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Achieving Adequate Remuneration

Remuneration of national public employees is made up of salary (basic salary) and allowances to complement the salary. The remuneration level for national public employees is determined through a precise comparison of salaries, including monthly remuneration and bonuses, between the public and private sectors, which we survey. The distribution of salary and allowances in monthly remuneration is decided taking into account the necessity in personnel management in the public service.

Types of Remuneration

Salary

(Equivalent to base pay in private sector)

Allowances

- Family Allowance
- Housing Allowance
- Commuter Allowance
- Family-unattended-transfer Allowance
- Teleworking allowance
- Area Allowance (paid to employees working in the areas where wage levels in the private sector are high)
- Wide-area Transfer Allowance
- Managerial Allowance (paid to employees in managerial positions)
- Headquarters Duty Adjustment Allowance
- Hardship Duty Allowance
- Overtime Allowance, etc.

Bonus

- End-of-term Allowance
- Diligence Allowance

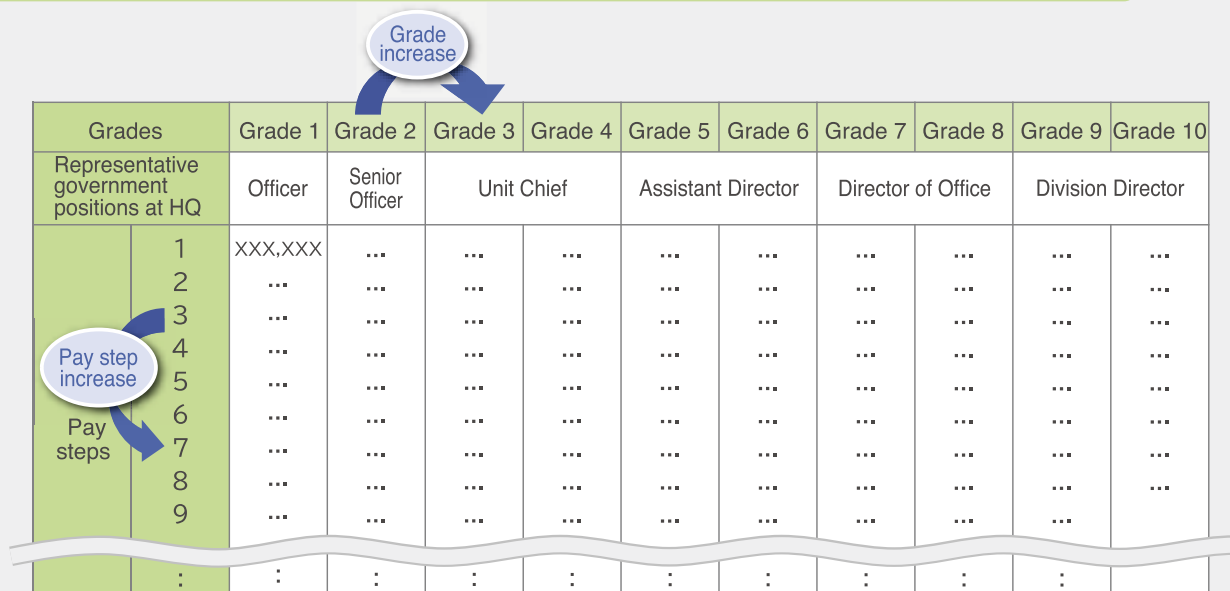
■ Principle of Remuneration based on Official Duties and Responsibilities

- ▶ Remuneration of national public employees is determined in accordance with the type of job as well as the degree of complexity, difficulty and responsibility of duties.
- ▶ There are 17 salary schedules in accordance with the type of job (Administrative Service, Public Security Service, Medical Service, etc.); one of these schedules is applied to each employee.
- ▶ Each salary schedule has several grades that are established in accordance with the degree of complexity, difficulty and responsibility of duties (Officer, Unit Chief, Division Director, etc.).

■ Principle of Merit

- ▶ Grade increase (change to upper grade) and pay step increase within grade (change to upper pay step) are determined based on work performance and abilities. The diligence allowance is also paid in accordance with work performance. (Refer to page 17.)

