



2020 Edition

Annual Health, Labour and Welfare Report

— The social security system and people's work styles in the
Reiwa Era—

【 Summary 】

Ministry of Health,
Labour and Welfare

Overview of the 2020 Edition Annual Health, Labour and Welfare Report

Part 1 (theme*) “The social security system and people’s work styles in the Reiwa Era”

* This annual report focuses on specific themes, analyzes the current situation based on those themes and introduces relevant measures taken by the government in order to help people deepen their understanding.

- Reviewing social changes in the 30 years of the Heisei Era and looking ahead to 2040, the country is considering ways and means to deal with the impact of the coronavirus pandemic while focusing on:
 - preparation for the era of 100-year life
 - addressing labor shortages and the shrinking population
 - new social connections and mutual support
 - maintaining and improving the social security system
 - preparation for digital transformation, or DX

✂ This paper analyzes the social security system and people’s work styles in the Reiwa Era based on the following nine themes: (1)population,(2)life expectancy and health,(3)labor force and work styles,(4) impact of technology on people’s lives and work, (5)local communities,(6)households and families, (7)new social connections and mutual support, (8)people’s views on their lives and livelihoods, (9)the social security system.

This report also looks at how the COVID-19 pandemic has had an impact on people’s lives, society and the country’s economy.

Part 2 (Annual administrative report*) “Response to current policy agenda”

- In these annual administrative reports, the Ministry of Health, Labour and Welfare explains how it deals with a wide variety of policy challenges .

* This report includes administrative reports published in FY2018 and FY2019.

Transformation of society during the 30 years of the Heisei Era and into 2040 (main events)

		1989	2019	2040				
1	Number of the elderly (Aging rate)	14.89 mil.(12.1%)	35.89mil. (28.4%)	39.21mil. (35.3%)				
2	The possibility of a person aged 65 in that year surviving to each age	Aged 90	Males 22% Females 46%	Males 36% Females 62%				
		Aged 100	Males 2% Females 7%	Males 4% Females 16%				
3	Number of live birth/Total fertility rate	1.25 mil./1.57	0.87 mil./1.36	0.74 mil./1.43				
4	% of unmarried people aged 35-39	Males 19.1% Females 7.5%	Males 35.0% Females 23.9%	Males 39.4% Females 24.9%				
5	Average Number of Household Members	2.99 *1	2.33 *2	2.08				
6	Number of employed persons (of which, the number of healthcare and welfare workers)	61.28 mil. (2.21 mil.) *3	67.24 mil. (8.43 mil.)	52.45-60.24 mil. (10.7 mil.)				
7	Employment rate	Female	Aged 25-29	57.3%	82.1%	84.6%		
			Aged 30-34	49.6%	75.4%	83.4%		
	Elderly	Aged 60-64	52.3%	70.3%	80.0%			
		Aged 65-69	37.3%	48.4%	61.7%			
8	Number of non-regular workers (%)	8.17 mil. (19.1%)	21.65 mil. (38.3%)	-				
9	Average equivalent income per household (Real)	3.687 mil. yen *4	3.46 mil. yen *5	-				
10	% of households that own smartphones	0%	79.2% *5	-				
11	% of people who prefer to maintain formal relationships with natives, coworkers or neighbors	Relatives 13%	Coworkers 15%	Neighbors 19% *6	Relatives 26%	Coworkers 27%	Neighbors 33% *5	-
12	Social security benefit costs (ratio of GDP)	47.4 trn. yen (10.5%)	117.1 trn. yen (21.4%) *7	188.2 - 190.0 trn. yen (23.8 - 24.0 %)				

(note) See the main text for definitions, sources, etc.

*1 is the 1990 estimate, *2 the 2015 estimate, and *3 the 1988 estimate (excluding people engaged in clerical work, etc.). *4 is the 1991 estimate, *5 the 2018 estimate, *6 the 1988 estimate, and *7 the 2017 estimate.

The number of employed persons in 2040 will vary depending on future economic growth and labor force participation rates. The number of healthcare and welfare workers in 2040 is estimated based on demand. The employment rate is calculated based on an assumption that the economy will grow and labor force participation will increase. Social security expenditures in each year do not include the costs of non-subsidized local independent projects, and the figure for 2040 may vary depending on a unit value.

Future direction: The social security system and work styles in the era of Reiwa

(Preparing for society around the year 2040, when the number of the elderly is expected to reach its peak)

The era of 100- year life

- Extend healthy life expectancy
- Encourage lifelong employment and social participation

Solutions for labor shortages and the declining population

- Increase the employment rate
- Raise the potential of workers and help them fully demonstrate their ability
- Boost productivity through reforms of medical and welfare services
- Tackle the country's declining birth rate

New social connections and mutual support

- Build a comprehensive safety net
- Promote community activities and encourage different types of community members to participate
- Help narrow a income gap

Maintain and improve the social security system

- Strengthen the function of the system
- Make the system more sustainable (financial resources + quality of services)

Digital transformation (DX)

(Impact of the COVID-19 outbreak)

The outbreak has posed a considerable impact on people's lives, society and the economy. People, for instance, started adopting a new life style and making efforts to avoid the so-called 3Cs of closed, crowded and close-contact settings

Support for people and households greatly affected by the economic environment and the employment situation

(flexible approaches to employment support and welfare services)

Make online options readily available in daily life

(online consultation with a doctor, administrative procedures)

Importance of essential work

(Infection prevention measures, improvement in working conditions in the medical and welfare sectors)

New work styles

(telework, freelance work)

New connections

(online, outreach)

(Based on assumptions about mid- term and long-term structural changes)

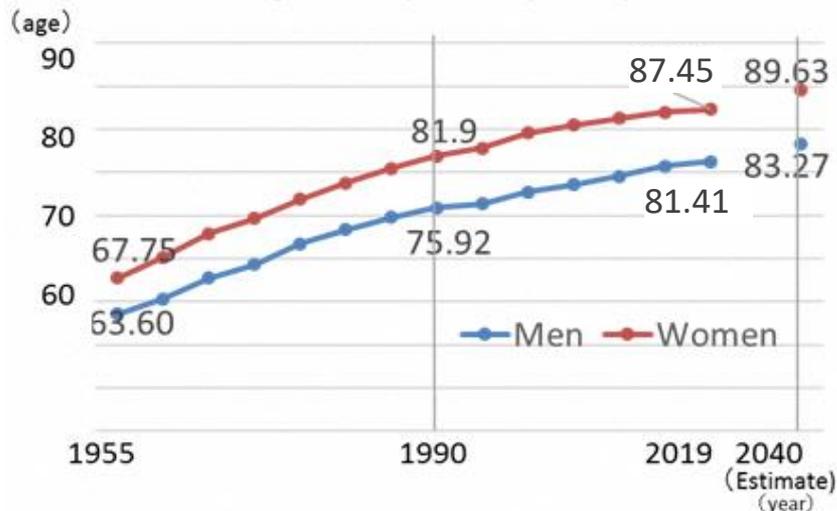
Industry structure, land structure, local communities, economy, government finances, etc.

