

## Outline of the 2015 NPA Remuneration Recommendation

### ○ Main points of the 2015 NPA Remuneration Recommendation

#### Raise of Monthly Remuneration and of Bonuses

1. To make up for the remuneration differential between the public and private sectors (0.36%), the salary schedule level should be raised, and the Area Allowance should be raised based on the Comprehensive Review of the Remuneration System.
2. Bonuses (only Diligence Allowance) should be raised by 0.10 times as much as monthly remuneration based on the payment situation, etc. in the private sector.

#### Comprehensive Review of the Remuneration System

Actions to be carried out in FY2016:

1. The Area Allowance should be raised
2. The Family-Unattended-Transfer Allowance should be raised

## I . Basic Concepts of the Remuneration Recommendation

- The remuneration of national public employees may be changed at any time by the Diet to better suit the general conditions of society. The NPA's duty, as stipulated in the National Public Service Act, is to report at least once a year and recommend such changes as needed.
- The NPA Remuneration Recommendation ensures appropriate remuneration for national public employees as a compensatory measure for restrictions placed on basic labor rights. It provides the basis upon which efficient administration is maintained.
- Since the public sector is exempt from the deterrent mechanism of the market that serves as a restriction to determine remuneration, the most rational standard to determine public-sector remuneration is to maintain accordance with the private sector, in which remuneration is concluded by labor-management negotiations, etc. and reflects factors such as economic and employment circumstances.

## II . Remuneration Revision Based on the Remuneration Differential between the Public and Private Sectors

## 1. Remuneration Comparison between the Public and Private Sectors

A field survey was conducted of approximately 500,000 individual remunerations in about 12,300 private offices. (Survey completion rate: 87.7%)

### <Monthly Remuneration>

The NPA surveyed remuneration paid in April 2015 in both the public and private sectors, and compared groups of data that demonstrate equivalent major remuneration-determining factors: position, working area, educational background and age.

- Remuneration differential between the public and private sectors

Monthly remuneration of the public sector should be raised by 1,469 yen, i.e. 0.36%.

Breakdown of the 1,469 yen raise: Basic Salary: 280 yen

Area Allowance: 1,156 yen

Rebound: 33 yen

◇Rebound: The consequential change in allowances which are calculated with fixed rates on basic salary, etc.

The average age of national public employees (to whom Salary Schedule for the Administrative Service (I) is applied) is 43.5, and their average remuneration is 408,996 yen.

### < Bonuses >

The NPA compared payment rates (ratios to monthly remuneration) in the private sector from August 2014 through July 2015 with those in the public sector.

- Bonuses paid in the private sector (4.21 months)
- Bonuses (End-of-Term Allowance and Diligence Allowance) paid in the public sector (4.10 months)

## 2. Contents and Concepts of Remuneration Revision

### <Monthly Remuneration>

**(1) Salary schedules**

① Salary Schedule for the Administrative Service (I) (Average revision rate: 0.4%)

It should be raised by 2,500 yen for initial salary of the 1st grade considering that there is a differential between the public and private sectors. As for young employees, it should be raised by the same amount. For others, basically it should be raised by 1,100 yen for each considering that the differential between the public and private sectors among elder employees is becoming smaller because of the Comprehensive Review of the Remuneration System, etc.

② Other salary schedules

Basically they should be revised in balance with the Salary Schedule for the Administrative Service (I). Regarding Salary Schedule for Designated Service, it should be raised by 1,000 yen for each pay step considering the raise of Salary Schedule for the Administrative Service (I).

**(2) Recruitment Incentive Allowance**

It should be raised considering the revision of Salary Schedule for Medical Service (I) from the viewpoint of securing appropriate working conditions for medical doctors.

**(3) Area Allowance**

It should be raised by 0.5-2.0 % according to the payment rates differential between before and after the revision of Comprehensive Review of the Remuneration System from the viewpoint of promoting the Comprehensive Review of the Remuneration System smoothly.

**< Bonuses >**

It should be raised to match the private sector (from 4.10 to 4.20 times as much as monthly remuneration).

An increment should be allocated to the Diligence Allowance for the promotion of remuneration based on performance considering the payment situation in the private sector,

etc.

#### Rates for general officials

Time of payment Fiscal Year	June	December
FY 2015		
End-of-Term Allowance	1.225 (Paid)	1.375 (No revision)
Diligence Allowance	0.75 (Paid)	0.85 (Currently 0.75)
FY 2016 onward		
End-of-Term Allowance	1.225	1.375
Diligence Allowance	0.80	0.80

(Unit: Payment rates for monthly remuneration)

#### [Time of Implementation]

- Monthly Remuneration: April 1, 2015
- Bonuses: Date of promulgation of the Revised Remuneration Act

### 3. Other issues

#### (1) Family Allowance for spouses

According to the survey of this year, in the private sector, enterprises and offices which have Family Allowance for spouses and have set income limits for eligibility remain popular. Requirements, etc. for the payment of Family Allowance will continue to be considered, following the trend of revision of Family Allowance in the private sector and revision of the tax and social security system, etc.

#### (2) Remuneration of reappointed employees

It will continue to be considered, bearing in mind trends in the private sector and the operating status of the reappointment system in the Cabinet Office, each ministry, etc.

## III. Comprehensive Review of the Remuneration System

### 1. Outline

In order to deal with issues involved in the remuneration of national public employees, the NPA recommended a comprehensive review of the remuneration system including the design of salary schedules and allowances as well as indicated the perspective of contents of concrete measures, the implementation schedule, etc. in the 2014 NPA Remuneration

Recommendation. This comprehensive review has been implemented substantially since April 2015 by revising the Remuneration Act.

From now on, the NPA shall implement the revision of allowances, etc. stepwise by amending the NPA rules, and finalize them on April 1, 2018.

## 2. Actions to be carried out in FY2016

### (1) The payment rates of the Area Allowance

It should be raised to the rates fixed in the Remuneration Act from April 1, 2016.

### (2) The Family-Unattended-Transfer Allowance

The basic amount (by 4,000 yen, total 30,000 yen) should be raised from April 1, 2016.

Considering the raise of the basic amount, the limitation of additional amount (by 12,000 yen, total 70,000 yen) will be raised from April 1, 2016.

\* According to the revision of the Remuneration Act, the payment rates of the Wide Area Transfer Allowance, which will be applied to personnel transfer from April 1, 2016, will be raised to 10% in the case that the distance between the previous office and the new office is not less than 300 km, and to 5% in the case that the distance is not less than 60 km but less than 300 km.