up in good health, by comprehensively promoting school education and daycare in every region to support children and childrearing, and by improving them quantitatively and qualitatively.

Situation in 2015

As for quantitative expansion, it has been decided that each municipality, i.e., the implementing body of the new system, shall make a plan (hereinafter referred to as “Project Plan”) for supporting children and childrearing, based on the regional daycare demand, including potential needs, and shall carry out the plan. To secure daycare facilities, each municipality is expanding the quota based on the newly established regional-type daycare project, and streamlining nurseries and authorized children’s centers. As of April 2015, all nurseries, including kindergarten-type children’s centers and regional-type nurseries, can hold about 2.53 million children (increased by about 196,000 compared with the previous year). (Fig. 1-2-9)

Fig. 1-2-9 Transition of Nurseries’ Capacity to Hold Children



Source: Cabinet Office

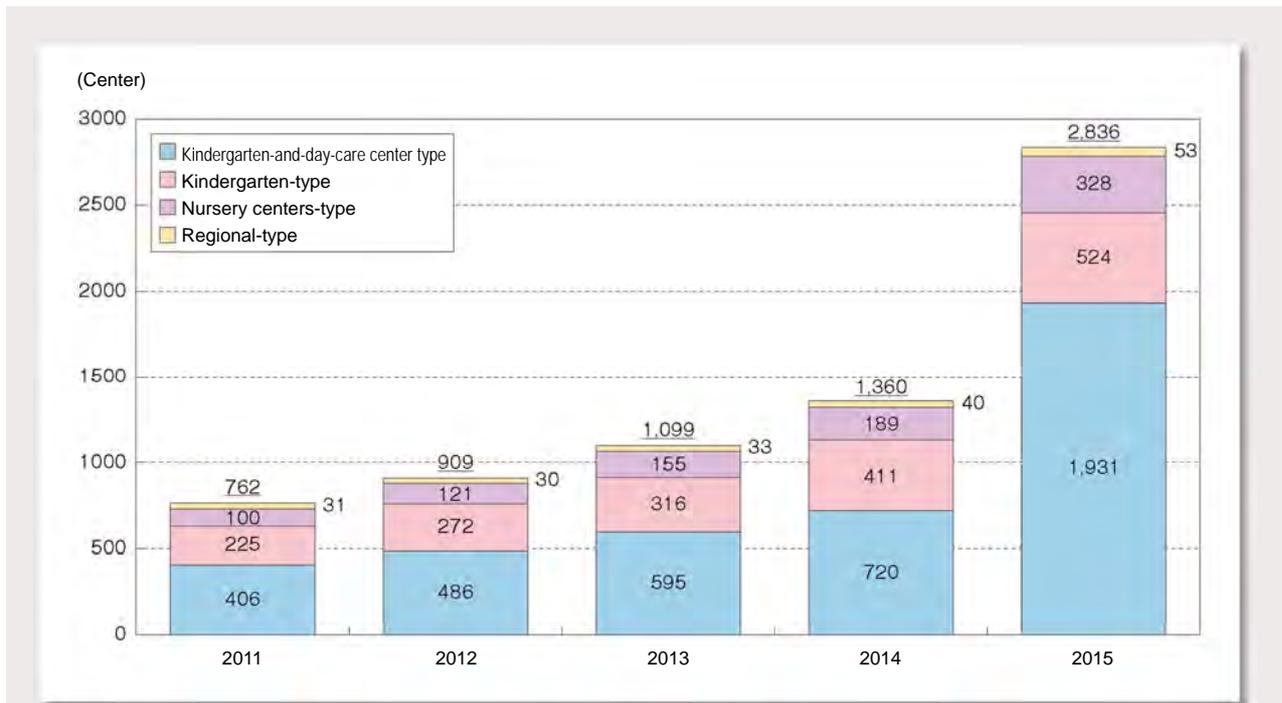
Note 1: The figure of each year shows the capacity as of April 1st.

Note 2: The figure for April 2015 includes the capacities of nurseries (including nurseries out of the authorized nursery-type children’s centers), authorized kindergarten-and-day-care centers, authorized kindergarten-type children’s centers, and regional-type nursery business, all of which are subsidized by the new system.

The figures before April 2014 show the capacity of nurseries (including nurseries out of the authorized nursery-type children’s centers, and kindergarten-and-day-care centers), for which operating costs are subsidized.

The system of authorized children’s centers has been improved in light of the new system. As of April 2015, the number of authorized children’s centers is 2,836, increased from 1,360 compared with that of April 2014. (Fig. 1-2-10)

Fig. 1-2-10 Transition of the Number of Authorized Children's Centers



Source: Cabinet Office
 Note: The figures are those as of April 1 of each year.