Future direction (1) Preparation for the era of 100-year life

- Japan's average life expectancy increased by about five years between 1989 and 2019 and is expected to increase about two years by 2040. On current projections, approximately 40 percent of men aged 65 as of 2040 will live until the age 90, and about 20 percent of women aged 65 in 2040 will live until 100. This suggests that the arrival of the era of 100-year life is becoming a real possibility.
- It is important to make various options available as the nations' healthy life expectancy increases. Those options include how to work in different stages of life and how to balance work, study and social involvement.

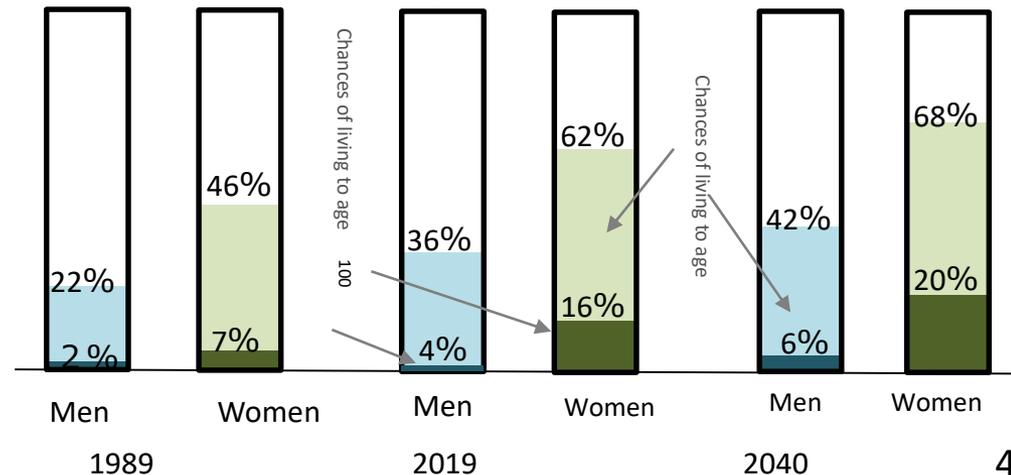
About 40 percent of men aged 65 as of 2040 will live until 90, while about 20 percent of women aged 65 in 2040 will live until 100.

Average life expectancy in Japan



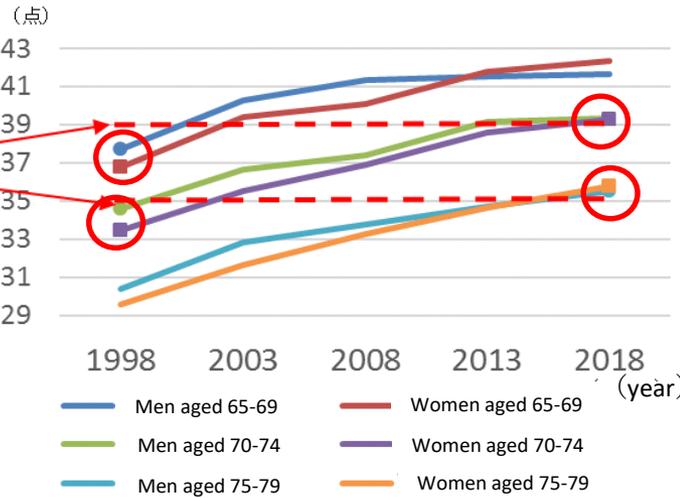
How likely are 65-year-olds to live to 90 and 100?

※Chances that 65-year-olds will live to 90 and 100



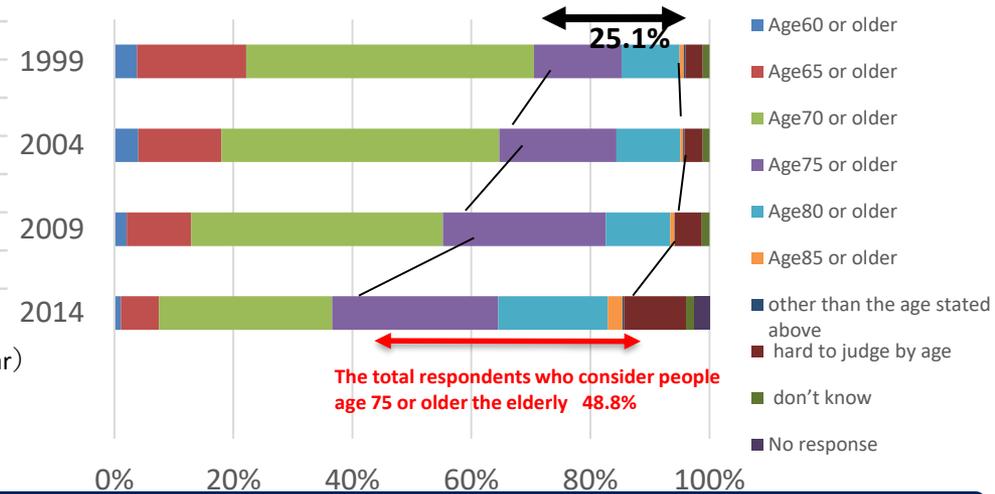
Improved physical functions among the elderly and changing people's perceptions of 'elderly'

