

## **1** Realization and expansion of human resources development revolution

### **(i) Elimination of the waiting lists for childcare**

- **Promote the “Plan for Raising Children with Peace of Mind,”** which expands the childcare places that can respond **to the female labor force participation rate of 80%\***
- \*The labor force participation rates of women from 25 to 44 years old are 72.8% in Japan, 71.1% in the US, 75.5% in UK, 77.8% in Germany, 74.6% in France, and 82.5% in Sweden.

### **(ii) Free early childhood education**

- **Free education at non-certified childcare facilities other than kindergartens, nursery centers, centre for early childhood education and care**
  - **Children covered:** Children whose needs for childcare are recognized (same requirements as for certified nursery centers) and **who fail to be admitted to certified nursery centers or centre for early childhood education and care**
  - Services covered: Day care services at kindergartens, non-certified childcare facilities, baby-hotels, baby-sitters, and non-certified Childcare within institution services.  
(Institutions that file to a local government and meet the criteria of the supervisory guidelines. The five-year grace period is set for those not meeting the guideline criteria.)
  - **The maximum support: National average of the monthly childcare fee at non-certified Childcare within institution services**
  - Implementation period: **Full implementation in October 2019**
- **Encouraging unlicensed nurseries to improve and obtain license**

### **(iii) Free higher education**

- **Exemption of the tuition fee** for students in the households with exemptions from municipal residence tax (annual income of less than 2.7 million yen)  
(For private universities, the maximum amount of exemption is the mean of tuition fee of national universities and the average tuition fee of the private universities.)
- Grant-type scholarship **to cover student life** for students in the households with exemptions from municipal residence tax (In addition to expenses for texts, activities and school commutation fees, the amount covering food expenses and housing expenses are granted to students who do not live in their parents' house.)
- Students of **household whose annual income is less than three million yen** will receive the amount equivalent to **two-thirds** of that provided for students in the households with exemptions from municipal residence tax, and students of **household whose annual income is between three million to 3.8 million yen** will receive the amount equivalent to **one-third** of that.
- Students covered: Selected based on their willingness of studying, not just on their performance at high school

**(iv) Improvement of compensation for long-term care workers**

**(v) Substantive free education at private high schools**

**(vi) Drastic expansion of recurrent education**

- **Expand the courses that are entitled to the professional and practical educational training benefits (covering 70% of costs)** by adding the 4th Industrial Revolution Skills Courses.
- **The benefit ratio of the courses entitled to the general educational training benefits** such as IT skills will be **increased to 40% from 20%**.
- **Establish recurrent education courses for engineers in an academic society** in the areas of information processing, biotechnology, fine chemicals, engineering, and robotics.
- **Expand mid-career employment by large companies.**

**(vii) University reform**

- **Clarify role and function of individual universities** both in national and private universities.
- **Promote collaboration between and unification of** national and private universities, etc.

**(viii) Promotion of employment of the elderly**

- **Preparation of environment for raising the continuous employment age limit to over 65** (establish an evaluation/wage system that are based on individual's difference and business performance).
- Promote trial employment of the elderly.

## **2** Realization and expansion of supply system innovation

- **Implementation of Flagship Projects** for the realization of “Society 5.0”
- **Sharing the image of an ideal socio-economy by establishing an “Industry-Public Conference”** for the major areas

### **(Priority areas and Flagship Projects)**

- **Changes in lifestyle and industry** by solving manpower shortage and vulnerable persons as well as creating new services
  - Commercialization of driverless cars by 2020.
  - Full-scale operation of a nationwide healthcare information network with the health records and medical/prescription history of individuals shared among medical institutions that is expected to start from FY 2020.
- **Changes in the “basis of economic activity” (Energy and Finance) to the “strength” by the latest technological innovations**
  - Technological developments toward “energy conversion and decarbonization” such as energy management using digital technology and use of hydrogen; promotion of ESG investing (Environment, Society, and Governance).
  - Transform the current sector-based regulations for financial and commercial areas to function-based and cross-sectorial ones.
- **Changes in “administration” and “infrastructure” by making all the services of the administration procedures from the beginning to the end digitally (discriminating from the old analogical administration), and using private sector initiatives and technological innovation in the infrastructure management**
  - Eliminate attachments required in various procedures, and modify the personal identification method such as affixing a seal.
  - Infrastructure management of harbors, airports, roads, water supply, and sewer systems to be developed by a method with open innovation initiatives from private business operators.
- **Changes in the “region,” “community,” and “SMEs” by convenient transport and logistics services including automated driving and online medical monitoring services, SMEs that use data collaboration and IoT, and profitable agriculture, forestry, and fisheries**
  - Promote smartification of agriculture, forestry, and fisheries (optimization of the production and shipment as well as minimization of the associated costs).
  - Promote the connection between town-formation and public transportation, and accelerate the utilization of new technologies and public and private data.
  - Strengthen IT support systems in conjunction with management improvement of SMEs.

