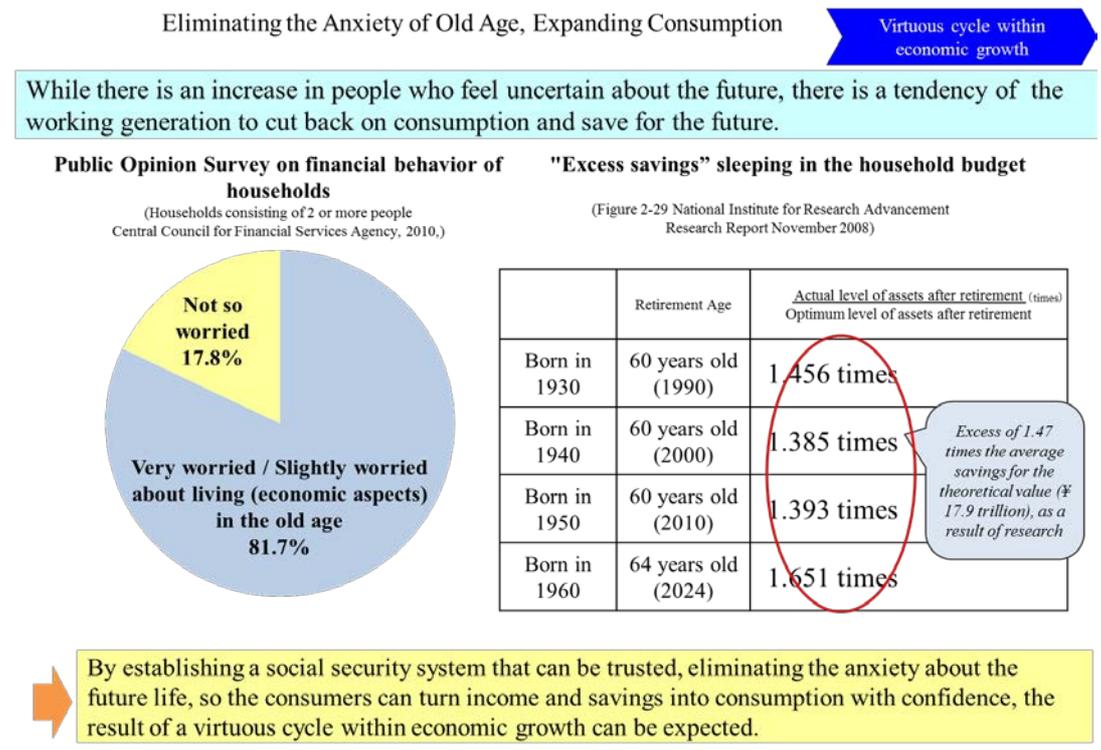


budget deficit and debt, and pressure on corporate financing and capital investment, reduce impediments to growth, such as inhibition of household consumption through the fear of the future, such as social security, it possible to carry out economic activities and consumption people with confidence, mean that lay the foundation for new growth. Society should aim at such social security reform, where including institutional childbirth and childcare and can select neutral social life and ways of working and with good quality relationship of children with society and family, such as growing up in a stable environment.

Figure 1-1-3: Relation between the Anxiety of Old Age and Consumption



Source: "About comprehensive reform of tax and social security" (extract) (the Chief Cabinet Secretary)

Section 3 Overview of the ‘New System for Children and Childcare’

Children are the hope of the society, as they are the power to make the future, the realization of a society where it is possible to give birth and take care of children with a feeling of security is one of the most important issues that must be addressed in the Japanese society as a whole. Currently, the reality of the environment surrounding children and childcare is severe, due to the weakening of the centralized family and community ties, and families, which have learned about the feeling of isolation and anxiety in child-rearing are not few. In addition, since there are some regions where there are a lot of waiting children, considering the current situation of full-scale depopulating society, by uniting the national and regional efforts we must continue to strengthen support to the Children and Childcare.

To ensure a good growth environment to all children, and in order to support the children and child-caring families throughout society, including integrated juvenile protection, the construction of a new mechanism to centralize the children and child-rearing related support systems and funding, and integral provision on quality school education and childcare, and quantitative expansion of childcare, are required to achieve substantial rearing support in households.