Total score on a new fitness test for older adults



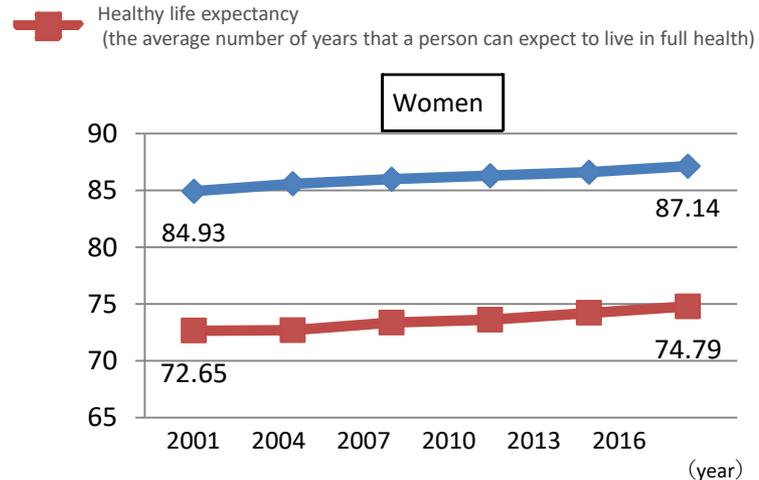
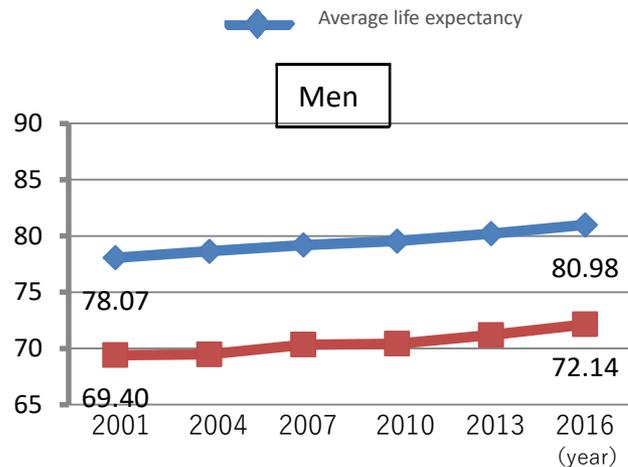
The scores are higher than the figures for people who were five years younger 20 years earlier

What age is considered as elderly?



Setting a goal of increasing healthy life expectancy by three years for both men and women by 2040

Average life expectancy and healthy life expectancy



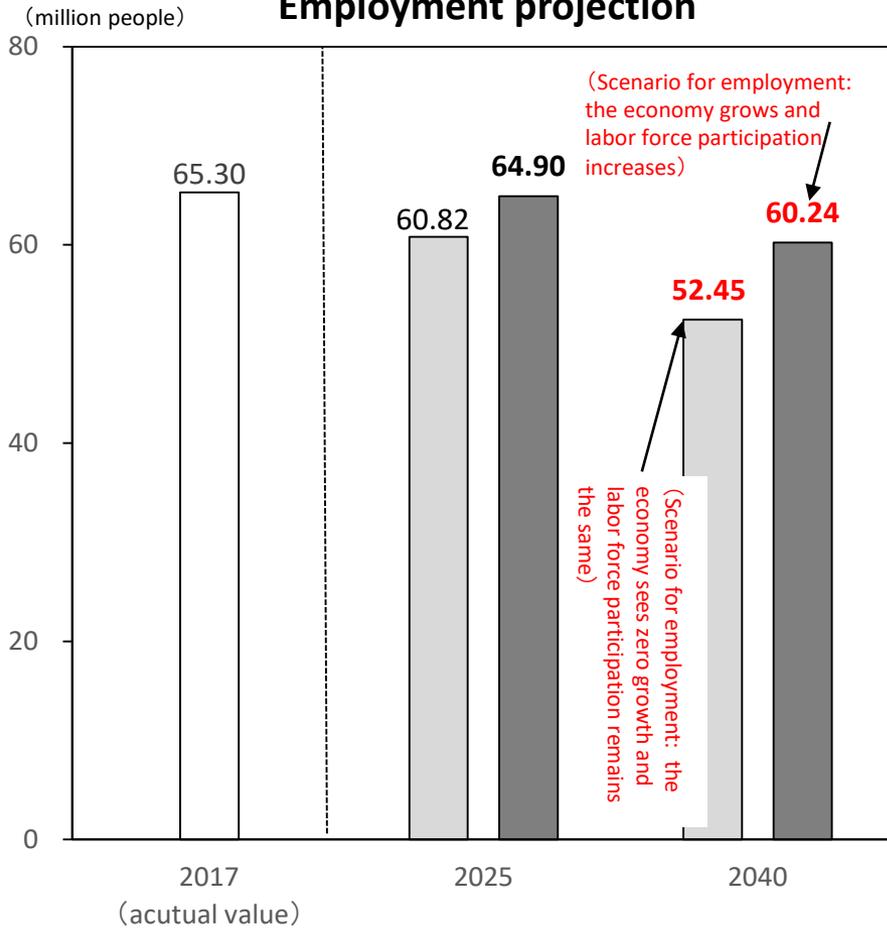
- A manpower shortage is becoming increasingly serious as the country's population declines rapidly. So, it is necessary to bring more women and the elderly into the labor market, encourage workers to develop their potential and create an environment in which employees can demonstrate their abilities.
- Up to 10.7 million people, or one in five workers, are expected to be engaged in healthcare and welfare services in 2040. It is therefore vital to boost labor productivity in medical and welfare facilities so that they can operate with fewer workers. It is also important to help increase healthy life expectancy and reduce demand for medical and welfare services.
- The fundamental cause of a labor force shortage is the declining birthrate. It is therefore crucial for the nation to take comprehensive steps based on a long-term vision.

Future direction (2) Solutions for labor shortages and the shrinking population

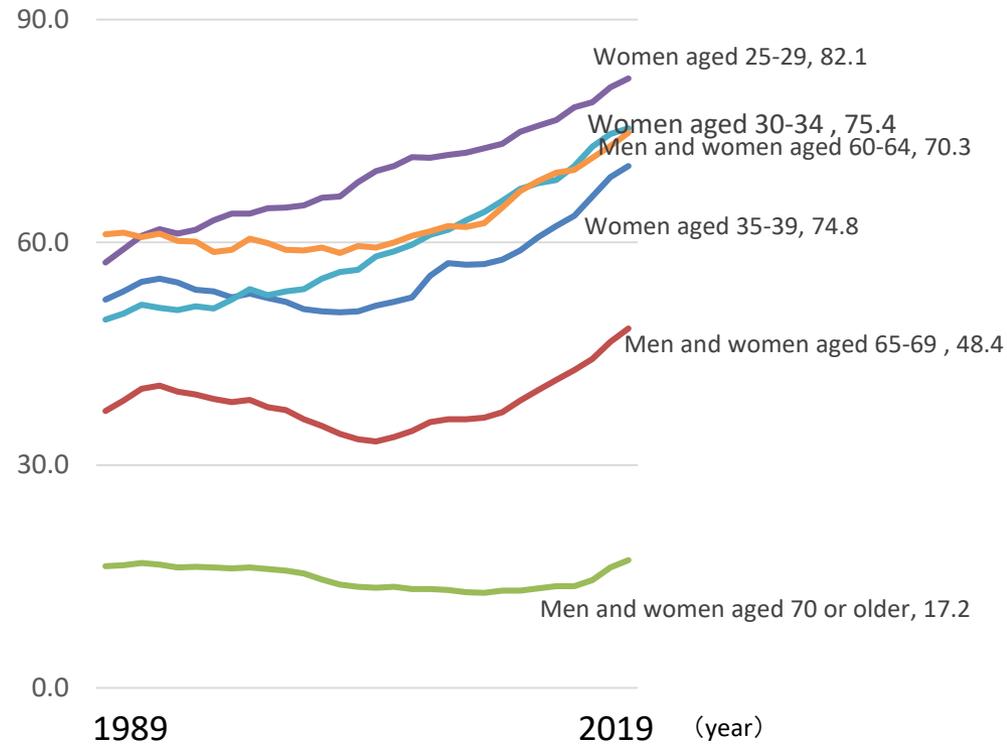
The number of employed persons in 2040 will vary depending on economic growth and an improvement in labor force participation.

