

## Outline of the Remuneration Recommendation

### ○ Main Points of the 2019 NPA Remuneration Recommendation

#### - Raise of Monthly Remuneration and Bonus -

1. The initial salary for new recruits and basic salary for young employees should be raised to make up for the remuneration differential between the public and private sectors (0.09%).
2. Bonuses should be raised by 0.05 times as much as the monthly remuneration; an increment should be allocated to Diligence Allowance, considering the payment situation in the private sector, etc.
3. The lower limit of the rent subject to Housing Allowance should be raised, and the upper limit of the allowance should be raised using the funds generated from this change.

### I. Basic Concepts of the Remuneration Recommendation

(The Significance and the Role 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. It is the NPA's duty, stipulated in the National Public Service Act, 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 deterrence of market mechanisms which serve as a restriction to determine remuneration, the most rational standard to determine public-sector remuneration is to maintain it in accordance with the private sector, where remuneration is concluded by labor-management negotiations, etc. and reflects factors such as economic and employment circumstances.

(Current Method for Comparing the Remuneration of the Private and Public Sectors, etc.)

- It is appropriate to compare the remuneration of the public and private sectors by considering remuneration-determining factors such as position, working area, educational background and age. It is inappropriate to compare them by the simple average amount.
- Most private enterprises with 50 or more employees have such positions as department director, division director, and unit chief, which enables the NPA to compare the remuneration in these enterprises with that in the public sector, between persons with the equivalent major remuneration-determining factors. Furthermore, the NPA's field survey method, which underpins the accuracy of the survey data, is only possible with the manageable number of offices subject to the survey under the existing criteria.

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

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

A field survey was conducted of approximately 550,000 individual remunerations in about 12,500 private offices. (Survey completion rate: 87.9%)

#### <Monthly Remuneration>

The NPA compared remuneration for April 2019 in both the public and private sectors.

- **The remuneration differential between the public and private sectors:** 387 yen, i.e. 0.09%
  - The average remuneration of national public employees to whom Salary Schedule for the Administrative Service (I) (hereinafter referred to as “Admin. (I) Schedule”) is applied is 411,123 yen, and their average age is 43.4.
  - Basic Salary: 344 yen
  - Rebound\*: 43 yen
- (\*The consequential change in allowances which are calculated with fixed rates on basic salary.)

#### <Bonuses>

The NPA compared the payment rate (ratio to monthly remuneration) in the private sector from August 2018 through July 2019 with the annual payment rate in the public sector.

- **Payment rate of bonuses paid in the private sector:** 4.51 months  
(Payment rate of bonuses paid in the public sector: 4.45 months)

### 2. Contents and Concepts of Remuneration Revision

#### <Monthly Remuneration>

##### (1) Salary Schedules

###### ① Admin. (I) Schedule

The initial monthly salary for those recruited by the Comprehensive Service Examination and the General Service Examination (for university graduate level) should be raised by 1,500 yen and those recruited by the General Service Examination (for high school graduates) by 2,000 yen in consideration of the differential in initial salary between the public and the private sectors, etc. In line with this, necessary revision should be made concerning pay steps of the employees in their mid-30s or younger. (The average revision rate is 0.1%)

###### ② Other Salary Schedules

Other salary schedules should be revised in balance with the Admin. (I) Schedule. (No revision for the Salary Schedule for Specialized Staff and Designated Service)

**(2) Housing Allowance**

In consideration of the increase in the rent of government housing, the lower limit of the rent subject to the allowance should be increased by 4,000 yen (from 12,000 yen to 16,000 yen). In addition, using the funds generated from this abovementioned increase and in the light of the situation in the private sector, etc., the upper limit of the allowance should be raised by 1,000 yen (from 27,000 yen to 28,000 yen). For the employees whose allowance is reduced by over 2,000 yen, necessary transitional measures should be taken for one year.

**< Bonuses >**

Bonuses should be raised to match those of the private sector (from 4.45 to 4.50 times as much as the monthly remuneration).

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

(Revised payment rates for general employees)

Time of Payment Fiscal Year	June	December
FY 2019		
End-of-Term Allowance	1.30 (Paid)	1.30 (No revision)
Diligence Allowance	0.925 (Paid)	0.975 (Currently 0.925)
FY 2020 onward		
End-of-Term Allowance	1.30	1.30
Diligence Allowance	0.95	0.95

**[Time of Implementation]**

- Revision of Monthly Remuneration: April 1, 2019 (April 1, 2020 for Housing Allowance)
- Revision of Bonuses: Date of promulgation of the act to realize this recommendation

**III. Future Issues Related to the Remuneration System**

The NPA will continuously promote efforts with a view to emphasizing the duties, responsibilities and expertise of employees as well as reflecting their abilities and performance. Additionally, the NPA will examine the ideal way of the remuneration curve, according to the status of mandatory retirement age systems in private enterprises.