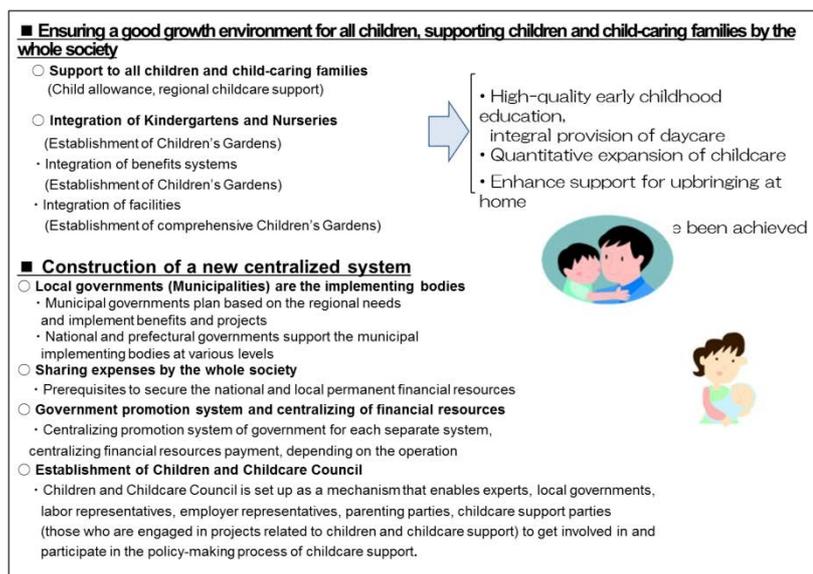
Under these circumstances, as a system related to children and child-rearing support centralizing funding and provisions, with the municipalities (local governments) as the implementing bodies of the system, and national and prefectural governments as the centralizing system to support the implementation of the multilayered system, a ‘new system for children and child-rearing’, (hereinafter referred to as the ‘new system’) is intended to be built.

In order to strengthen the social security in the first half of life, the new system is intended to become the pillar of the Integrated Reform of Social Security and Taxes, based on the changes in social conditions, such as aging population, for the current social security system, ‘Supporting Children and Childcare’ such as enhancing the nature of an investment in the future and in the center, which aims to ‘support all generations’ type reform of the social security system.

Overview of the new system to be formulated based on the bill submitted to the 2012 yearly ordinary session of the Diet is as follows:

Figure 1-1-4:

The specific content of the New System for Children and Childcare (Points)



1 About the roles of municipalities, prefectures, and country

Municipalities are responsible parties for the implementation of the new system. Therefore, the municipalities, upon understanding the needs related to the children and childcare in the area, including the potential needs, the expected amount of demand and business provisions of the new system in the organization, which incorporated the contents and timing of the implementation, to ensure the system provides the development of the 'Municipalities Assistance for Children and Childcare Project Plan', based on the plan it is possible to implement the project-provisions.

Prefectures formulated the 'Plan Support Business Support Children and Childcare prefecture', as a regional municipalities, so that the provisions of the new system and business is well managed, carried out with the necessary advice and assistance, among the measures to support children and childcare, particularly for measures that are highly specialized and measures needed to be addressed in a wide area.

In addition, in formulating the Municipalities Assistance Plan for Childcare Support Services for Children and the State Assistance Plan for Children and Childcare Support Services, as a mechanism of participation of the parties concerned, the collegial body to take necessary measures to reflect the opinions of the parties responsible for children and parenting support, is established.

In the national institutional design of the new system, necessary measures are taken to provide the municipal subsidies with the 'Basic Guidelines', instructions so that the provisions of the new system and projects are sound and effective.

2. Provisions Plan

Provisions and businesses of the new system are carried out by the municipalities, and as follows:

(Children, childcare support provisions)

- Children's facilities provisions ... Provisions for users of the designated children facilities (Facilities that meet objective criteria: general child-gardens, kindergartens, nurseries)
- Local childcare provisions ... Provisions for users of the local type designated children daycare facilities (Small-scale childcare centers, family daycare centers, etc.)
- Childcare allowances

(Regional Support Services for Children and Childcare)

- Local childcare support businesses and offices, temporary keeping centers, home-visiting for all homes with infants and other businesses (the range of the target businesses is designated by law)
- Extended daycare centers, daycare centers for sick and recovering children
- After school children clubs
- Prenatal checkups

3. Integrated child-protection

1) Basic concepts

In the new system, in order to realize a society, where all children can be reared healthily, while hopes of marriage, childbirth, and childcare come true, it is decided to promote the following three points for the purpose of integrated child-protection:

1. Integrally providing high-quality early childhood education and childcare,

2. Quantitative expansion of childcare,
3. Substantial rearing support for households,

More specifically, the following provision system integration and the facility integration will be performed.