As of April 2015, the number of newly established regional-type daycare facilities is 2,740 around Japan, consisting of 1,655 small-scale, 931 family-type, 150 company-site, and 4 home-visit-type daycare facilities. (Fig. 1-2-11)

Fig. 1-2-11 The Number of Regional-type Daycare Facilities

(As of April 1, 2015)

	Total	(Classification)			
		Family-style day-care services	Small-scale childcare services (Note)	Home-visit childcare services	Childcare within institution services
Number of regional-type daycare facilities	2,740	931	1,655	4	150

Source: Cabinet Office

Note: Small-scale daycare facilities are classified into following three types. The figure in the parenthesis is the number of each type.

- Type A (962): Similar to branch nurseries or small-scale nurseries (all employees are nursery staff)
- Type B (572): Middle of type A and type C (more than half the employees are nursery staff, and employees other than nursery staff must take training)
- Type C (121): Similar to family-type nurseries (one trained employee must be allocated per three children; and two trained employees with an assistant must be allocated per five children.)

Quality improvement has been made in the following fields: employees working conditions in private kindergartens, nurseries, and authorized children's centers (+3%); allocation of employees to children aged three (from 20:1 to 15:1); allocation of employees corresponding to the standard daycare-hour certification; opportunities of taking training; the system of small-scale daycare; handling of depreciation costs and rents; after-school children's clubs; care of sick or convalescent children; user support programs, etc.

Quantitative expansion and qualitative improvement

To improve qualitative and quantitative supports for pre-school children’s education, nursing, and childrearing, about one trillion yen will be needed, including about 0.7 trillion yen secured by raising a consumption tax to 10%, therefore the government is required to make maximum efforts to secure additional 0.3 trillion yen.

Out of the fund of about 0.7 trillion yen financed by raising a consumption tax, about 0.4 trillion yen will be used for securing daycare facilities to accelerate the wait-listed children reducing plan, and for “quantitative expansion” to improve regional childrearing support bases, after-school children’s clubs, social care, etc.; and the remaining about 0.3 trillion yen will be used for “qualitative improvement.” If about one trillion yen or more (a necessary amount for FY 2017) is secured including a consumption tax, the additional some 0.3 trillion yen will be used for “qualitative improvement”.

In the 2015 and 2016 budgets, the initially scheduled increase to 10% consumption tax was shelved. However, children and childrearing supports are considered to be prioritized to improve social security. Therefore, necessary budgets were allocated, in order to implement all items for “quantitative expansion” and “qualitative improvement” that had been scheduled by using about 0.7 trillion yen obtained from a consumption tax raise to 10%. (Fig. 1-2-12)

Fig. 1-2-12

Items for “quantitative expansion” and “qualitative improvement” to be implemented in FY 2016

○ The items to be implemented for “qualitative improvement” within a range of 0.7 trillion yen are also implemented in FY 2016.

	Quantitative expansion	Qualitative improvement
Required amount	371.9 billion yen	222.0 billion yen
Major contents	<ul style="list-style-type: none"> ● Quantitative expansion of certified children’s facilities, kindergartens, and regional nurseries Promotion of the accelerated plan to eliminate wait-listed children ● Quantitative expansion of regional children and childcare support services (regional childcare support bases, temporary care-giving services, after-school children’s clubs, etc.) ● Quantitative expansion of social care 	<ul style="list-style-type: none"> ○ Improvement of staff allocation for 3-year children (20:1→15:1) ○ Staff of private nursing centers, nurseries, and certified children centers Improvement of salary (3%) ○ Improvement of employee allocation for the standard daycare-hour certification ○ Increase in training opportunities ○ Strengthens the systems of small-scale nurseries ○ Subsidies for depreciation, rent, etc. ○ Improvement of after-school children’s clubs ○ Improvement of care for sick or convalescent children ○ Promotion of user support services ○ Improvement of staff allocation criteria in orphanages (From 5.5:1 to 4:1, etc.) ○ Promotion of homelike childcare environment of orphanage ○ Improvement of salaries of private orphanage staff (3%)

Quantitative & qualitative improvement: Total 593.9 billion yen

○ Because the fund of “one trillion yen or more” is needed to realize “quantitative expansion” and “qualitative improvement,” the government is required to do maximum efforts to secure a source of revenue.

