

3 Policies Designed to Secure Employment for Older and Disabled Workers

Measures for Older Workers

With the labor force forecast to decline as a result of the rapid aging of society and a decline in the birthrate, it will be necessary to utilize the knowledge and experience of older people effectively in the economy and society, in order to maintain the dynamism of the economy and society, ensure that more people can support the social security system, and increase the sustainability of that system.

The “Japan Revitalization Strategy” (Cabinet Decision of June 24, 2014) sets out the policy of promoting the active social participation of older persons with a view to achieving an ageless society. Moreover, it sets forth the target of achieving a labor force participation rate of 65% among those aged 60-64 by 2020.

In order to secure stable employment for older people, as well as imposing on employers the obligation to secure employment opportunities up to the age of 65, either by increasing the mandatory retirement age set by employers, introducing a system of continued employment, or abolishing the mandatory retirement age, the Act on Stabilization of Employment of Elderly Persons seeks to enhance measures relating to the promotion of the re-employment of middle-aged and older people and enhance measures aimed at securing opportunities for temporary and short-term or light employment for those who have retired after reaching the mandatory retirement age.

In line with this law, measures focused on the employment of older people are being

comprehensively promoted, with a particular focus on the following measures.

Securing Stable Employment for Older Workers by Raising the Mandatory Retirement Age and Introducing Continued Employment Schemes, Etc.

Under the Act on Stabilization of Employment of Elderly Persons, employers must devise measures to secure employment for elderly workers. Employers who have not devised such measures are given guidance and other assistance from Public Employment Security Offices, as well as technical consultation and advice by advisers on elderly employment, in collaboration with the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED).

Meanwhile, the age of eligibility for the fixed component of state pensions is being raised in stages. For men, the increase to age 65 will be complete in 2013, while the age for the earnings-related component will be raised to 61 (as part of a staged increase to age 65 by 2025). This could mean that some people might be left without a pension and without an income. From April 2013, therefore, based on an amendment to the law, schemes excluding some employees from continued employment systems were abolished, a firm link was created between employment and pensions, and steps were taken to guarantee employment up to 65 for everyone who wants to work.

Figure V-1 Outline of the “Act to Partially Amend the Act on Stabilization of Employment of Elderly Persons”

Approved by the Diet on August 29th, 2012

Given Japan’s rapidly aging population and low birth rate, it is necessary to promote the employment of everyone who is capable of working—including the young, women, the elderly and persons with disabilities—and to materialize a society in which everyone who supports that society can participate. As a measure to promote employment of the elderly, this Act implements some necessary amendments such as removing the provision regarding criteria set by employers on eligibility for the continued employment system and enhancing measures to secure elderly employment.

1. Abolition of schemes excluding some employees from coverage under continued employment systems

- The Act abolishes schemes that allow employers to exclude some of their employees from coverage under continued employment systems based on criteria established through labor-management agreements. This ensures that all employees who wish to remain employed after retirement age are covered by continued employment systems.

2. Expansion of the scope of companies employing persons covered by continued employment systems

- The Act establishes a scheme that expands the scope of companies employing persons covered by continued employment systems to include group companies.

3. Introduction of a provision to announce the name of companies in breach of obligation

- The Act establishes a provision whereby the names of companies are announced if they do not comply with recommendations regarding the obligation for measures to secure elderly employment.

4. Formulation of guidelines on the implementation and operation of measures to secure elderly employment (as amended by the Lower House)

- The Act establishes grounds for guidelines on the implementation and operation of measures by employers to secure elderly employment.

5. Others

- The Act establishes a 12-year transitional measure allowing employers to continue applying criteria set for employees who have reached the age of eligibility for employee pensions (earnings-related component), and arranges other necessary provisions.

Date of effectuation: April 1, 2013

Figure V-2 Abolition of Schemes excluding Some Employees from Continued Employment Systems

- The current system of elderly employment under the Act on Stabilization of Employment of Elderly Persons prohibits the setting of a mandatory retirement age lower than 60 (Article 8 of the Act).
- An amendment to the Act in 2004 already obliges employers that have set a mandatory retirement age lower than 65 to introduce one of the following measures (measures to secure elderly employment) in order to secure employment until the age of 65 (Article 9 of the Act).

