

Outline of the Remuneration Recommendation

○ Main Points of the 2018 NPA Remuneration Recommendation

Raise of Monthly Remuneration and Bonus

1. To make up for the remuneration differential between the public and private sectors (0.16%), the salary schedule level should be raised.
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.

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 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 530,000 individual remunerations in about 12,500 private offices. (Survey Completion rate: 88.2%)

<Monthly Remuneration>

The NPA compared remuneration for April 2018 in both the public and private sectors.

- The remuneration differential between the public and private sectors: 655 yen, i.e. 0.16%
- 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 410,940 yen, and their average age is 43.5.

- Basic Salary: 583 yen
 - Rebound*: 72 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 2017 through July 2018 with the annual payment rate in the public sector.

- Payment rate of bonuses paid in the private sector: 4.46 months
(Payment rate of bonuses paid in the public sector: 4.40 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 (for university graduate level) and the General Service Examination (for university graduate level and for high school graduates) should be raised by 1,500 yen considering that there is a differential of initial salary between the public and the private sectors, etc. As for the steps applied to young employees, the monthly salary amounts should be raised by 1,000 yen. For others, the monthly salary amounts should be raised basically by 400 yen. (the average revision rate is 0.2%)

② Other Salary Schedules

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

(2) Recruitment Incentive Allowance

The amount of the allowance should be revised, considering the revision of the Salary Schedule for Medical Service (I), from the viewpoint of securing appropriate working conditions for medical doctors.

< **Bonuses** >

Bonuses should be raised to match the private sector (from 4.40 to 4.45 times as much as the monthly remuneration).

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

(Revised payment rates for general employees)

Time of payment Fiscal Year	June	December
FY 2018 End-of-Term Allowance Diligence Allowance	1.225 (Paid) 0.90 (Paid)	1.375 (No revision) 0.95 (Currently 0.90)
FY 2019 onward End-of-Term Allowance Diligence Allowance	1.30 0.925	1.30 0.925

[Time of Implementation]

Revision of Monthly Remuneration: April 1, 2018

Revision of Bonuses: Date of promulgation of the act to realize this recommendation

III. Other**(1) Day/Night Watch Duty Allowance**

Necessary revision should be made according to the remuneration status of the employees on day/night watch duty.

(2) Housing Allowance

The NPA will consider necessary reviews on Housing Allowance based on the actual status of employees' rent coverage and payment situation in the private sector, etc., taking into account the trend of the increasing number of employees who receive the allowance, and also considering raise of the rent in government housing.