

Overseas Duty Visit Subcommittee on Poverty

Overview of poverty alleviation strategies in Japan

Concept of poverty	
Official poverty threshold	<ul style="list-style-type: none"> Relative poverty: 50% of the median household disposable income of the population.
Objective of setting the poverty threshold	<ul style="list-style-type: none"> Gauging poverty status of the population.
Government institutions for tackling poverty	
Any specific institutional structure established at the central level for tackling poverty	<ul style="list-style-type: none"> Nil.
Authority responsible for planning and/or implementing related strategies	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare – being responsible for formulating and implementing policies relating to public health, employment security, human resources development, child care, long-term care, social welfare and retirement protection.
Social safety net of last resort	
Objectives	<ul style="list-style-type: none"> The Public Assistance System aims to guarantee a minimum standard of living and promote self-support among the needy citizens.
Relevant legislation	<ul style="list-style-type: none"> <i>Revised Public Assistance Act (New)</i> enacted in 1950.

Overview of poverty alleviation strategies in Japan (cont'd)

Social safety net of last resort (cont'd)	
Major categories of recipients	<ul style="list-style-type: none"> • In the 2010 financial year, 1.4 million households received public assistance on average per month, accounting for about 2.7% of the total number of households in Japan (51.8 million). Breakdown of these households by household type was: <ul style="list-style-type: none"> (a) elderly households (42.9%); (b) households with sick persons or persons with disabilities (33.1%); (c) single-mother households (7.7%); and (d) other households (16.2%).
Major categories of assistance	<ul style="list-style-type: none"> • Livelihood assistance. • Education assistance. • Housing assistance. • Medical assistance. • Long-term care assistance. • Maternity assistance. • Occupational assistance. • Funeral assistance.
Expenditure	<ul style="list-style-type: none"> • In the 2012 financial year, the government had allocated ¥2,832 billion (HK\$276 billion) for the Public Assistance System, accounting for 10.7% of the total expenditure on social security benefits.

Overview of poverty alleviation strategies in Japan (cont'd)

Poverty alleviation strategies for specific target groups	
Major poverty alleviation strategies for low-income families	<ul style="list-style-type: none"> • The government provides child allowance to all needy families with children, including those low income ones, at a rate ranging from ¥5,000 (HK\$398) to ¥15,000 (HK\$1,194) per month for each child. • The government also provides child rearing allowance, child rearing and living support services, and employment support services to single-mother families. • In the 2010 financial year, about 13.8 million families with children had received child allowance and about 1.1 million single-parent families had received child rearing allowance. • Each prefecture government has introduced the Living Welfare Fund Loan System to provide low-income households and households with elderly or disabled persons with low-interest or interest-free loans to secure a stable living.
Major poverty alleviation strategies for the unemployed	<ul style="list-style-type: none"> • The government established the Employment Insurance System in 1974 with the aims to: <ul style="list-style-type: none"> (a) support the living and promote re-employment of the unemployed persons by providing unemployment benefits such as job applicants' benefits, employment promotion benefits, education and training benefits, and continuous employment benefits; and (b) prevent layoffs by providing supporting services or subsidies to employers for human resources development and stabilization of employment¹. • In the 2011 financial year, about 38.6 million employees who worked 20 hours or more per week were covered under the Employment Insurance System.

¹ Supporting services provided to employers include establishment and management of occupational skill development facilities. Subsidies are provided to employers which offer skill development opportunities to employees, support transfer of labour or implement other employment stabilization measures.

Overview of poverty alleviation strategies in Japan (cont'd)

Poverty alleviation strategies for specific target groups (cont'd)	
Major poverty alleviation strategies for the unemployed (cont'd)	<ul style="list-style-type: none"> • The government introduced a supplementary support system in 2011 to provide training and financial assistance to job seekers who are not insured under the Employment Insurance System (e.g. non-regular workers) or not receiving any unemployment benefits (e.g. long-term unemployed persons who have exhausted their entitlement to unemployment benefits).
Major poverty alleviation strategies for the needy elderly	<ul style="list-style-type: none"> • Eligible elders are provided with the old-age pensions under the mandatory contributory National Pension System and Employees' Pension Insurance System². In 2013, the full old-age basic pension paid under the National Pension System is ¥786,500 per year (HK\$62,605). Additional income-related old-age pension is paid to eligible elders who are covered under the Employees' Pension Insurance System. • As at the end of the 2010 financial year, 68.3 million persons were covered under the National Pension System. Among these persons, 34.4 million were also covered under the Employees' Pension Insurance System. • The government also promotes employment of the elderly by: <ul style="list-style-type: none"> (a) requiring employers that set a retirement age lower than 65 to raise or abolish the mandatory retirement age, or introduce a continued employment system that allows continued employment of elderly employees beyond their retirement age if they desire to stay in employment³;

² The National Pension System, covering all working-age residents in Japan, provides a flat rate basic pension to the eligible elderly at the age of 65. The Employees' Pension Insurance System, covering employees in the private sector, provides income-related old-age employees' pension to eligible retirees at the age of 61. The pensionable age for old-age employees' pension will be raised in stages to 65 by 2025.

³ Most Japanese companies adopt a mandatory retirement system under which an employment contract is automatically terminated when an employee reaches a specified age. According to the *Act on Stabilization of Employment of Elderly Persons*, companies are not allowed to set a mandatory retirement age below the age of 60. An amendment to the Act in 2004 requires employers that have set a retirement age of lower than 65 to introduce one of the specified measures to secure employment for employees until the age of 65.

Overview of poverty alleviation strategies in Japan (cont'd)

Poverty alleviation strategies for specific target groups (cont'd)	
Major poverty alleviation strategies for the needy elderly (cont'd)	<p>(b) providing subsidies to employers that support specific government measures for securing employment of the elderly; and</p> <p>(c) offering community-based jobs to retired elderly persons on a temporary and short-term basis through the Silver Human Resource Centres which are employment agencies for the elderly.</p>
Major poverty alleviation strategies for persons with disabilities	<ul style="list-style-type: none"> • Eligible adults with severe disabilities are provided with a disability pension of at least ¥786,500 per year (HK\$62,605) under the National Pension System and additional disability pension if they are covered under the Employees' Pension Insurance System. • Eligible persons with less severe disabilities are provided with a disability pension of at least ¥589,900 per year (HK\$46,956) or a lump-sum disability allowance of at least ¥1,150,200 (HK\$91,556) under the Employees' Pension Insurance System. • Special child rearing allowance is provided to parents who take care of children with severe disabilities at home. • The government has promoted employment of persons with disabilities by: <ul style="list-style-type: none"> (a) requiring employers to employ a certain number of persons with physical or intellectual disabilities according to the mandatory employment quota ratio set under the <i>Act for Promotion of Employment of Persons with Disabilities</i>⁴; (b) collecting levies from companies that fail to fulfil the mandatory employment quota ratio and providing adjustment allowances, rewards or other grants to companies that can fulfil the employment quota ratio; and

⁴ The mandatory employment quota ratios are 2.0% for private companies and 2.3% for national and local authorities and statutory corporations.

Poverty alleviation strategies for specific target groups (cont'd)

Major poverty alleviation strategies for persons with disabilities (cont'd)

(c) providing vocational rehabilitation and employment support services by establishing vocational support centres and employment and livelihood support centres for persons with disabilities.

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