- (i) Raise the mandatory retirement age.
- (ii) Introduce a continued employment system. (Some workers who wish to remain in employment may be excluded if criteria have been established under a labor-management agreement.)
- (i) Abolish the mandatory retirement age.

Underlined part abolished from April 2013 (2012 Amendment)

Implementation of one of these measures is already obligatory.

* Companies are obliged to adopt one of these measures as their system; they are not obliged to employ each individual worker.

* Raising the mandatory retirement age is not obligatory

- Percentage of companies that have introduced measures to secure elderly employment: 97.3%
- Percentage of all employees who, having reached the mandatory retirement age in the last year (approx. 430,000 employees), quit their jobs as they did not meet the criteria: 1.6% (approx. 6,800 employees) (In both cases, figures were aggregated from companies with 31 or more employees. As of June 1, 2012)

Support and Promotion of Reemployment of Middle-aged and Older Workers

Guidance is available for employers when preparing job cards for elderly job-seekers, while trial employment incentives are paid to businesses employing middle-aged, older and other workers on a fixed-term trial basis. Measures are also available to assist employers in accepting elderly and other workers who would otherwise have difficulty in finding work, through introductions from Public Employment Security Offices, etc. Meanwhile, to prepare an employment environment for promoting the active participation of older persons, support is available for employers who undertake measures such as creating workplaces or jobs for older persons by moving into new business sectors, etc., introducing or improving machinery and equipment, working methods or environments, and developing systems of employment management. The conditions and content of support from employers operating in specific sectors where there are labor power shortages have been expanded from FY2015.

Meanwhile, the main Public Employment Security Offices also offer employment support and other services through support teams for older persons looking for work, including vocational counseling, job introductions and support for re-design of

vocational lives.

Besides the above, the Senior Work Program project is implemented in cooperation with employers' organizations and public employment security organizations to support the employment of older persons. This involves an integrated package including skill training, interview sessions, and follow-up based on the premise of employment.

Promotion of Diverse Employment and Social Involvement of Older People

The Silver Human Resource Center Program is being promoted to provide convenient community-based temporary and short-term job opportunities to suit older people's needs (As of March 31, 2015, there were 1,272 centers with approximately 720,000 members).

As well as supporting projects undertaken by Silver Human Resource Centers in cooperation with local government authorities, support is also available for efforts such as ensuring the provision of safe and appropriate employment, expanding employment opportunities and expanding occupational fields, so that members of the various Silver Human Resource Centers may work with reassurance in nearby local communities.