(1) Integration of the provision system

- Starting with the demand for school education and childcare in the region, the municipalities will project the demand in accordance with the Children and Parenting and develop the Municipal Plan for Children and Childcare Support Services to ensure the provisional system and strategically maintain the school education and daycare in the region.
- Introduction of a specified system is aiming to be the subject of public fiscal measures specified for the line of facilities and businesses that meet the objective criteria for ensuring the quality, facilitating the entry of various business entities into the nursery business for quality ensuring quantitative expansion of childcare.
- Creation of integrated kindergarten benefits pertaining to the nursery-school education, in order to ensure fairness and eliminate redundant administrative concerning financial measures related to school education and childcare.

(2) Integration of the facilities

- Creation of comprehensive childcare centers is to provide assistance in an integrated manner for school education and childcare, as well as for home upbringing.

2) Introduction of the specified system

The new system introduces a specified system, which requires the objective criteria to be satisfactory in order to ensure the quality, admitting the entrance to all facilities, including those outside approval, admitting the entry of corporations, NPOs, and other various business entities. As a result, while striving for quantitative expansion of childcare, and creating a mechanism that allows selecting a variety of facilities and projects from the menu that was confirmed by the municipalities to ensure the quality in advance to meet the needs of the users. For specifications, the objective criteria will be established on the basis of criteria of the current kindergartens and nurseries, such as standards, location, working staff level, and etc., and ensuring transparency if adapted, by specifying the standards as a general rule.

Although the basic management is continued for business facilities, in cases when a child's withdrawal is unavoidable, performing prior notification of refusal specified by providing a notice period of more than three months, is used. Other facilities and that the obligation imposed on operator adjustment facilities for childcare to be provided on an ongoing basis in the required education. In addition, from the viewpoint of ensuring quality, specified updates will be performed every five years.

In the designation system, for facilities that meet the specified criteria, although everything is specified, such as when the supply exceeds the amount expected demand in the Childcare Support Services for Children Plan and the municipality where the municipality has developed has been made, the number of facilities and excessive the mechanism can be made if it does not specified new or updating.

3) Creating childcare center provisions

The facilities that meet the objective criteria, such as general childcare centers, kindergartens, nursery schools, and other facilities that can be designated as childcare centers, are subject to the combined childcare center provisions pertaining to school

education and childcare. Criteria for designation of childcare centers are based on the criteria established by the government and established by the specified authority of the municipalities.

The configurations of childcare center provisions are as follows:

- Childcare provisions of time corresponding to the equal standard according to the working hours or education hours of the guardians for infants over the age of three
- Aiming for the provisions of corresponding childcare, according to the working hours of parents of children under the age of three, ensuring and enhancing the quality of school education.

In order to ensure the provision on necessary ensuring and enhancing quality level of school education and childcare to every child, the official price is set. The specific configuration of the official price is examined by the enforcement of the scheme.

4) Creation of Regional Type Childcare Provisions

In addition to childcare center provisions aiming for users of childcare centers, by setting the following childcare operations as the local type childcare businesses, aiming for the local type childcare provisions to these users, the users can select one from a wide variety of facilities and operations.

- Small-scale childcare (Number of users more than 6 and less than 19 people)
- Family-type childcare (Number of users less than 5 people)
- Home-visit type childcare
- Business establishments childcare (In addition to providing day care for children of the employees, these establishments also provide childcare for children that require childcare in the area)

Given that the majority of waiting children on the waiting list are children under the age of three, and are also concentrated in urban areas, with the aim to eliminate the waiting lists for childcare, it is possible to respond to the diverse needs of the regions by expanding quantitatively small, which is also in the general municipal by featuring clubs for after school activities for children, parenting support regional offices, and temporary keeping. Also, in areas with a population decline, such as rural areas, the government will lead to maintain a secure base for parenting support in the local community.

5) Creation of comprehensive childcare centers

As the integration of integrated protection of facilities for children, comprehensive childcare centers that provided integration of school education and childcare with the family upbringing support need to be established. Granted the legal orientation of schools and child welfare facilities for the comprehensive childcare centers, by applying the criterion that combines the criteria as a school (classroom teachers system, area basis) and the criteria as a child welfare facility (implemented staffing levels, school lunch), as well as guaranteeing the quality school education and childcare, for its specific institutional design are based on the level of quality that is required for both the current system of nurseries and kindergartens.

Also, the "Guidelines for Children's Childcare Facilities," for comprehensive guidance and assistance in the facilities is to be set.

Comprehensive childcare centers are:

1. Obligated to accept children over 3 years old, to guarantee the standard schooling education time to all children. In addition to ensuring the school education to children who need childcare, the centers should also guarantee childcare in accordance to the working hours of parents.