The 30 years of the Heisei Era (1989-2019) saw a significant rise in employment rates for women and elderly.

Employment projection



Employment rate

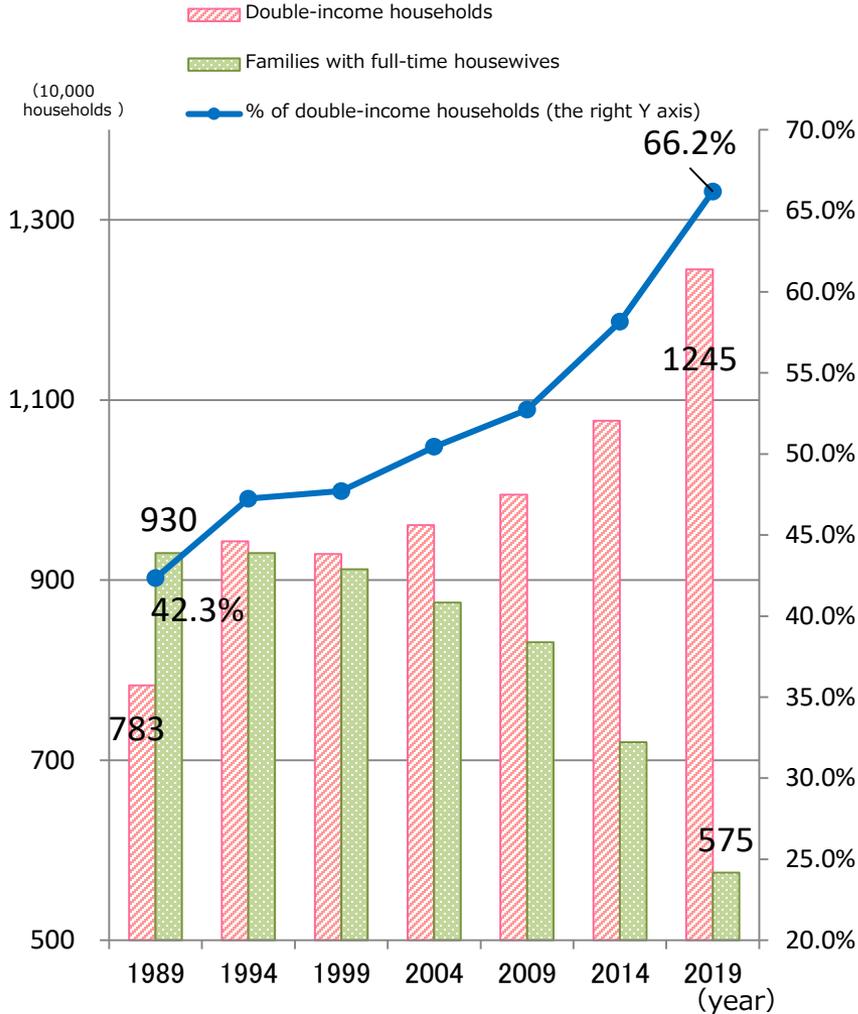


(note) The 2017 actual value is cited from the *Labour Force Survey* conducted by the Ministry of Internal Affairs and Communications, Statistics Bureau. Figures in 2020 and beyond are estimated by the Japan Institute for Labour Policy and Training.

Future direction (2) Solutions for labor shortages and the shrinking population

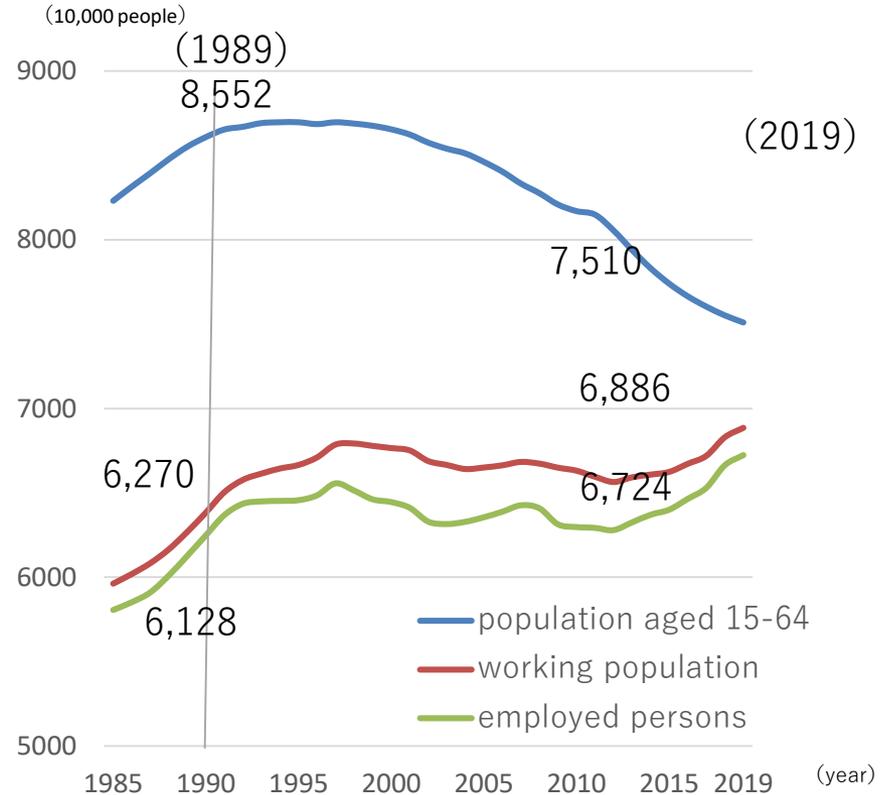
The number of dual-income households increased by about 1.6 times in the 30 years of the Heisei Era(1989-2019). Dual income households have become the norm.