Example of Salary Schedule for Administrative Service (I) (equivalent to administrative/technical jobs in private enterprises)



| Grades | | Grade 1 | Grade 2 | Grade 3 | Grade 4 | Grade 5 | Grade 6 | Grade 7 | Grade 8 | Grade 9 | Grade 10 |
|---|---|---------|----------------|------------|---------|--------------------|---------|--------------------|---------|-------------------|----------|
| Representative government positions at HQ | | Officer | Senior Officer | Unit Chief | | Assistant Director | | Director of Office | | Division Director | |
| <div>Pay step increase</div> <div>Pay steps</div> | 1 | XXX,XXX | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 2 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 3 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 4 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 5 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 6 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 7 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 8 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 9 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| : | | : | : | : | : | : | : | : | : | : | : |

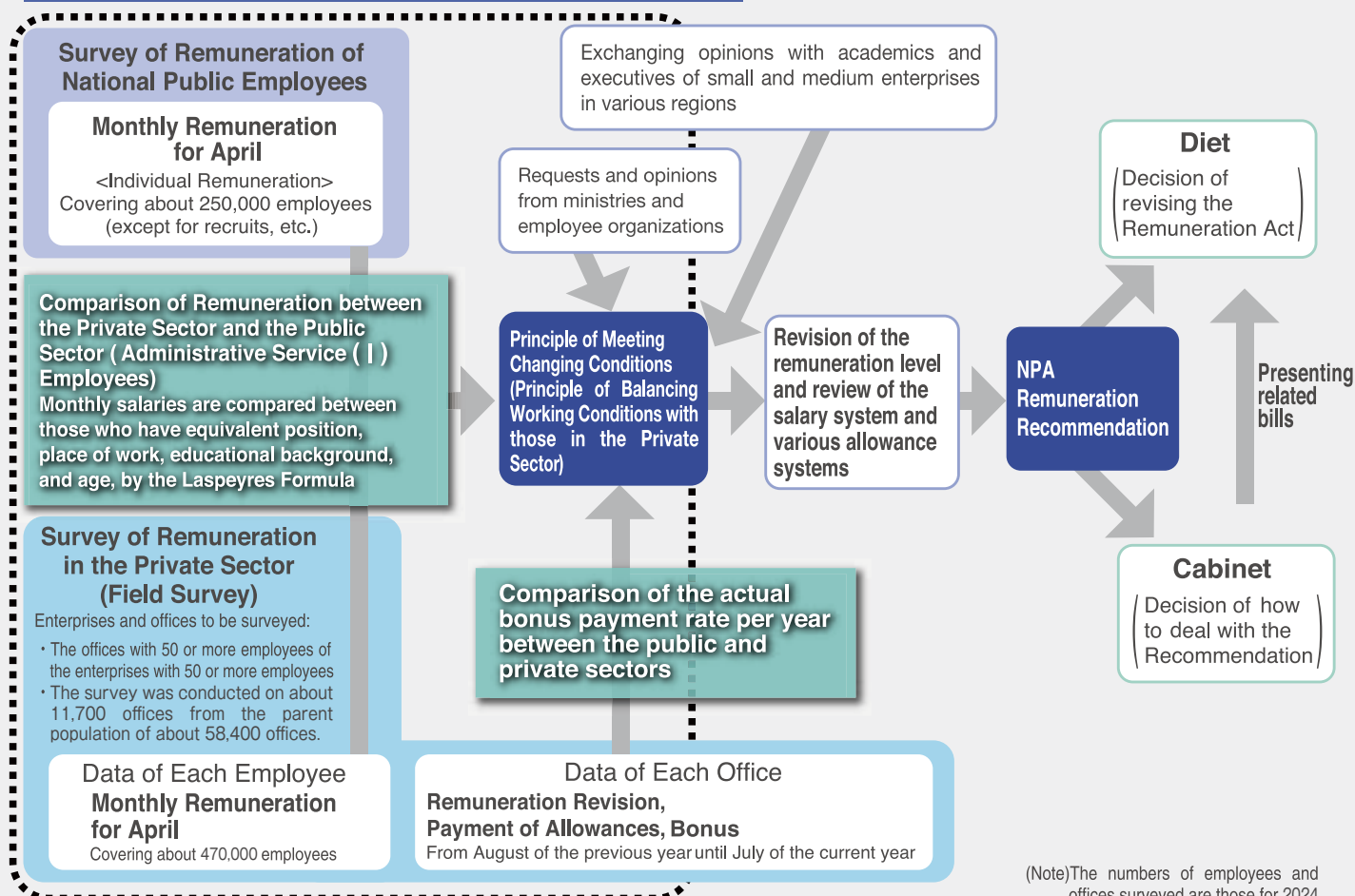
Remuneration Recommendation

The national public employees cannot conduct labor-management negotiation due to the restriction of basic labor rights. The NPA's remuneration recommendations serve as the compensatory measure to offset the restriction.

Principle of Meeting Changing Conditions

- ▶ Remuneration of national public employees is required by law to be revised to meet the general condition in society.
- ▶ The NPA annually conducts a survey on the remuneration of national public employees and that of private companies and makes the remuneration recommendation based on the principle of adjusting the remuneration level of national public employees to that of private sector employees (Principle of Balancing Working Conditions with those in the Private Sector).

Process of Remuneration Recommendation



(Note) The numbers of employees and offices surveyed are those for 2024.

[Reference] Major Amendments to Comparison Method (from 2006)

Expanded the survey target

- 2006 ▶ Changed the private sector offices covered by the survey to those with 50 or more employees on the enterprise scale basis and 50 or more employees on the office scale basis(※)
▶ “Staff employees” were added to the survey target employees.