Figure V-3 Structure of Measures for Elderly Employment

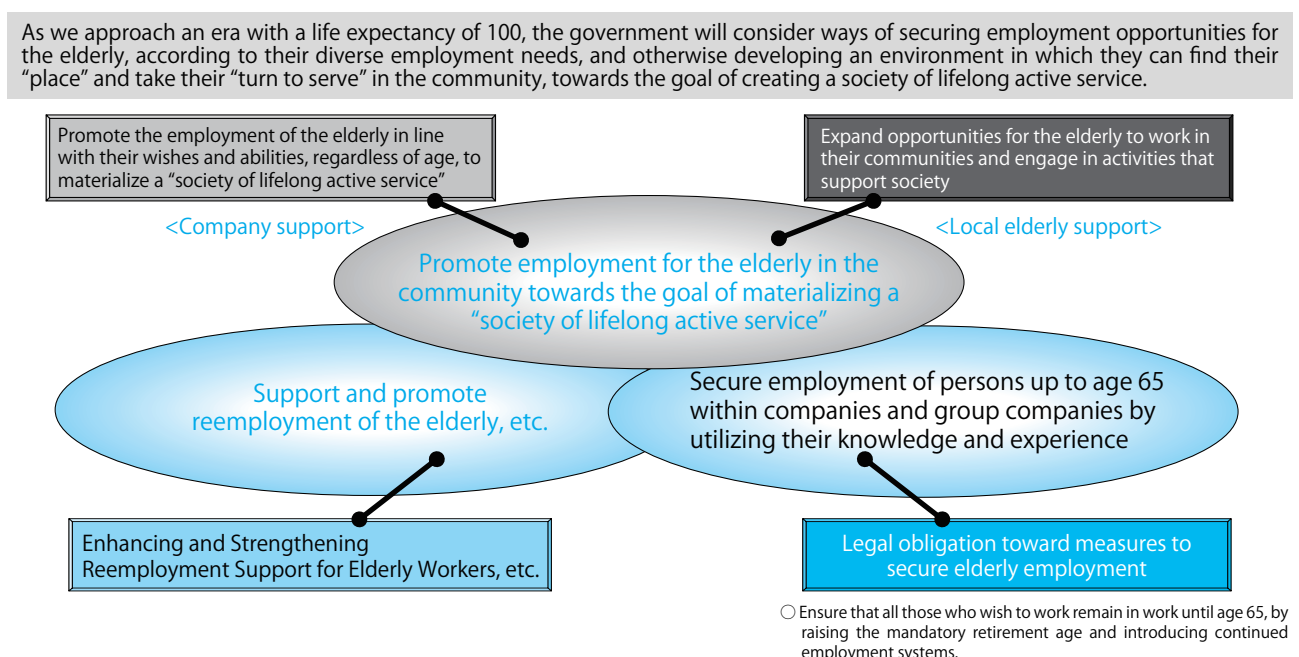


Figure V-4 FY2015 Scheme of Measures for Employment of Elderly Workers (Draft)

(1) Obligation to secure employment for elderly workers (securing employment opportunities up to age 65)

- Based on the Act on Stabilization of Employment of Elderly Persons, Hello Work and others will give public information and guidance on measures for securing employment until age 65 for all workers who wish to do so.

(2) Enhancing and strengthening re-employment support for elderly workers (including those aged 65 and over)

- To enable elderly workers to receive re-employment support with reassurance regardless of their age, principal Hello Work offices throughout Japan will offer support for redesigning vocational lives and employment support through employment support teams, while re-employment support will be enhanced and strengthened by holding skill training courses in their local areas.
- **Implement the Comprehensive Employment Support Project for Elderly Persons**
(Set up employment consultation sections for elderly workers in principal Hello Work offices throughout Japan, provide support for redesigning vocational lives and employment support through employment support teams, etc.)
- **Implement Senior Work Program projects**
(Hold skill training courses, interview sessions and others in an integrated manner, in cooperation with employer organizations and public employment security organizations, etc.)
- **Pay various subsidies, including the Subsidy for Employment Development of Designated Job Seekers**
(Subsidies for employers who employ elderly workers, among others; may also be applied to workers aged 65 and over.)

(3) Promote employment of elderly workers to achieve an “ageless society” (efforts aimed at securing employment opportunities for the over-65s)

Company support: Promote the employment of elderly workers with a view to materializing an “ageless society” in which people can work in accordance with their motivation and abilities regardless of age

- Steps will be taken to enhance support aimed at increasing the number of companies where people can work regardless of age, and to foster social momentum toward the materialization of an ageless society.
- **Implement the Ageless Society Materialization Project (project to build lifelong active employment systems by industry) (Expanded project)**
(Take steps to foster local momentum by creating manuals on introducing lifelong active employment systems in industrial organizations, etc.)
- **Pay the subsidy for employment security of elderly workers (Expanded project)**
(A subsidy for employers who develop employment environments for elderly workers; for employers in the construction industry and other sectors where there are manpower shortages, the amount paid per person will be expanded.)
- **Consultation and assistance for employers to materialize the creation of workplaces where people can work regardless of age** (e.g. Elderly worker employment advisers of the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED) provide priority support aimed at materializing an ageless society.)
- **Enforcement of the Special Measures Act on Fixed-Term Workers Who Have Specialist Knowledge, etc. (New project)**
(Creation of special exceptions to the rule on conversion to open-ended contracts in the Labor Contract Act for elderly persons who continue to be employed after statutory retirement age)

Support for elderly workers in the community: Expand opportunities for elderly workers to work in their communities and engage in activities that support society