Double-income households and families with full-time housewives



Between 1989 and 2019, Japan maintained the numbers of people in the labor force and employed persons at the levels in the late 1990s despite the population decline.

Working population and the number of employed persons



(note) The share of double-income households is the number of dual-income households as a percentage of the total single-income households with a male income-earner and a full-time housewife.

Future direction (2) Solutions for labor shortages and the shrinking population

In 2040, about one in five workers are expected to be engaged in medical or welfare services. Reforms are necessary in both the demand and supply sides.

It is crucial to tackle the declining birth rate based on a long-term demographic vision.

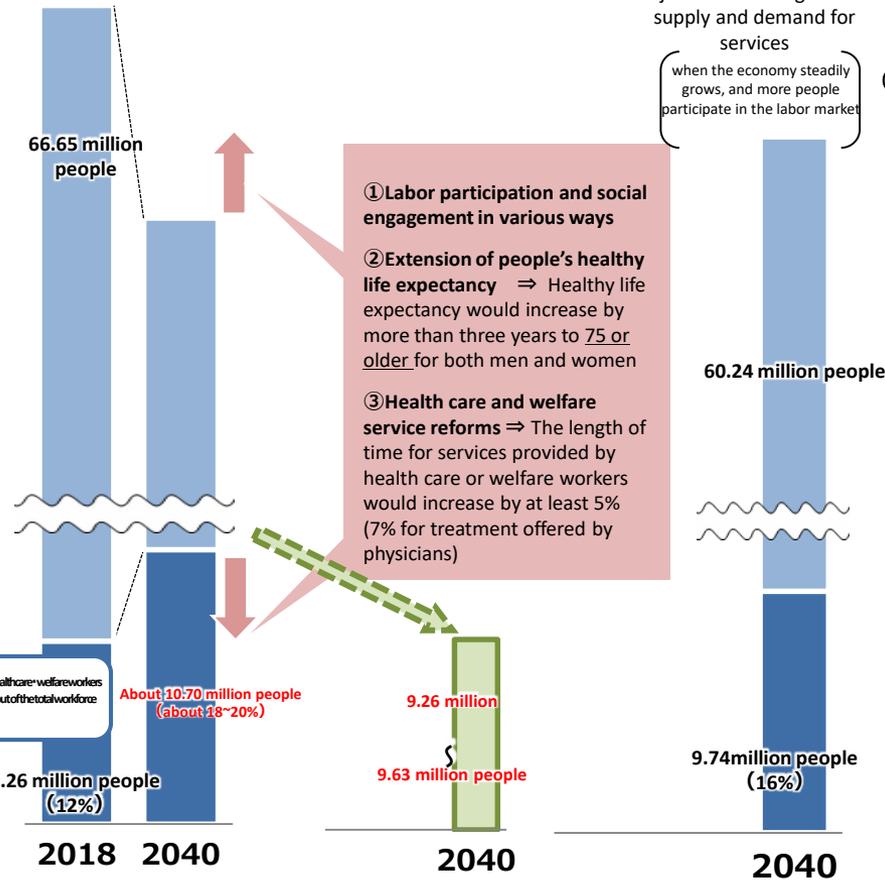
Simulation of manpower by 2040

Projection focusing on demand

(reference)

Projections focusing on both supply and demand for services

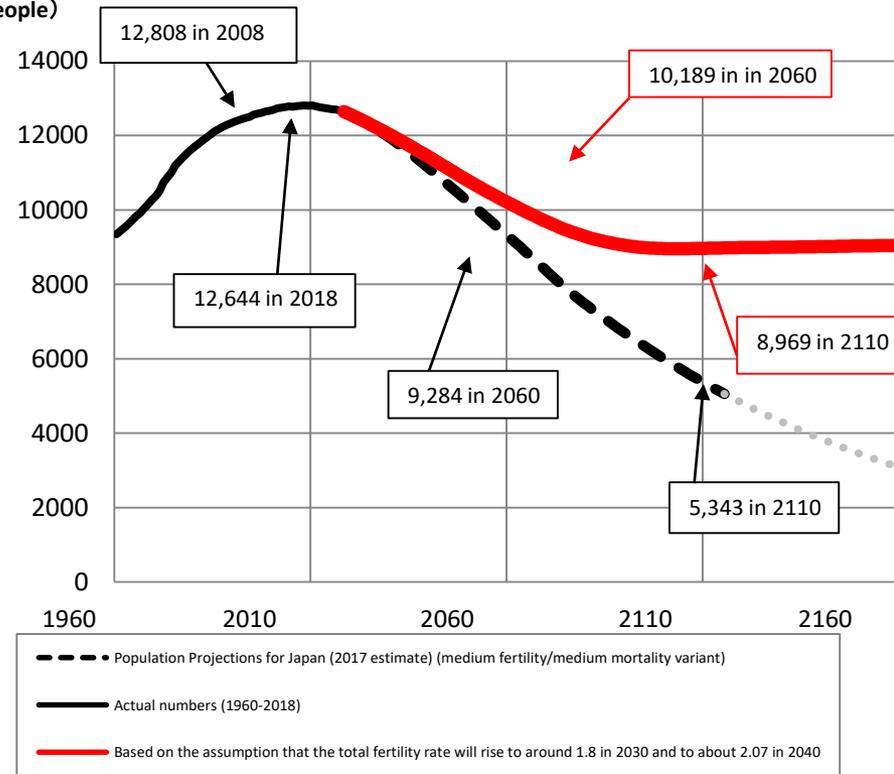
(when the economy steadily grows, and more people participate in the labor market)



Demographic changes and long-term population projections

(Estimates in the *Long-term Regional Revitalization Visions Focusing on Towns, People and Jobs* (revised in 2019))

(10,000 people)



(Note) The chart above is a revised version of the *Simulation of Manpower by 2040* published on May 21, 2018. The total number of employed persons is cited from the *Labor Supply and Demand Estimates* (March 2019) made by the Japan Institute for Labour Policy and Training. The figure below in the total number of employed persons is simulated based on an assumption that economy will remain sluggish, and labor participation will not increase while the figure above is based on an assumption that the economy will grow and labor force participation will increase. The estimated number of employed persons after the reform in 2040 is based on an assumption that the reform will improve labor productivity, and efforts to extend healthy longevity will reduce demand for healthcare and welfare services to a certain level.

