

Outline of the Second Supplementary Budget for FY2016

Summary : the Second Supplementary Budget for FY2016

■ Central government expenditure used for implementing the Economic Stimulus Package for Realizing Investment for the Future^{1/}

Total: 4,522.1 billion yen

1. Accelerate efforts to build a society in which all citizens are dynamically engaged 713.7 billion yen

(1) Improve the childcare and nursing care environment 277.0 billion yen

- Support for building school facilities etc. [187.3 billion yen]
- Ensure appropriate childcare services and facilities etc. [54.5 billion yen]
- Secure human resources for providing childcare and nursing care services etc. [14.9 billion yen]
- Develop an environment for certified *kodomo-en*^{2/} [8.6 billion yen]

(2) Enhance support for young generation and promote the empowerment of women 20.0 billion yen

- Help local areas tackle low birth rate [4.0 billion yen]
- Subsidies to help build the future of children in local areas [1.0 billion yen]
- Support municipalities in assisting couples with low income [1.0 billion yen]

(3) Raise both gross income and consumption across the entire society 416.7 billion yen

- Provide the Simple Benefits [367.3 billion yen]
- Improve residential environment by creating and utilizing high-quality residences [30.5 billion yen]

1/ The economic stimulus package was determined by the Cabinet on August 2, 2016

2/ Certified *kodomo-en* is a facility that offers education and childcare in an integrated manner.

2. Develop 21st-century-type infrastructure

1405.6 billion yen

(1) Develop infrastructure for 40 million foreign tourists

100.1 billion yen

- Improve port capabilities for receiving large cruise ships and strengthen the functions of Haneda Airport [26.7 billion yen]
- Promote and accelerate the projects to establish infrastructure for receiving more foreign visitors to Japan (barrier-free facilities, Wi-Fi environment etc.) [15.5 billion yen]
- Make national parks more attractive to foreign visitors [10.3 billion yen]
- Urgently promote attractiveness of local areas to foreign visitors [4.5 billion yen]

(2) Promote exports of agricultural, forestry, and fishery products, and enhance the competitiveness of agriculture, forestry, and fishery

431.7 billion yen

- Integrate current small agricultural fields and convert paddies to dry fields etc. [125.2 billion yen]
- Promote animal husbandry clustering [68.5 billion yen]
- Build exporting bases [25.8 billion yen]
- Promote innovation [11.7 billion yen]

(3) Accelerate development of infrastructure, including the launch of the Maglev Chuo Shinkansen line and the Planned Shinkansen lines

321.2 billion yen

- Comprehensive development of social capital to strengthen competitiveness of local areas (Comprehensive Grants for Social Capital Investment) [157.3 billion yen]^{3/}
- Strengthen the logistics network, which includes beltways in metropolitan areas and introduce measures to tackle congestion [129.5 billion yen]
- Improve the functions of strategic international container ports [14.1 billion yen]
- Strengthen the functions of Haneda Airport and similar facilities (listed in 2(1) above)

FILP

Accelerate the construction of the Maglev Chuo Shinkansen line [JRJT: 1,500.0 billion yen] and the planned Shinkansen lines [JRJT: 827.9 billion yen]

^{3/} The grant may also be distributed to 2(1), 3(3) and 4(3).

(4) Support the infrastructure businesses outside Japan

362.4 billion yen

- “High Quality Infrastructure Export Initiative” (Supporting Japanese companies’ infrastructure businesses outside Japan, through JBIC, JICA and JOGMEC) [332.6 billion yen]

FILP
Support Japanese companies’ introduction of infrastructure overseas such as high-efficiency thermal plants [JBIC:200.0 billion yen]^{4/}

(5) Accelerate efforts toward productivity improvement

190.3 billion yen

- Promote research and development of innovative pharmaceuticals and medical equipment through industry-academia-government collaboration etc. [65.3 billion yen]
- Develop core rockets and next-generation satellites etc. [28.0 billion yen]
- Establish AI-related research centers [19.5 billion yen]

3. Response to risk such as uncertainly due to the UK’s exit from the EU; support for SMEs and microenterprises as well as local communities

434.0 billion yen

(1) Financing support of SMEs and microenterprises

153.9 billion yen

- Support the overseas expansion and fund raising by SMEs and microenterprises through the Japan Finance Corporation and similar entities [153.9 billion yen]

FILP
Support fund raising by SMEs and microenterprises [JFC:100.0 billion yen]

(2) Support SMEs and microenterprises in strengthening managerial capacity and improving productivity

117.6 billion yen

- Support innovation in manufacturing, introduction of IT and small businesses’ marketing efforts etc. [112.1 billion yen]

(3) Promotion of regional revitalization

162.5 billion yen

- Regional revitalization subsidies [90.0 billion yen]
- Seismic retrofitting of water facilities etc. [40.0 billion yen]
- Promote removal of utility poles and implement transportation safety measures [18.7 billion yen]

FILP
Build railroad grade separations etc. [DBJ:500.0 billion yen]

4/ In addition, industrial investment is made with financial resources of transfers from the General Account.

