

National Cancer Center (National Research and Development Agency)

<http://www.ncc.go.jp>

1. Summary of operations implemented using FILP funds

The National Cancer Center unerringly provides citizens with better-quality healthcare by developing medical facilities and machines, by conducting surveys and developing research and technology on medical measures against cancer and other malignant neoplasms that have a grave impact on the health of citizens, and by integrating the relevant healthcare services with the training of technicians.

2. Amount of lending under FY2020 FILP

(Unit: billion yen)

FY2020 FILP	Estimated outstanding amount of FILP lending at the end of FY2019
2.7	20.0

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2019	FY2020	Fluctuation
1. Government expenditure (subsidies, etc.)	9.9	10.8	+0.8
2. Government revenue (payments to the government, etc.)* ¹	-	-	-
3. Opportunity cost of capital investments, etc.	-3.2	14.4	+17.6
Total (1+2+3=policy cost(A))	6.7	25.1	+18.4
Analysis period (years)	25 years	24 years	-1 year

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2019	FY2020	Fluctuation
(A) Policy cost (previously cited)	6.7	25.1	+18.4
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	14.1	7.4	-6.7
2) Policy cost expected to be newly accrued during the analysis period	-7.4	17.7	+25.1
Government expenditure (subsidies, etc.)	9.9	10.8	+0.8
Government revenue (payments to the government, etc.)* ¹	-	-	-
Opportunity cost of surplus, etc.	-17.4	6.9	+24.3
Opportunity cost of capital investments, etc.	-	-	-

(4) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case before the negative interest rate policy* ²	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)* ¹	3. Opportunity cost of capital investments, etc.
25.1	25.5	+0.4	-	-	+0.4

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2019	FY2020	Simple fluctuation
		Simple comparison (before adjustment)	6.7	25.1
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2020 analysis)		2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2019)	Real fluctuation (2-1)
		2.4	30.7	+28.3

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- Increase in cost due to decline in capital surplus accompanying investment in updating software in FY2020 (+38.7 billion yen)
- Increase in subsidies, etc. regarding retirement allowances (+0.8 billion yen)
- Others (including rise in cost for hospital building refurbishment) (+4.3 billion yen)

○Factors behind policy cost decrease

- Increase in medical services revenues (-15.5 billion yen)

(Note) Components in each column may not add up to the total because of rounding.

*¹ Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

*² Assumed interest rates (discount factor and future interest rate) are based on the market yield on Japanese government bonds on January 28, 2016, before the introduction of the negative interest rate policy.

4. Outline of estimation and project prospect employed in the analysis

- Medical care service revenue and expenditure are based on data in Article 28 of the Public Finance Act.
- Medical care service and research revenue assumptions that exert great influence on the policy cost changes are based on data in Article 28 of the Public Finance Act. An operational subsidy revenue assumption considers the efficiency coefficient in the medium-term business plan.

(Unit: million yen)

FY	Result					Estimated	Planned	Assumptions for calculation			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Medical services revenues	38,910	43,093	48,316	49,249	52,765	56,146	60,909	60,909	60,909	60,909	60,909
Medical services expenses	34,017	36,304	41,293	41,727	45,624	50,464	54,196	54,196	54,196	54,196	54,196

5. Reasons for granting of subsidies, mechanism and underlying laws

Reasons for granting of subsidies and mechanism
(Reasons)

In order to contribute to the progress and improvement of the public health, improving the high and technical medical treatments of cancer and other new vicious organisms as a national medical policy by carrying out the investigation, research, and exploitation of techniques of medical treatments of cancer and other new vicious organisms and providing medical treatments related closely to these works, and training of engineers.

(Underlying laws and regulations)

Act on General Rules for Incorporated Administrative Agencies (Act No.103 of 1999)

(Delivery of Financial Resources)

Article 46

The government may, within the scope of the budget, deliver to an Incorporated Administrative Agency an amount, equivalent to all or part of the necessary amount of money, to be appropriated to the financial resources for its operations.