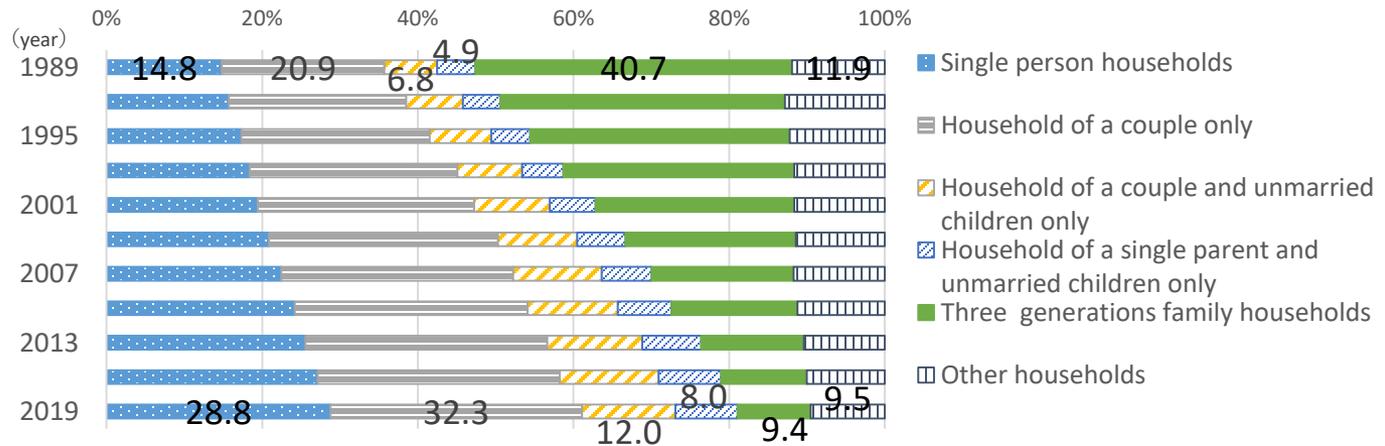
(Note) The *Long-term Regional Revitalization Visions Focusing on Towns, People and Jobs* (revised in 2019) is partially revised. Actual numbers are cited from the census conducted by the Ministry of Internal Affairs and Communications and other surveys. Projection results in the *Population Projection for Japan* (2017 estimate) published by the National Institute of Population and Social Security Research are calculated based on the medium fertility (medium mortality) variant.

- The 30 years of the Heisei Era saw remarkable changes in family structures; for instance, the share of three-generation families fell from about 40% to around 10%. There have been a growing number of elderly people who need assistance managing basic household tasks, but do not have anyone they can ask for help and therefore have to rely on professional care services. The number of such elderly households increased about 3.5 times over the 25 years between 1990 and 2015, and the figure is expected to grow about 1.5 times in the 25 years by 2040.
- Ties between family members, neighbors and coworkers are becoming weaker. But more and more people connect with others through volunteering and other activities. And people— both those who support others and those who receive assistance— also contribute their share as members of the community, helping with each other. As the population declines and many local communities are expected to gradually shrink, it is necessary to increase opportunities for people to connect with each other and create a system that promotes mutual support.

Future direction (3) New social connections and mutual support

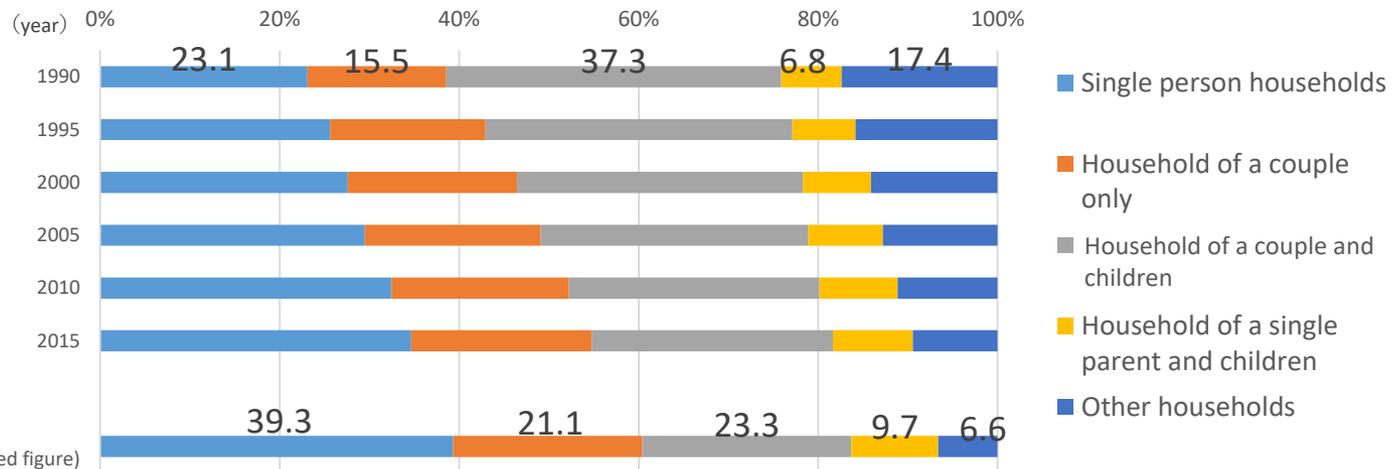
The share of Three generations family households fell from about 40% to around 10%, or a quarter of the size, in the 30 years of the Heisei Era between 1989 and 2019.

Changes in household structures of households with persons aged 65 and over



It is estimated that Single person households will make up about 40 % of all households by 2040 as household structures change in Japan.