4. Reconstruction from the Kumamoto Earthquake and the Great East Japan Earthquake; ensuring safety and security and disaster prevention **1,968.8 billion yen**

(1) Recovery and reconstruction from the Kumamoto Earthquake **413.9 billion yen**

- Restore damaged public civil engineering facilities etc. [171.2 billion yen]
- Increase special tax grants to support establish a reconstruction fund [51.0 billion yen]
- Restore damaged social welfare and medical facilities [18.6 billion yen]
- Projects to restore cultural assets damaged by the Kumamoto Earthquake [4.9 billion yen]
- Implement the group subsidies [40.0 billion yen] • Restore damaged school facilities etc. [37.3 billion yen]

(2) Accelerate reconstruction from the Great East Japan Earthquake **545.6 billion yen**

- Decontaminate soil that has been contaminated by radioactive material [330.7 billion yen]
- Accelerate construction of “reconstruction roads” and “reconstruction-support” roads [58.9 billion yen]

(3) Measures to reinforce disaster response and response to old infrastructure **804.9 billion yen**

- Focused support for local communities in prevention and mitigating damage, and renovating old facilities (Grant for Safety and Disaster Prevention) [255.4 billion yen]^{5/}
- Seismic retrofitting of agricultural waterways etc. [50.0 billion yen]
- Subsidies to promote a recycling-based society [46.7 billion yen]
- Install sprinklers and conduct seismic retrofitting of medical facilities etc. [22.4 billion yen]
- Expand and reinforce disaster prevention measures in areas around nuclear power plants [10.0 billion yen]

(4) Ensuring safety and security **204.4 billion yen**

- Construct a strategic maritime safety system [67.4 billion yen]
- Strengthen operation of the Self Defense Forces [21.7 billion yen]
- Establish a system for smooth and strict immigration control and customs [6.5 billion yen]
- Reinforce terrorism countermeasures [5.6 billion yen]

5/ The grant may also be distributed to 2(1), 2(3), 3(3) and 4(1).

Framework of the Second Supplementary Budget for FY2016 (General Account)

(unit: billion yen)

Expenditures		Revenues	
1. Increase in expenditure	4,114.3	1. Government Bond Issues (Construction Bonds)	2,750.0
(1) Acceleration of efforts to build a society in which all citizens are dynamically engaged	711.9		
(2) 21st-century-type infrastructure developments	1,405.6	2. Non-tax revenue	284.4
(3) Response to risk such as uncertainly due to the UK's exit from the EU; and support for SMEs and microenterprises as well as local communities	430.7	(1) Local government's contribution for public works	106.1
(4) Reconstruction from the Kumamoto Earthquake and the Great East Japan Earthquake; and ensuring safety and security, as well as disaster prevention	1,438.9	(2) Transfer from Special Account for Fiscal Loan Fund (proceeds from NTT stock sale)	124.4
(5) Transfer to Special Account for Reconstruction from the Great East Japan Earthquake	127.2	(3) Refund from Fund for rationalization of small retail and distribution enterprise etc.	53.9
2. Reduction in previously approved expenses	-827.5	3. Surplus from the previous fiscal year	252.5
(1) National debt service	-417.5		
(2) Contingency reserve for the Kumamoto Earthquake reconstruction etc.	-410.0		
Total	3,286.9	Total	3,286.9

(Note1) Numbers may not add up precisely to the totals due to rounding.

(Note2) Expenditures from the central and local governments in the "Economic Measures for Realizing Investment for the Future" is 7.5 trillion yen, of which 6.2 trillion yen is central government expenditure.

General Account includes: an addition of FY 2016 expenditure of 3,987.1 billion yen, an addition of treasury liabilities of 149.3 billion yen, and an addition of 0.3 trillion yen for FY2017 and thereafter.

Special Accounts(Special Account for Reconstruction from the Great East Japan Earthquake, Special Account for Worker's insurance and Special Account for Motor vehicles safety) include : an addition of FY 2016 expenditure of 535.0 billion yen, an addition of 0.2 trillion for FY2017 and thereafter, and reduction of 1.0 trillion in insurance premiums for FY2017 and thereafter.

(Note3) Additional FILP in the "Economic Measures" is 6.0 trillion yen, of which 3,602.2 billion yen(3,343.2 billion yen if eliminating duplication with the General Account) is added to the FY 2016 FILP plan. 1.8 trillion yen will be included in FILP plans for FY2017 onwards (the 857.7 billion yen of projects for lowering interest rate on scholarship (for March 2017 and thereafter graduates) was included in FY 2016 FILP plan).

Framework of the Second Supplementary Budget for FY2016 (Special Account for Reconstruction from the Great East Japan Earthquake)

(unit: billion yen)

Expenditures		Revenues	
1. Increase in expenditure	546.0	1. Transfer from the General Account	127.2
(1) Reconstruction expenses	402.3	2. Government Bond Issues (Reconstruction Bonds)	164.8
- Decontaminate soil etc. that have been contaminated by radioactive material	330.7	3. Non-tax revenue (Revenue of local government's contribution for public works)	16.2
- Accelerate the construction of specially designated "reconstruction roads" and "reconstruction-support" roads, and ports that support reconstruction	71.6	4. Surplus from the previous fiscal year	13.4
(2) Redemption of Reconstruction Bond	127.2		
(3) Special Tax Allocation for Reconstruction from the Great East Japan Earthquake	16.5		
2. Reduction in previously approved expenses	-224.4		
(1) Contingency Reserve for acceleration of reconstruction and revitalization of Fukushima	-200.0		
(2) Reconstruction Bond	-24.4		
Total	321.6	Total	321.6

(Note) Numbers may not add up precisely to the totals due to rounding.