Expanded the survey target industries

- 2013 ▶ The survey target industries were expanded to “all industries” through incorporating “Agriculture and Forestry”, “Lodging and Food Service Industry”, etc. into the target industries.

Expanded the survey target employees

- 2014 ▶ “Middle positions (employees at the positions between Department Director and Division Director)” were added to the survey target employees.

※ The number of indefinite duration employees in private establishments with 50 or more employees on an enterprise scale basis accounts for over 60% of all the indefinite duration employees in private establishments.

Points of 2024 Remuneration Recommendation

■ Remuneration revision in 2024

Highest base increase in nearly 30 years, reflecting the state of private sector remuneration

Monthly Remuneration: Raise of 2.76% (11,183 yen) on average
Raises are made for all employees, with an emphasis on younger employees.

Bonus: Increase of 0.10 x monthly remuneration (4.50 months → 4.60 months)
Increases are equally allocated to the end-of-term allowance and diligence allowance.



▲ August 8, 2024

The President of the NPA, Kawamoto Yuko, submitted the Recommendation to then-Prime Minister, Kishida Fumio (Courtesy of the Cabinet Public Relations Office)

| | Month | End-of-term and Diligence Allowances (bonus) | |
|------|----------------------------|--|-------------------------------|
| | Ratio of revision (amount) | Number of months per annum | Change from the previous year |
| 2020 | No revision recommended | 4.45 | -0.05 |
| 2021 | No revision recommended | 4.30 | -0.15 |
| 2022 | 0.23% (921 yen) | 4.40 | 0.10 |
| 2023 | 0.96% (3,869 yen) | 4.50 | 0.10 |
| 2024 | 2.76% (11,183yen) | 4.60 | 0.10 |

[Reference] Model Remuneration per Annum [After 2024 Recommendation]

| | | | |
|-----------------|--------------------|---|----------------|
| Regional Office | Officer | age: 22 (Initial salary for employees recruited through General Service Examination (Univ. Grad.)) | 3,634,000 yen |
| | Unit Chief | age: 35 | 4,875,000 yen |
| | Division Director | age: 50 | 6,874,000 yen |
| Headquarters | Officer | age: 22 (Initial salary for employees recruited through Comprehensive Service Examination (Univ. Grad.)) | 4,665,000 yen |
| | Assistant Director | age: 35 | 7,568,000 yen |
| | Division Director | age: 50 | 12,924,000 yen |

■ Update of Remuneration System

~ Shift to a system that meets the needs of the times in response to the current key issues in human resource management~

| | |
|---------------------------|--|
| <u>Salary</u> | Initial salaries and the level of remuneration for young employees will be significantly increased. The system will be changed to place more emphasis on job responsibilities for Unit Chiefs and above, and the salary level of Division Directors/Office Directors at headquarters in particular will be fundamentally revised to reflect their roles. |
| <u>Area allowance</u> | The system will be revised to be a "prefecture" based system (formerly "city" based), with the exception of cities with a population of more than 0.2 million. The classification levels will be reduced to 5 (formerly 7), and each area's classification will be determined based on the latest data. (Measures to mitigate drastic changes due to this revision will be taken.) |
| <u>Commuter Allowance</u> | Transfer guarantee will be extended to 3 years. The payment amount limit will be raised to 150,000 yen per month, and within this limit, express fares will be fully paid. Requirements to receive allowance covering Shinkansen fares will be relaxed. |
| <u>Family Allowance</u> | Family allowance for spouses will be abolished and the amount of family allowance for children can be increased. |
| <u>Bonus</u> | Upper limit of the diligence allowance for extremely excellent performers will be raised (to approx. three times the amount for average performers). Bonuses for specified fixed-term employees will be expanded. |
| <u>Other Allowance</u> | Hours covered by the allowance for late-night work on weekdays for management staff will be extended. Allowances paid to reappointed employees will be expanded (housing allowance, remote area work allowance, cold area allowance, etc.). |

【Increase in initial salaries for new graduates
(Initial salaries in Salary Schedule for Administrative Service (I))】

| | | Comprehensive Service Examination (Univ. Grad.) | General Service Examination (Univ. Grad.) | General Service Examination (High School Grad.) |
|--|-----------------|---|---|---|
| Monthly Salary | Before Revision | 200,700 yen | 196,200 yen | 166,600 yen |
| | After Revision | 230,000 yen (+29,300 yen) | 220,000 yen (+23,800 yen) | 188,000 yen (+21,400 yen) |
| In the case of working at headquarters | | 284,800 yen | 271,200 yen | 232,800 yen |

【Salary system from Unit Chiefs to Division Directors/Office Directors at headquarters
(Salary Schedule for Administrative Service (I))】 (Image)