Changes in the Composition ratio of total number of households and household structures

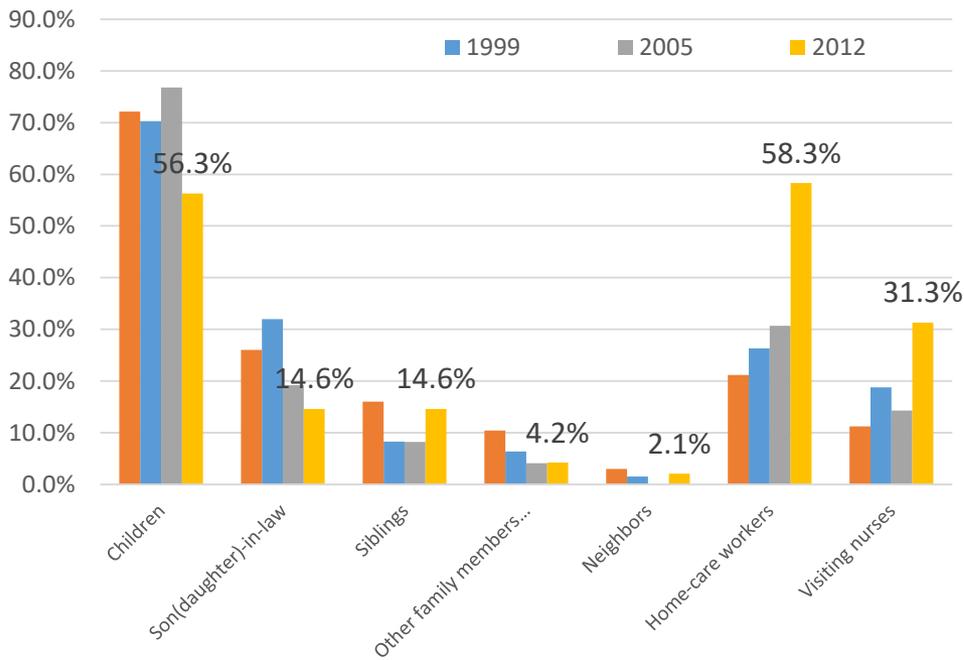


Future direction (3) New social connections and mutual support

Elderly people living alone prefer to rely on professional caregivers for long-term care rather than relying on their children when they get older and need assistance.

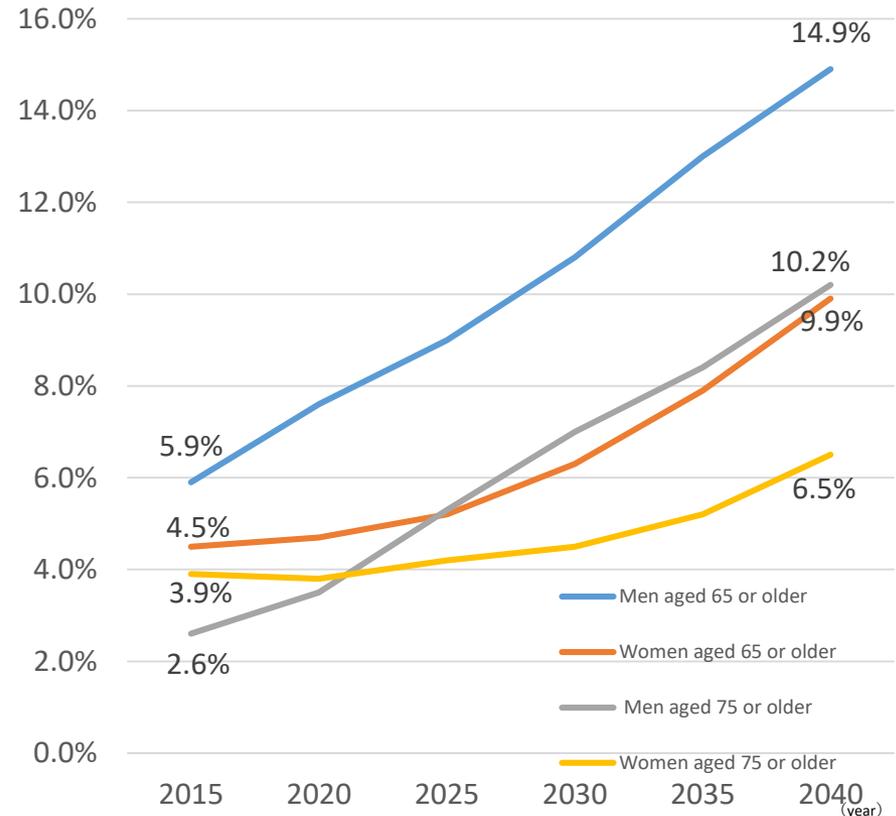
The number of unmarried elderly people is expected to rise by 2040.

Whom will elderly people living alone count on to help them when they require nursing care?



(Note) The survey was conducted on elderly people living alone who prefer to receive nursing care at their own home or family member's home. They were asked whom they would rely on for help in the future. Respondents were allowed to give multiple (up to three) answers. Answer options have been excerpted from those in each annual survey.

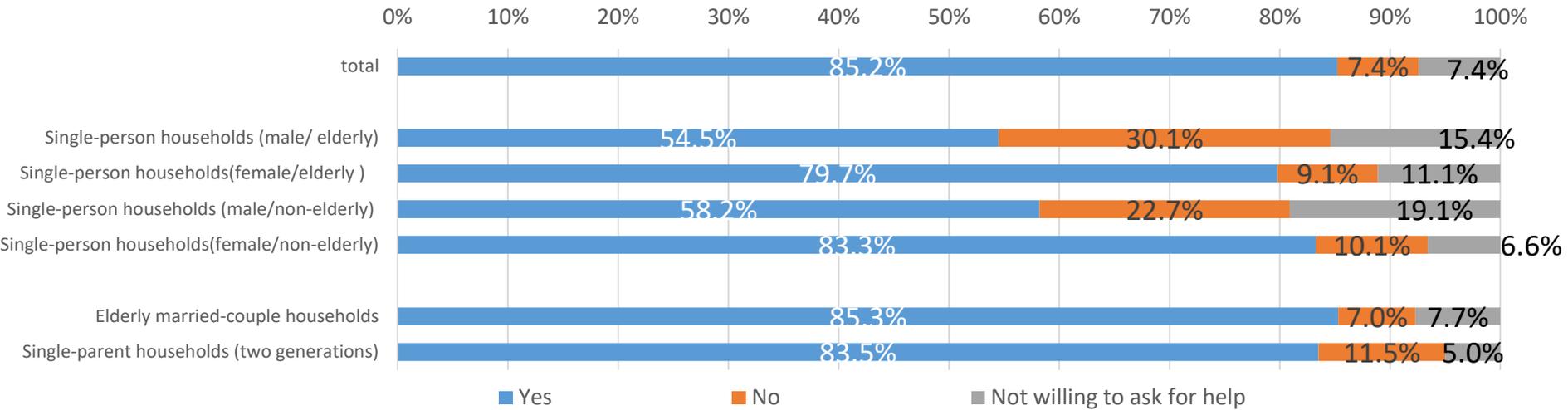
Projections: percentage of unmarried elderly people