2. For children under 3 years old that require childcare, guarantee childcare in accordance to the working hours of parents or guardian. In addition, the acceptance of children under the age of three is not obligatory, but depends on three integration of fiscal measures, including the acceptance of children under the age of three, to promote the transition to a comprehensive childcare center, such as kindergarten and nursery.

For the current daycare centers (Except the so-called baby nursery centers daycare for children under 3 years old only), to ensure the school education for all children from the viewpoint of preschool children, they will be transitted into a kindergarten after a certain period of time all comprehensive enforcement is implemented.

6) Administrative using procedures

For the basis of individual benefits to the guardians, devoted to the costs required for to ensure the nursery-school education, for the benefit garden children, we create a mechanism that enables the receipt of statutory representation paid to operation facilities from the municipality.

In addition, from the perspective of security of childcare without exception, and the mechanism by which the municipalities recognize the need for childcare users, based on objective criteria established by the country is created.

For any of the children who do not receive information about the contract, and the children who received a certification of the need for childcare under the involvement of the municipality, and the contract public guardians to choose the facilities themselves, parents contract with facility but unless there is a valid reason, public contracts impose an obligation on the facility compliance.

If there are more applicants than the fixed number, a selection of the facility will be required, the selection shall be made based on the selection criteria established by the government. Note that, the selection for children that do not receive certification of the need for childcare is basically based on the selection criteria (selection method) established by the establisher of the institution.

The new system will be based on a subscription to use the facilities and businesses selected by the parents, so that the use of municipal involvement is carried out smoothly. And that the municipality to organize the information of the business facilities in the pipe, provide information widely at home raising children, to consult with, perform the necessary advice, in particular, the special children in need of protection, such as children with disabilities adjusted utilization municipalities, in cooperation with relevant organizations, in the case of use by the (auxiliary of the contract by the municipality, and the facilities available) need help children, mediation is deemed necessary, the available in addition to the operator's conduct mediation facilities and if necessary, the use by a child can be requested by the facilities and businesses.

Municipalities, which prerequisite the system that promotes strong efforts to eliminate the state of demand of childcare exceeding the supply by planned infrastructure, as a response when the demand childcare for the time being is greater than the supply, for children in need of particular assistance, are subject to priority use, municipalities adjusted use, with or the like mediation business owners facilities available for children, otherwise parents available to municipalities would like to submit, municipalities use to adjust to such business owners mediation facilities available.

As for their children, if for example, if the use of childcare even though it is deemed necessary, without the use of childcare guardian is willing, available by contract and municipalities is difficult to determine significantly, municipalities and that the action against property (admission by the measures and utilization).

Although the change from mechanism guardian by the current contract with the municipality, in the new system, and to the mechanism by which a parent or guardian to contract facilities and the need to pay for the certainty of user pays is collateral because they do not the same as before, and also by providing a mechanism based on the responsibility of the municipality, which is defined in Article 24 of the revised child Welfare Act, to ensure the secure payment with respect to the payment of user charges.

4. Regional Support Services for Children and Childcare

Depending on local circumstances, the municipalities will implement the local children-rearing support businesses, which target children and child-rearing households as the following businesses. In addition, the range of the target businesses is decided by law.

- 1) Parenting support community based businesses
- 2) Temporary childcare
- 3) Home-visiting projects for all houses with infants
- 4) Rearing support home-visiting businesses contributing to children requiring other child support and protection.
- 5) Parenting assistance activities support business (Family Support Center businesses)
- 6) Short-term child-rearing support business
- 7) Extended childcare businesses
- 8) Daycare businesses for sick or recovering children
- 9) After school clubs for children
- 10) Prenatal care
- 11) Businesses conducting supplementary benefits for the actual cost collection (tentative name)
- 12) Business that promote the entry of various entities into the new system (Assistance for special education cases)

The municipalities will implement the regional support services for children and childcare based on the surveys of the region needs. The municipalities will project the demands by the municipalities support for children and childcare business plan, describe the contents of the provision system and the implementation period and ensure the provision system in a planned manner. In addition, from the viewpoint of each business, in order to ensure the quality, the state will set uniformed standards.

The implementation of these projects is necessary for all children and childcare homes, in particular regarding the local children-rearing support businesses, the municipalities, as the implementing agency, and the businesses will work together, by placing the ‘parenting support coordinators’, (tentative name) familiar with the local childcare resources, addressing the situation from the standpoint of individual childcare that's close to home and fulfilling the role of support provision. In addition, it must also be noted that regarding after-school clubs for children older than fourth grade of elementary school, the infrastructure development should take into account the needs of children older than 4th grade. In order to ensure the quality of the institutions, the legal criteria regarding the qualifications of staff, number of people, facilities, number of days and time opened, and etc., will be set by the national government in accordance with the new Child Welfare Act system. In addition, regarding prenatal care, the legal and regulatory criteria for the “Number of Medical Examinations and Implementation Period,” as well as the “Examination Items,” based on the treatment of infant medical checkup and the current business realities, will be

set by the national government in as indicated in the new Maternal and Child Health Law scheme.