- With a view to materializing an ageless society in which elderly workers will be active as supporters of society, opportunities for active participation in line with diverse needs will be secured by expanding employment opportunities utilizing Silver Human Resource Centers, and developing systems of matching elderly workers in the community with opportunities for employment and social participation, etc.
- **Promote the Silver Human Resource Center project (Expanded project)**
(Expand the activity range of Silver Human Resource Centers, with focus on sectors where active working generations are supported, such as childcare support and housework support, and sectors where there is a shortage of labor power.)
- **Implement the Ageless Society Materialization Project (project to develop the environment for materializing the ageless society)**
(Hold occupational life design seminars for elderly workers)

The Current Status of the Employment of Persons with Disabilities

With regard to the employment of persons with disabilities, one can see that there has been further progress, with the actual employment rate amongst private-sector companies recording a record high for the eleventh year in succession, reaching 1.82% (up from 1.76% in the previous year) as of June 1, 2014. There has been particularly remarkable progress in the employment of persons with disabilities at large companies (those with at least 1,000 employees), at which the actual employment rate is 2.05%, higher than the statutory employment rate (2.0%). Moreover, the number of cases of employment gained through Hello Work employment offices in FY2014 grew significantly from the FY2013 level of 77,883 cases, reaching an all-time high of 84,602 cases.

Employment Measures for Persons with Disabilities

Employment measures for persons with disabilities have been developed to enable them to work in places of employment as far as possible, in accordance with their aptitudes and abilities, and to participate in society through their workplaces. These measures are based on the “(Third) Basic Plan for the Disabled” (FY2013-FY2017) provided under the Basic Act for Persons with Disabilities as well as the “Act on Employment Promotion, etc. of Persons with Disabilities” and the “Fundamental Policy for Employment Measures for Persons with Disabilities” (FY2014-FY2017) based on the Act, among others.

In future, employment support for persons with mental disabilities, etc., will need to be strengthened in line with the nature of their disability. Support measures with emphasis on small and medium enterprises will need to be promoted, as well as a shift to “employment” from “welfare”, “education” and “medical treatment” by relevant local organizations and others.

Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities

The Act for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the

hiring of the physically and or intellectually disabled, specifying the percentage of a company’s workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota. From April 2006, moreover, persons with mental disabilities (those holding a Health Welfare Handbook for Persons with Mental Disabilities) are included in the employment quotas of companies. In addition, under the amended Act on the Promotion of the Employment of Disabled Persons promulgated in June 2013, persons with mental illness are to be added to the basis for calculating statutory employment rates from FY2018 onwards.

The current statutory employment rate is 2.0% among private-sector companies (with government-affiliated corporations having a rate of 2.3%), and 2.3% among the national government and local government bodies (with boards of education having a rate of 2.2%).

Public Employment Security Offices promote the employment of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Levy and Grant System for Employing Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Levies (50,000 yen) are collected from companies that fail to fulfill the employment quota, and distributed as compensatory payments (27,000 yen) and bonuses (21,000 yen) to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