## **3** Promotion of work-style reform

- Smooth implementation of work-style reform-related laws and regulations (establishment of a limit on overtime work with penal regulations, realization of equal pay for equal work, and establishment of the Sophisticated Professional System)
- Ensuring a sufficient preparation period before enforcement and providing various support for SMEs
- Clarify procedures to withdraw the consent in the Sophisticated Professional System.

## **4** Acceptance of new human resources from overseas

- Solve the intensifying workforce shortage problem particularly in SMEs.
- Create new status of residence to accept more **foreign human resources who have a certain level of professional and technical skills that can contribute immediately.**
- **Revise the Immigration Control and Refugee Recognition Act, prepare a government’s basic policy, and determine an acceptance policy by industries.**
- The required **level of technical skills** is **determined by industries** and the **Japanese proficiency level** is also **determined by each industry** to account for the Japanese proficiency level required in such industry.
- The government will enhance the residency management system, and the **accepting company or a registration support organization (such as an industry association)** is responsible for supporting foreign human resources in areas such as living guidance, Japanese language study for daily life, and providing consultations for and responding to complaints.
- The period of stay for the foreign human resources under the new status of residence is limited to a total of five years, and no family members are allowed to accompany the human resource in principle. However, if a foreign human resource is proved to have a **higher professional skill during such five-year period, the government will consider a system to switch the visa status to the one that has no limit of the extension of the period of stay and allows his/her family members to reside in Japan.**

## **5** Promotion of “Integrated Economic and Fiscal Reforms”

### **(1) The consumption tax rate hike in October 2019 and curbing demand fluctuations**

- (i) Mitigating the burden of education by reassessing how the increase from hiking the consumption tax rate hike is to be used**
  - The aim will be to make early childhood education, etc. free in October 2019, support for those people raising children, while also mitigating the negative economic repercussions from hiking the consumption tax rate.
- (ii) Smooth Implementation of reduced tax rate**
- (iii) Measures to curb last-minute demand/downturn**
  - Consideration will be given to methods for curbing last-minute demand and downturns by means of allowing **business owners to freely set prices**.
  - **Measures for SMEs** such as the adoption of IT/payment devices, the spread of point systems, and the revitalization of shopping districts.
  - Specific consideration will be given to adequate **countermeasures via the tax system, etc.** with respect to **support for purchasing durable goods such as automobiles and homes** following the consumption tax rate hike.
- (iv) Responding flexibly to demand fluctuations**
  - From the perspective of responding flexibly to demand fluctuations accompanying the hike in the consumption tax rate, **temporary special measures will be implemented in the initial budgets for FY 2019 and FY 2020.**

### **(2) New Plan to Advance Economic and Fiscal Revitalization**

- (i) Basic concept**
  - **“Without economic revitalization, there can be no fiscal consolidation”**
- (ii) Setting the “foundation-reinforcement period” centering around social security reforms**
  - The period by 2022 **from FY 2019 to FY 2021**, when the baby-boomer generation start reaching 75 years of age, is set as the **“foundation-reinforcement period.”**
- (iii) Structures for linking the fiscal consolidation targets to the budgets formulated in each fiscal year**
  - **Budgets** in the foundation-reinforcement period will be **formulated in line with the following benchmarks:**
    - **For social security expenditures**, the government set forth a policy of aiming to keep the essential increase **within the levels equivalent to the expected increase due to population aging**. Based on this, as well as the future economic situation and price movements and the like, the government will **continue with this policy until FY 2021**.
    - Given the changing population structure, **specific figures are presented during the budgeting process for each fiscal year**.
    - Regarding general expenditures other than social security expenditures, the expenditure reform initiatives carried out thus far by the Abe Cabinet will be continued with consideration of the future economic situation and price movements and other such factors.
    - The total amount of general revenue sources for local government shall be maintained substantially at the same level as those in FY 2018.
- (iv) Future initiatives for achieving the plan**
  - Revise the reform time schedule and set forth a **new reform time schedule by the end of 2018**.
  - **Review the state of progress** focusing mainly on the social security reforms thus far in **FY 2020**. **Policies that must be addressed in a comprehensive and prioritized manner for social security**, including **modalities for benefits and burdens, will compiled** into “Basic Policy on Economic and Fiscal Management and Reform”, and the government will move forward with **instantiating such reforms from early on**.
  - The progress made on the Integrated Economic and Fiscal Reforms will be assessed\* at the halfway point of the new plan (FY 2021), with this to be reflected in subsequent efforts for expenditure and revenue reforms to achieve the primary surplus by FY 2025.
    - \*Setting intermediate indicators for FY 2021
    - Primary deficit to GDP ratio: Substantially half of this figure from FY 2017 onward (around 1.5%)
    - Public debt to GDP ratio: The low 180%-range
    - Fiscal deficit to GDP ratio: 3% or below
- (v) Fiscal consolidation targets**
  - It is necessary to establish surely a path for fiscal consolidation **by the time all of the baby-boomer generation reach 75 years of age**.  
Therefore,
    - Aim for **the primary surplus of the central and local governments by FY 2025**.
    - At the same time, **firmly maintain the aim of reducing the public debt to GDP ratio steadily.**