5. Social fostering and assistance for children with disabilities

The new system of benefits and businesses implemented by the municipalities is intended to target children and families raising children in the region, including children, who are in need of social fostering protection measures and children with disabilities. On the other hand, since the prefectural governments continue to play an important role in highly specialized measures to address the needs of social fostering and disabilities, the cooperation of the prefectures and the municipalities will be ensured. Therefore, the municipalities support for children and childcare business plan and the prefectural support for children and childcare business plan will be allocated through mutual collaboration. The municipalities will forecast the demand local school education and childcare including that of children in need of protection, and children with disabilities, and set the contents of the provision system and the implementation period for the municipalities support for children and childcare business plan. The business plan shall be provided to municipalities support for children and childcare to ensure the contents and timing of implementation of the provision system. In addition by adjusting the utilization by municipalities, a mechanism to support secure utilization will be provided. Furthermore, in the case if the use of nursery is deemed necessary from the viewpoint of preventing abuse, the utilization by contract is extremely difficult to determine, so the municipalities will perform the measures for the admission and utilization.

6. Establishment of meetings for children and childcare

Considering the benefits and businesses in the new system meeting the needs of children and parenting parties, in order to operate effectively and efficiently, as a mechanism for participation of experts who can be involved in the policy process of parenting support, through the cooperation of the parenting support parties (those who are engaged in business related to support for children and childcare,) such as local governments, employers' representatives, workers' representatives, and parenting parties, the conferences for children and childcare are to be established in the country. In addition, it is assumed that the collegial body will have jurisdiction over the affairs of the local governments as well as can be installed.

7. Regarding the costs in the new system

1) Regarding costs

From the point of view of support for children and childcare support in the society as a whole, the policy stance and the costs required by society as a whole, is to be covered by national and local governments, as well as sought as contributions from the employers.

Regarding the burden for the users, based on the concept of ensuring the quality of school education and childcare for all children, defined as the basic appropriate coverage taking into consideration the bearing capacity of the users.

2) Regarding securing permanent funding

Quantitative expansion of childcare, including the potential needs, is an urgent task to be carried out with the highest priority. Also in conjunction with this, the necessary matters, such as the improvement of staffing, setting the fundamental tax reform funding as a base, including other financial resources if necessary, ensuring permanent funding through national and local governments can be implemented.

Additional amount required for this purpose, including quantitative expansion and potential needs of childcare, together with improvement and enrichment of the quality of staff, is expected to be more than 1 trillion yen.

For this funding, it has been decided to consider future measures for approximately 0.7 trillion yen by fundamental tax reform, and including the financial resources other than the fundamental tax reform for approximately more than 1 trillion yen.

8. About the national jurisdiction and organizational system

Regarding the Secretariat in support for children and childcare legislation, under the centralized jurisdiction of the Cabinet Office the Prime Minister has the primary responsibility from planning to execution.

Although the Cabinet Office has jurisdiction over the support for children and childcare, the comprehensive childcare centers legislation, the childcare centers in order to combine the overall character of school and child welfare facilities to the extent that the Ministry of Education, Culture, Sports, Science, and from the fact that the Ministry of Health, Labor and Welfare has the remaining jurisdiction, the two ministries will work in coordination depending on the contents of the Secretariat.

In addition, as the underlying organizational structure of the Department of Children and Family (Tentative name) aims to achieve during the reorganization, for the time being, the Cabinet Office is able to play a central role in measures for children and parenting, the authority in childcare centers and overall support for children and childcare bill, under the Prime Minister in charge of the Cabinet Office, the "Children and Parenting Headquarters" was established for properly implementation, with the aim of ensuring the implementation of a centralized system of the new system, and to have a comprehensive adjustment of legal authority.

9. Regarding the enforcement of the new system

The new system, has been decided to perform a full implementation to obtain permanent funding, with the specific date of enforcement going to be specified by a Cabinet Order based on the timing of the consumption tax hike by the fundamental tax reform bill that was submitted to the National Assembly and approved by the Cabinet on the same day, as the bill on the new system. Also after the enactment of the bill, approximately by the year 2013, starting from the basic guidelines that can be carried out in stages, such as conferences for children and parenting and national government, as well as polite views exchange by the related parties, beginning with the local governments, the preparations for the smooth enforcement are to be implemented.