Source: Cabinet Office

Major items to be implemented in the future by securing the fund of 0.3 trillion yen or more, including other revenues than a consumption tax, include: improvements of employees working conditions to +5%; allocation of employees to children aged one (from 6:1 to 5:1); and allocation of employees to children aged 4 and 5 (from 30:1 to 25:1), etc.

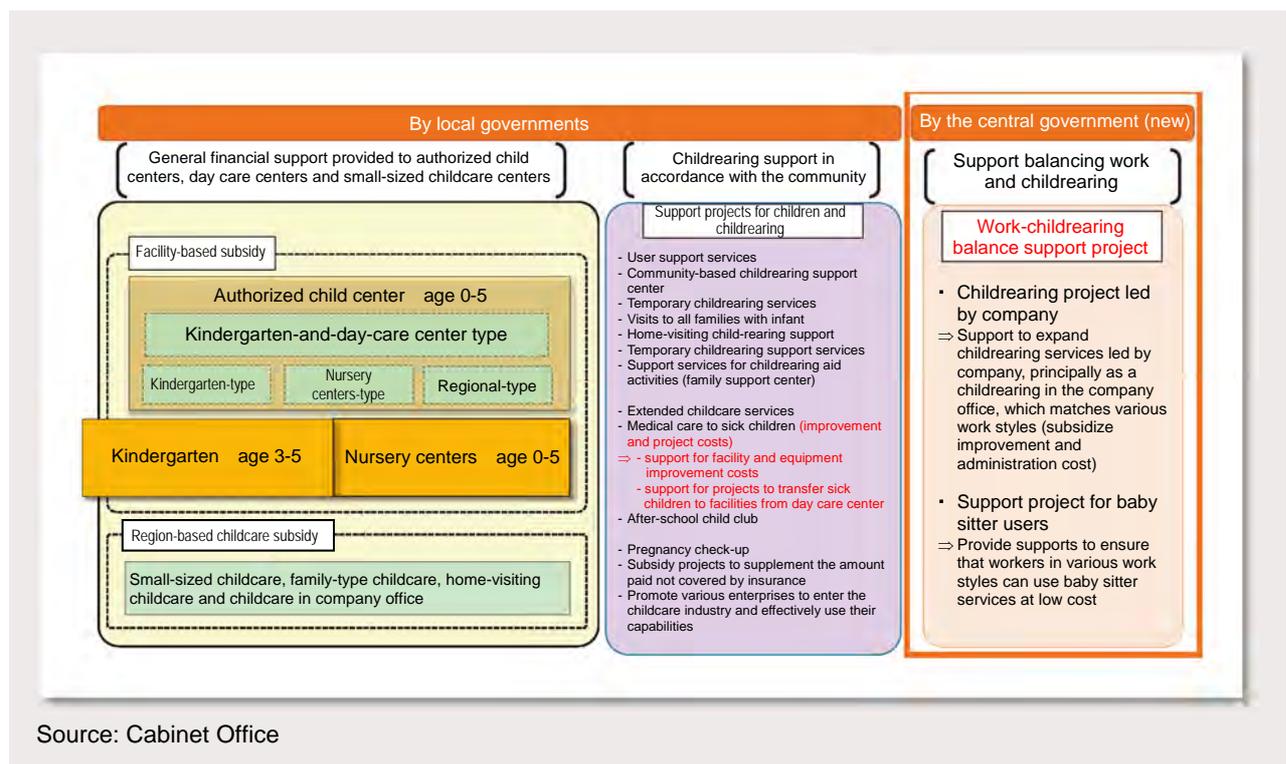
Government efforts toward smooth operation of the system

In FY 2015, to smoothly operate the system, the government carried out PRs and enlightenment activity, as well as information and opinion exchanges about operational issues faced by each municipality, by dispatching officers of Cabinet Office, MEXT and MHLW to each municipality.

It is also important to effectively promote the measures for children and childrearing supports in municipalities, i.e. the implementation bodies of the new system, and to continuously check, evaluate and review their project plans. Therefore, the government collected case studies of local versions of active children and childrearing efforts and meetings, and summarized them as a collection of cases and distributed to municipalities for reference.

Furthermore, in the 190th Diet, an “Amendment of part of the Children and Childrearing Act”, which includes the initiation of a new work-childrearing balance support project, was enacted and enforced from 2016 (for details, refer to “2. Amendment of Children and Childrearing Support Act”). (Fig. 1-2-13)

Fig. 1-2-13 Outline of the Comprehensive Support System for Children and Child-rearing (April 2016)



Source: Cabinet Office

2. Amendment of Children and Childrearing Support Act – Establishment of the work-childrearing balance support project –

Background of amendment

The government was tackling the wait-listed children reducing plan by aiming to secure daycare facilities that can accommodate 0.4 million children between 2013 and 2017. However, with a progress of the employment rate of women aged 25 to 44 in mind, the government decided to secure facilities for 0.5 million children.