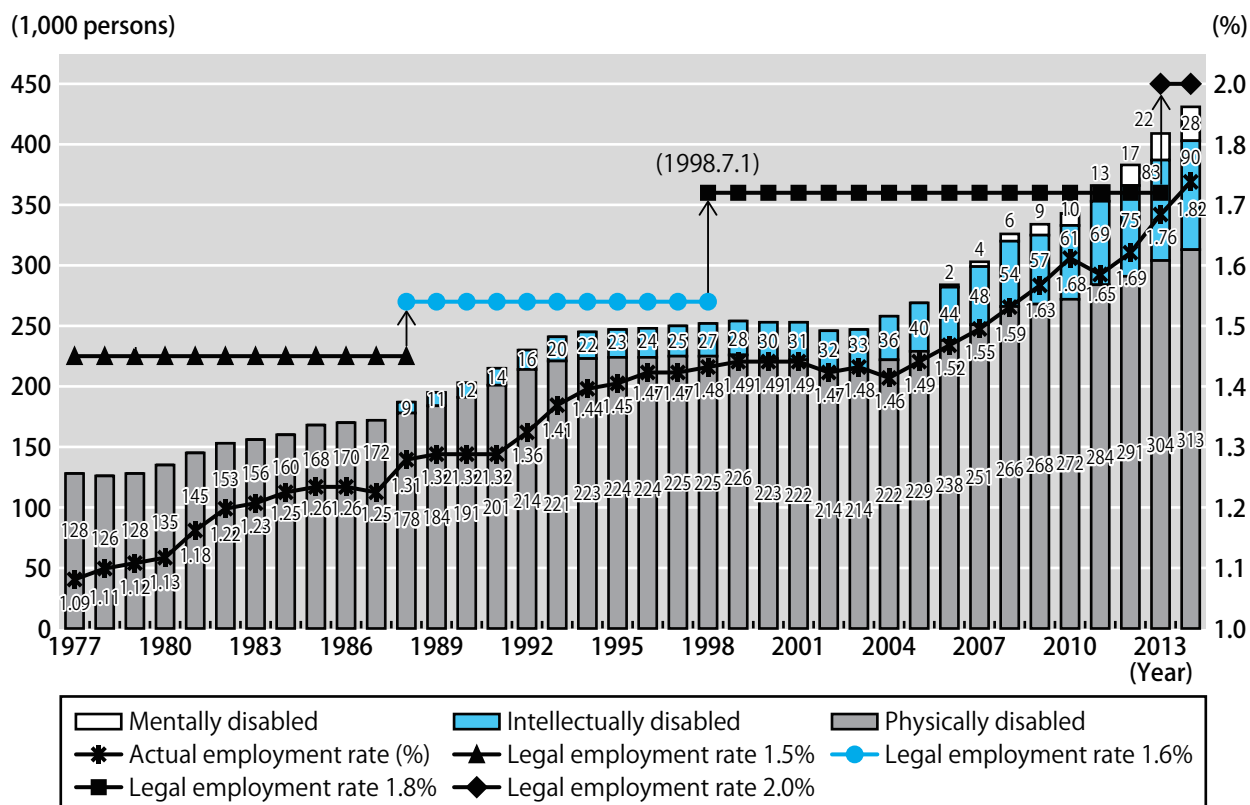
Response to the Convention on the Rights of Persons with Disabilities

The government has conducted reviews aimed at promoting integrated reforms of Japan's system for persons with disabilities, starting with the development of domestic legislation needed to ratify the Convention on the Rights of Persons with Disabilities. In this regard, the Act on the Promotion of the Employment of Disabled Persons was amended in June 2013, enabling the Ministry of Health, Labour and Welfare to address issues such as prohibiting discrimination against persons with disabilities and ensuring the provision of reasonable accommodation in the sectors of employment and labor. Specifically, the amendment includes provisions prohibiting discrimination against persons with disabilities and obliging employers to provide reasonable

accommodation in the employment sector.

The specific content of provisions prohibiting discrimination against persons with disabilities, etc., was studied by the Subcommittee on Disabled Employment from September 2014. As a result, reports were delivered on two related inquiries ("Guidelines for employers to cope appropriately with matters prescribed in provisions on prohibiting discrimination against persons with disabilities (draft)" and "Guidelines on measures to be taken by employers to guarantee equal opportunities and treatment for persons with and without disabilities in the field of employment, and to improve situations that hinder the effective exercise of abilities by workers with disabilities (draft)) on March 2, 2015, and these were published on the March 25.

Figure V-5 Employment Situation for Disabled Persons at Private Enterprise
Trends in employment rate and number of disabled workers



Source: Reports on Employment Situation for Disabled Persons, Ministry of Health, Labour and Welfare

Notes:

- 1) Figures show total numbers in companies obliged to employ (until FY2012: companies with 56 or more employees; from FY2013 onwards: companies with 50 or more employees).
- 2) Persons with disabilities are the total of those listed below.
 - -1987 Physically disabled (those with severe physical disabilities counted twice)
 - 1988-1992 Physically disabled (those with severe physical disabilities counted twice)
Intellectual disabled
 - 1993- Physically disabled (those with severe physical disabilities counted twice)
Intellectual disabled (those with severe intellectual disabilities counted twice)
Part-time workers with severe physical disabilities
Part-time workers with severe intellectual disabilities
 - 2006- Mentally disabled (part-time workers with mental disabilities counted half)
 - 2011- Part-time workers with physical disabilities (counted half)
Part-time workers with intellectual disabilities (counted half)
Part-time workers with mental disabilities (counted half)