(Underlying law for payments to the national treasury)

Act on National Research and Development Agencies that Conduct Research related to Advanced and Specialized Medical Care (Act No.93 of 2008)

(Disposition of Reserve Funds)

Article 20

National Centers for Advanced and Specialized Medical Care may, if there is a reserve fund as prescribed by Article 44, Paragraph 1 of the Act after the deposition as prescribed by Article 44, Paragraph 1 or 2 of the Act in the last fiscal year of the project in the period of the medium to long-term target (hereinafter referred to as "medium to long-term target period") as prescribed by Article 35-4, Paragraph 2, Item 1 of the Act, use the amount approved by Minister of Health, Labour and Welfare as revenue for operations which National Centers for Advanced and Specialized Medical Care conduct, as prescribed by from Article 13 to 19 in the next medium to long-term target period as specified in the medium to long-term plan approved as prescribed by Article 35-5, Paragraph 1 of the Act concerning next medium to long-term target period (if any change is approved as prescribed by the same Paragraph, use the plan after the change).

2 National Centers for Advanced and Specialized Medical Care may deduct from the amount equal to the reserve specified in Paragraph 1 the amount approved under the said Paragraph. After the deduction, the remaining amount, if any, shall be paid to the national treasury.

3 (omitted)

6. Special remarks

Based on the Act on the Promotion of Administrative Reform to Realize Simple and Efficient Government (Act No. 47 of 2006) and Act on Incorporated Administrative Agency Engaging in Research on Highly-Specialized Medicine (Act No. 93 of 2008), etc., the Special Account of the National Center for Advanced and Specialized Medical Care was abolished as of the end of FY2009, and the National Center for Advanced and Specialized Medical Care was reorganized into an Incorporated Administrative Agency on April 1, 2010.

Under the provisions of Article 130 of the Act on the Arrangement of the Relevant Acts Incidental to Enforcement of the Act for Partial Amendment of the Act on the General Rules for Incorporated Administrative Agencies (Act No. 67 of 2014), the National Cancer Center Japan (Incorporated Administrative Agency) was reorganized into the National Cancer Center (National Research and Development Agency) on April 1, 2015.

(Reference) Outcome and social and economic benefits of operations

1 Diagnosis and Cure

NCC achieves good results proud of to the world, and does its best to disseminate the normal remedy of the cancer in Japan.

NCC establishes the various databases about the prevention, research, and diagnosis of the cancer, aims at more improvement of the levels of research and diagnosis, and tries to operate the overall support system of the cancer diagnosis that restores the newest information and technology to the region by giving that information to medical institutions of distant lands.

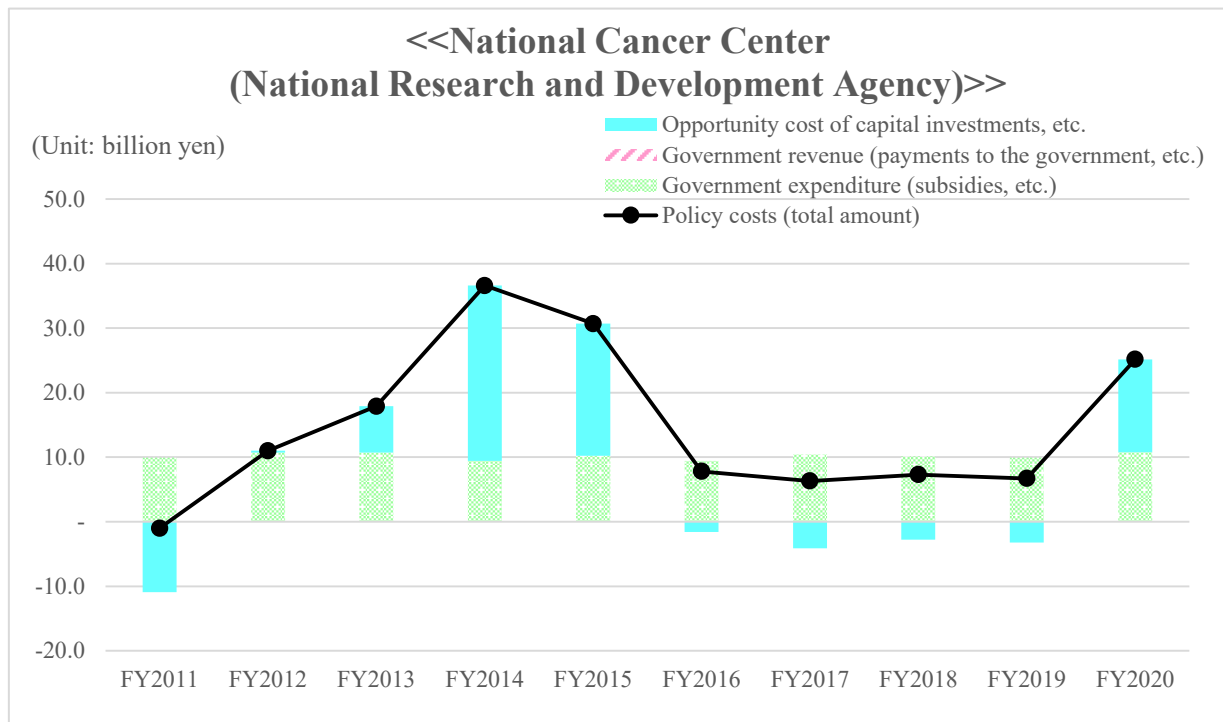
Furthermore, NCC engages actively in the various medical examinations for cancer prevention, the proton beam therapy, and the palliative care that relieves the pain and improves the quality of lives of the patients whose cancer were too advanced and incurable.

2 Research

NCC advances the research that is helpful to prevention, diagnosis and curing of cancer, and puts extensive researches in effect, from a research that is connected directly with the clinical experiences to a research that treats genetic levels.

Overview of policy cost analysis results

[Changes in policy costs]



Note: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates.

(Unit: billion yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Policy costs (total amount)	-1.0	11.0	17.9	36.6	30.7	7.8	6.3	7.3	6.7	25.1
Government expenditure (subsidies, etc.)	9.9	10.7	10.7	9.4	10.2	9.4	10.4	10.1	9.9	10.8
Government revenue (payments to the government, etc.)	-	-	-	-	-	-	-	-	-	-
Opportunity cost of capital investments, etc.	-10.9	0.3	7.2	27.2	20.5	-1.6	-4.1	-2.8	-3.2	14.4

【Explanation of policy cost trends】

The policy cost rose in the FY2014 and FY2015 analyses due to deterioration in the current balance, turned down from the FY2016 analysis due to operational improvement, and rose back due to a decrease in capital surplus in line with a fall in cash and deposits on hand through investment in updating software in the FY2020 analysis.

【FILP agency's self-assessment of policy cost analysis results (FY2020)】

The policy cost increase in the FY2020 analysis represents investment required for updating software (electronic medical charts) in FY2020 and is seen as temporary. In the sensitivity analysis, the policy cost rose due to a decline in capital surplus through an interest rate hike.

In response to the policy cost rise, the NCC will try to reduce the policy cost by increasing medical service revenue.

(Reference) Financial Statements

Balance Sheet

(Unit: million yen)

Item	End of FY2018 (Result)	End of FY2019 (Estimated)	End of FY2020 (Planned)	Item	End of FY2018 (Result)	End of FY2019 (Estimated)	End of FY2020 (Planned)
(Assets)				(Liabilities and equity)			
Current assets	33,585	29,943	26,824	Current liabilities	27,562	23,230	24,063
Cash and bank deposits	21,091	18,631	14,814	Debt from grants for operation cost	313	175	-
Accounts due for medical operations	8,382	9,435	10,133	Subsidy received, etc.	-	-	-
Accounts receivable	3,524	1,289	1,289	Donation received	423	479	575
Inventory assets	466	466	466	Long-term loans to be repaid within a year	2,405	2,148	2,168
Prepaid expenses	26	26	26	Accounts payable	3,714	4,593	5,064
Other current assets	96	96	96	Money unpaid	9,871	5,042	5,257
Fixed assets	113,810	121,660	126,400	Lease obligation to be paid within a year	307	173	195
Tangible fixed assets	111,509	110,806	111,487	Unpaid consumption tax, etc.	96	96	96
Buildings	40,578	38,798	38,850	Advances received	8,173	8,173	8,173
Structures	231	212	194	Deposits payable	540	540	540
Medical instruments and equipment	6,557	8,261	9,028	Unpaid expenses	9	9	9
Other instruments and equipment	3,026	2,425	2,304	Reserve for bonuses	1,382	1,476	1,658
Vehicles	-	-	-	Other current liabilities	328	328	328
Land	61,085	61,085	61,085	Fixed liabilities	23,434	32,621	33,759
Construction in progress	8	-	-	Asset collateral liabilities	2,625	3,039	3,367
Other tangible fixed assets	25	25	25	Grants for asset collateral operation cost	717	644	570
Intangible fixed assets	2,268	2,721	6,737	Asset collateral subsidies	1,848	2,338	2,754
Software	2,247	2,701	6,717	Asset collateral contributions	60	58	43
Telephone subscription right	0	0	0	Long-term loans payable	17,199	17,952	18,484
Other intangible fixed assets	20	20	20	Lease liabilities	611	517	737
Investment and other assets	32	8,132	8,176	Allowance	792	8,891	8,936
Long-term loan receivable	12	12	11	Reserve for retirement pensions	637	8,737	8,781
Long-term prepaid expenses	20	20	20	Reserves for environment protection measures	154	154	154
Bankruptcy or rehabilitation claims, etc.	50	80	110	Asset retirement obligation	2,206	2,221	2,235
Loan loss provisions	-50	-80	-110	Other fixed liabilities	0	0	0
Return for provision for retirement benefits	-	8,100	8,144	(Total liabilities)	50,996	55,851	57,823
Other investment assets	0	0	0	Capital	91,662	91,662	91,662
				Financing by the Government	91,662	91,662	91,662
				Capital surplus	-2,219	-2,979	-1,602
				Capital surplus	6,246	6,246	8,371
				Other administrative costs accumulated	-8,465	-9,224	-9,973
				Amount equivalent to accumulated depreciation cost (-)	-8,098	-8,858	-9,606
				Amount equivalent to accumulated impairment loss (-)	-178	-178	-178
				Amount equivalent to accumulated interest cost (-)	-13	-13	-13
				Amount equivalent to accumulated net gains or losses on sale or disposal (-)	-176	-176	-176
				Retained earnings	6,955	7,068	5,341
				Special-purpose reserve	-	2,125	-
				Reserve fund	4,461	4,831	4,943
				Unappropriated retained earnings for the period	2,495	112	398
				(Of this, gross profit)	2,495	112	398
				(Total equity)	96,398	95,752	95,401
Total assets	147,395	151,602	153,224	Total liabilities and equity	147,395	151,602	153,224

Note: Components may not add up to the total because of rounding.

Income Statement

(Unit: million yen)

Item	FY2018 (Result)	FY2019 (Estimated)	FY2020 (Planned)
Ordinary expenses	73,498	77,685	81,860
Operating expenses	73,159	77,326	81,458
Research operating expenses	10,409	9,566	9,527
Clinical research operations expenses	6,390	6,985	7,633
Medical care operations expenses	50,090	54,617	58,416
Education and research operations expenses	2,646	2,630	2,630
Information operating expenses	2,477	2,179	2,054
General and administrative expenses	1,147	1,351	1,199
Other ordinary expenses	339	359	401
Ordinary income	75,989	78,616	82,923
Income from grants for operation cost	6,154	6,059	6,140
Operating income	67,126	69,236	73,243
Research operating income	8,055	6,047	6,047
Clinical research operations income	5,453	4,972	4,972
Medical care operations income	53,359	57,234	61,640
Education and research operations income	46	34	34
Information operating income	39	42	45
Other operating income	174	907	504
Other ordinary income	2,709	3,321	3,540
Temporary losses	8	8,599	665
Loss on retirement of fixed assets	7	825	665
Loss on sale of fixed assets	-	-	-
Other temporary losses	1	7,774	-
Temporary profits	11	7,781	-
Gain on sales of fixed assets	-	-	-
Other temporary profits	11	7,781	-
Net profit	2,495	112	398

Note: Components may not add up to the total because of rounding.