In addition to the conventional children and childrearing support, it is also needed to support a work-childrearing balance corresponding to various ways of working of short-time non-regular employees as well as night and holiday workers.

To improve the children and childrearing support system in light of such situations, the government prepared on February 9, 2016 a bill for amending part of the Children and Childrearing Support Act and submitted to the Diet.co

The bill was revised in the Lower House to read, “The government shall take measures, while securing necessary funds, for improvement of working conditions of kindergarten teachers, nursery staff, and those working for the services for sound upbringing of after-school children, and also, measures for recruiting human resources who are engaged in education and nursing for children and childrearing supports.” The bill was approved and enacted in the Upper House plenary session on March 31, 2016, and enforced from April 1 of the same year (Act No. 22 of 2007).

The detailed amendment of part of the Children and Childrearing Support Act is as follows: (Figs. 1-2-14, 1-2-15)

Fig. 1-2-14

Outline of Amendment of part of the Children and Childrearing Support Act

○ Raise the employers' contribution rate to realize the “Dream-weaving Childcare Support (the second arrow)” in a Society in Which All Citizens are Dynamically Engaged.

- The government plans to raise the target number of childrearing facilities to be completed by the end of FY 2017 based on the acceleration plan for reducing wait-listed children, increasing the target capacity to 500,000 children from 400,000.
- In the light of the plan, it will prepare projects to provide subsidies and assistance to those who establish a facility and others which aim to function as childrearing facility in company office, while conducting measures to raise the upper limit of the rate of contribution which general employers pay.
- Therefore, it will expand the employer contribution system to improve the system to provide childrearing support including securing facilities for up to 50,000 children.

[Outline]

1. Establish the work-childrearing balance support project

- Establish a project to provide subsidies and assistance to those who establish a facility and others which aim to function as childrearing facility in company office (work-childrearing balance support project)
Note) The work-childrearing balance support project will be implemented by collecting opinions from business associations all over Japan.

2. Raise of the employers' contribution rate and others

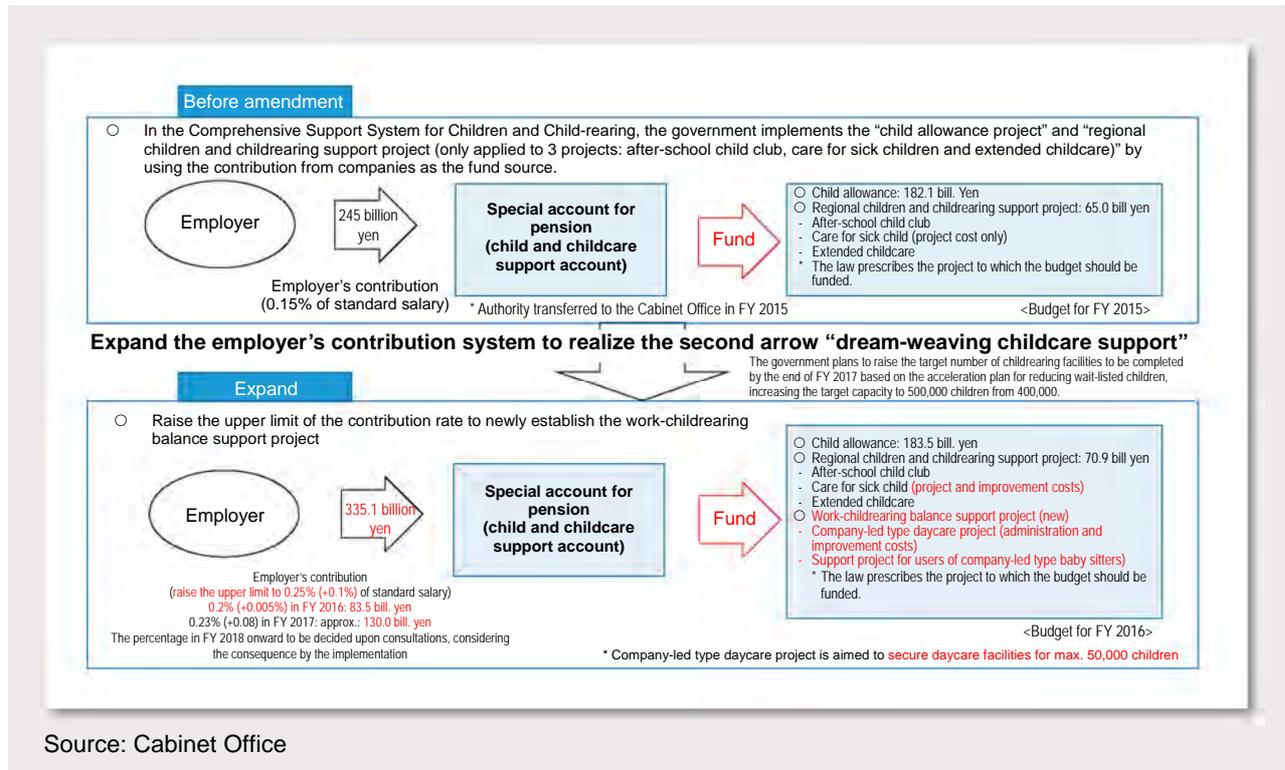
- Include the work-childrearing balance support project to the projects to which general employers (employer's contribution) are required to pay the contribution.
Note) Currently, the contribution is paid together with the premium of employee pension as the resources for after-school child club, care for sick children and extended childcare in the child allowance project and the regional children and childrearing support project;.
- Raise the upper limit of the employer's contribution rate to up to 2.5 / 1,000 from up to 1.5 / 1,000
* In addition, the government will partially amend the Act on Special Accounts (Act No. 23 of 2007) (add the work-childrearing balance support project to the projects covered by child and childrearing support account in the special budget for pension).