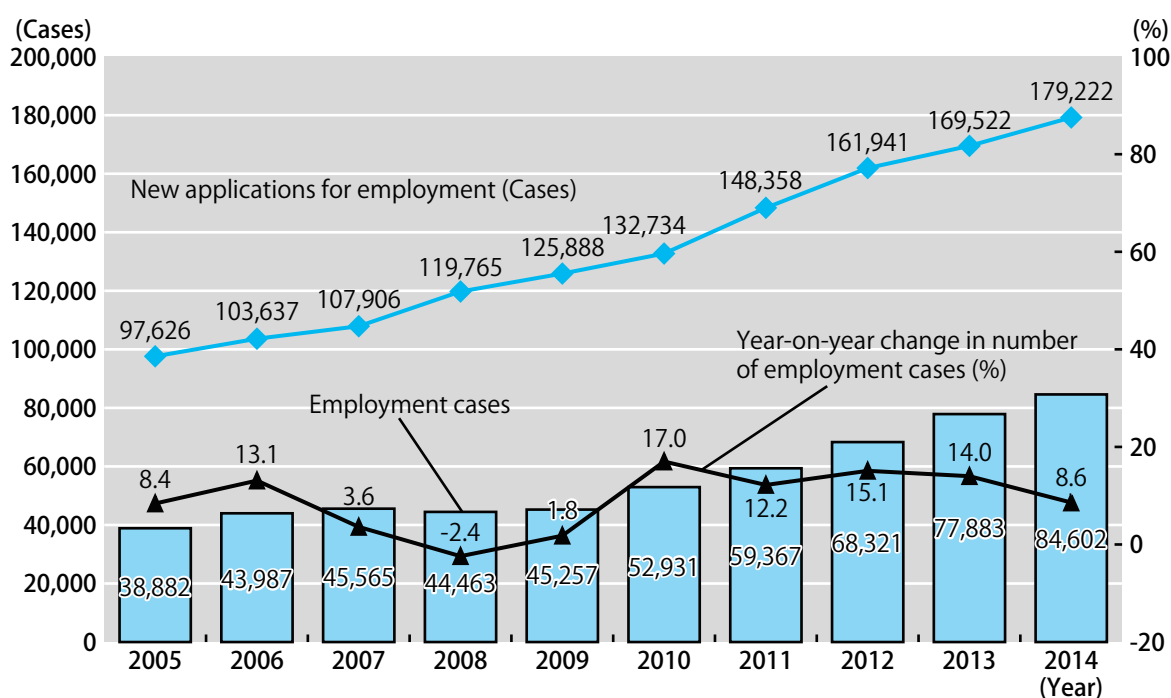
Table V-6 Situation of Employment Placement of Persons with Disabilities at Public Employment Security Offices

(Cases, persons, %, % points)

Year	1) Number of new applications for employment		2) Number of valid applicants for employment		3) Number of employment cases		4) Employment rate <3)/1)>	
		Year-on-year change		Year-on-year change		Year-on-year change		Year-on-year change
2005	97,626	4.8	146,679	- 4.7	38,882	8.4	39.8	1.3
2006	103,637	6.2	151,897	3.6	43,987	13.1	42.4	2.6
2007	107,906	4.1	140,791	- 7.3	45,565	3.6	42.2	- 0.2
2008	119,765	11.0	143,533	1.9	44,463	- 2.4	37.1	- 5.1
2009	125,888	5.1	157,892	10.0	45,257	1.8	36.0	- 1.1
2010	132,734	5.4	169,116	7.1	52,931	17.0	39.9	3.9
2011	148,358	11.8	182,535	7.9	59,367	24.9	40.0	0.1
2012	161,941	9.2	198,755	8.9	68,321	34.6	42.2	2.2
2013	169,522	4.7	207,956	4.6	77,883	14.0	45.9	3.7
2014	179,222	5.7	218,913	5.3	84,602	8.6	47.2	1.3

Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare

Figure V-7 Changes in the Number of Employment Cases and of New Applications for Employment



Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare