

Japan - S\$24 billion boost for pre-school education, childcare ^[1]

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EXCERPTS

Japanese Prime Minister Shinzo Abe announced yesterday that he would seek to implement a ¥2 trillion (S\$24 billion) spending package to expand access to education and cut waiting times at childcare centres.

He said he would redirect some revenue from a planned sales tax hike in 2019 to childcare and education rather than paying back public debt, although he added that he would not abandon fiscal reform.

Rebalancing the spending would offset the potential negative effect on consumption from the tax rise, he said.

"To increase investment in future generations, I decided today to change the way we had promised to use the sales tax," Mr Abe said.

"I am changing a pledge that was made to the public, and one that affects people's livelihoods, so I must swiftly seek the will of the people," he said, adding that he planned to compile a new economic package by the end of the year.

The plan would make pre-school education for children aged three to five free, and provide free childcare for those under the age of two in low-income families.

Under the previous plan, the government was to use a large portion of the around ¥5 trillion in increased revenue from the tax hike - from the current 8 per cent to 10 per cent - to repay debt, and the remainder to improve the country's welfare system.

Mr Abe is now seeking to change that allocation to realise his new policy and reduce the funds intended for debt reduction.

He said he also wants to consider measures to increase wages and encourage investment.

Mr Abe described the time from the next fiscal year through to fiscal 2020 as a three-year period of intensive investment to boost productivity and wages.

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