[The date of enforcement] April 1, 2016

Source: Cabinet Office

Fig. 1-2-15

The Comprehensive Support System for Children and Child-rearing and Contributions by Employers



Establishment of the work-childrearing balance support project

To improve the children and childrearing support system for facilitating a work-childrearing balance, the government decided that it shall be able to provide subsidies and assistance for owners of company-site daycare business for this purpose, and that nationwide business associations can submit opinions to the Prime Minister about the work-childrearing balance support project.

The government also decided that the work-childrearing balance support business shall be company-led type daycare and company-led type babysitter-user support.

Raise of the employers' contribution rate

The government decided that the work-childrearing balance support business shall be added to the businesses that are carried out with the contributions collected from employers, and that the upper limit of the contribution rate shall be raised to 2.5/1,000.

The 2016 contribution rate is 2/1,000. And it has been decided that the fund obtained from the increased contribution rate shall be used for: the work-childrearing balance support project; expansion of the sick child care project under the regional children and childrearing support project; supplementary fees for newly improved facilities; and recruitment of nurses who will take care, pick up and drop off of sick children.

Company-led type daycare project

The company-led type daycare project is aimed to expand childcare service corresponding to various work styles, reduce wait-listed children, and facilitate work-childrearing balance. (Fig. 1-2-16)

This project is aimed to secure daycare facilities for max. 50,000 children, and has features of 1) providing daycare service corresponding to various work styles, including 2-day work per week, 2) enabling a shared use of the facilities by multiple companies, and 3) implementing diversified childcare, such as extended/night/holiday childcare.

For the company-led type, it is stipulated that subsidies shall be provided for facilities' streamlining and operating costs at the same level as for authorized facilities. This will make easy for small companies to participate in such business.

Furthermore, it is stipulated that the nursing quality shall be raised by properly allocating nursery staff, by referring to the criteria of the regional-type daycare project (company-site daycare and small-scale daycare projects).

Fig. 1-2-16 Company-led Type Daycare Project

Source: Cabinet Office

Company-led type babysitter user support project

This project is aimed to facilitate a work-childrearing balance for workers with various working styles. If such a worker use the babysitter dispatching service, all or part of fees will be subsidized. It has been decided that training and enlightenment activities shall be carried out for the quality improvement of babysitters and babysitter service employers, in order to urge families with diversified working hours to use babysitter dispatching services.

In 2016, the subsidy for babysitter use fees will be 2,200 yen for one child per family (it will be 9,000 yen for two children and 18,000 yen for three or more children). The share of burden by large companies will be 10% while small and medium-sized companies' will be 5%, thus making easy for small and medium-sized companies to use the system.

PRs of the work-childrearing balance support project and its implementation

The work-childrearing balance support project is intended to improve the children and childrearing support system, by securing daycare facilities for about 50,000 children and by providing diversified daycare services corresponding to diversified work styles. To reduce wait-listed children promptly, PRs of the system is being made for early enforcement.