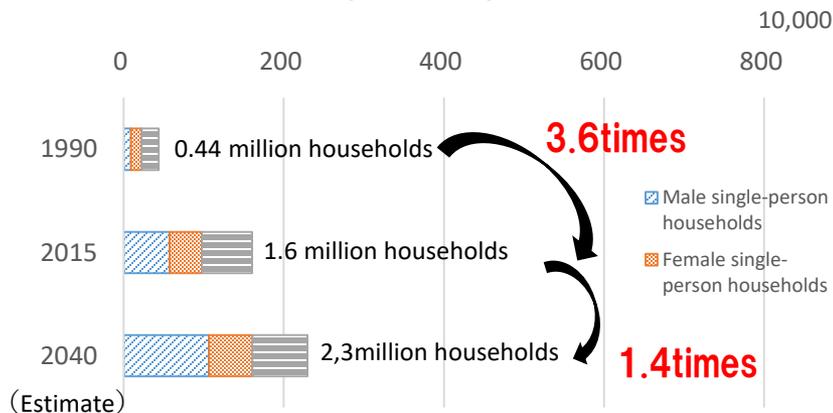
Future direction (3) New social connections and mutual support

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Do you have someone whom you can rely on to help you manage your daily errands and chores? (by household type/ 2017)



Households that lack access to assistance, but need help for daily activities



The number of users of long-term care services

	Home care services (home-visit nursing-care, etc.)	Adult day care services (services at day service facilities, etc.)	Services planned by care managers
1992	0.22 million people	0.18 million people	-
2018	1.49 million people (*)	2.20 million people (*)	4.51 million people

(Note) Figures marked with ※ do not include people who received preventive care services at home or in a facility. Under the Long-term Care Insurance Act(2014 revision), those who receive such services fall under another category.

Making new connections through child care support programs while taking measures to prevent the spread of infections

※See text for details

Tsunagaru Support

～NPO Akita Support Network Ayumu (Akita City)

【Efforts amid the COVID-19 crisis】

The NPO stopped offering meals at Oyako Shokudo, or cafeterias for children and parent(s), in February. But it launched an emergency food aid program at the end of the month. Meanwhile, the organization started to step up its efforts to promote a campaign against domestic violence and child abuse. **The group has distributed free boxed lunches to children and their parent(s) eight times so far and provided food collected through a food pantry program to them.** Thanks to media coverage, the organization now receives more than three times as many delivery orders as usual from across the prefecture. The NPO members are busy shipping food by parcel delivery services. Cardboard boxes are piled up in their office for later shipment. On extremely busy days, those boxes were stacked up so high that they blocked the staff's views. The organization receives requests from different types households including families raising children, persons living alone and elderly households. It also receives orders by email. Here are some examples. A high school student once sent an email at around 1 o'clock in the morning and wrote, "Help me. I can't sleep because I'm starving. Nobody helps me." At another time, a mother sent a message in the middle of the night saying that she was in her car with her young children and needed help. **The NPO is stepping up its efforts targeting domestic violence and child abuse prevention so that it can respond to a growing number of cases as quickly as possible.** Members of the organization have always extended a helping hand, trying to support as many people as possible since before the COVID-19 crisis.



Zoom gathering for people raising children

～NPO Child-rearing Support "Mamekko" (Nagoya city)

【Efforts amid the COVID-19 crisis】

The organization decided to cancel in-person gatherings after the stay-at-home advisory was announced in April in the city of Nagoya. **Instead, the NPO has organized online events for parent(s) raising children three times a week, using the ZOOM video-conference system.** A maximum of 13 parent-child pairs can join the event. On Mondays, participants enjoy making their own toys. On Wednesdays, they discuss specific topics. And on Fridays or Saturdays, a special event by a guest instructor or speaker takes place. The event organizer facilitates the online gathering from 14:30 to 15:30. Then, the participants enjoy free time for 30 minutes. Since everyone joins the event from their homes, they don't have to take a precaution against COVID-19. But there is some concern that shy and quiet participants can be left behind. So, the facilitator tries to make sure that everyone gets fully involved in the conversation. Some participants share the information they have learned in the previous online events. (e.g. : advice to a mother like this: "Your baby should soon start eating solids three times a day, I guess. ")

5/9(土) 第10回 Zoomで子育てサロン開催しました！
トークテーマ：「お家時間を楽しむアイデア」



Future direction (3) New social connections and mutual support

It is necessary to seek best possible ways to promote mutual support and help people make new connections in the community. Meanwhile various groups and organizations as well as relevant agencies need to work together to meet the needs of the community and provide essential support so that each and every individual can maintain their livelihoods.

		Unexpected problems (case) • illnesses	Household chores and other daily activities (cases) • cleaning, meals, shopping, taking care of children • escort service	Connections with people and social engagement (cases) • community centers, community cafes • children's cafeterias, learning support for children	Extra daily living assistance (cases) • consultations, job search • contract/asset management, housing assistance, cash management
Self-help, mutual help	Families, relatives	Help from families or relatives (three generations living in the same house, family members (parents, siblings or children) living nearby, etc.)			
	Private sector companies, etc.	Devices or systems to keep people safe, home-visit/delivery services, etc.		Donating food items to food banks, etc. Prevention of frailty	Employment support
	Residents community groups, social workers, non-profit organizations, etc.	(Residents community groups, social workers) mutual support, group activities, etc. (Non-profit organizations, etc.) voluntary projects			
	Social welfare foundations, cooperative associations (voluntary projects), etc.	Public-interest activities by social welfare foundations Community welfare activities by cooperative associations		Employment support	Housing assistance
Mutual assistance, public support	Residents community groups, non-profit organizations, social welfare foundations, cooperative associations, etc.	Comprehensive services provided under the long-term care insurance program and community-based child-rearing assistance projects under the support system for children and families raising children			
	Medical welfare organizations	Benefits and projects under the long-term care insurance system, the assistance program for persons with disabilities, and the support system for children and families raising children			Consultations on matters concerning welfare, etc.
	Local governments, others	Welfare and other networks	Fee-charging community transportation services		Employment support Housing assistance

Effort to promote the use of the adult guardianship system

Future direction (4) Maintaining and improving the social security system

- Social security reforms undertaken in the 30 years of the Heisei Era(1989-2019) were aimed at (1) improving the social security system and (2) strengthening the financial sustainability of the social security system.
- Future reforms should focus on (1) the era of 100-year life (2) labor shortages and the declining population and ③ new social connections and mutual support. It is especially important to make the social security system more sustainable and expand services as manpower shortages are becoming increasingly serious due to the declining population. It is also crucial for the country to promote digital transformation.
- Japan also needs to hold a nationwide debate on social security reforms that include a vision of the post-coronavirus world.

Keys to social security reform in the era of Reiwa

