

**Japan Railway Construction, Transport and Technology Agency**  
**(Incorporated Administrative Agency) (Local Public Transportation Account)**

<https://www.jrta.go.jp/>

**1. Summary of operations implemented using FILP funds**

The Japan Railway Construction, Transport and Technology Agency provides urban railway loans (provisional name) and logistics facility loans (provisional name) for certified railway transportation improvement projects contributing to the vitalization of regional public transportation and certified comprehensive efficiency projects contributing to the promotion of integrated logistics services.

**2. Amount of lending under FY2020 FILP**

(Unit: billion yen)

FY2020 FILP	Estimated outstanding amount of FILP lending at the end of FY2019
117.1	-

**3. Estimated policy cost analysis of the project**

**(1) Policy cost** (Unit: billion yen)

Category	FY2019	FY2020	Fluctuation
1. Government expenditure (subsidies, etc.)	-	0.4	+0.4
2. Government revenue (payments to the government, etc.)*1	-	-	-
3. Opportunity cost of capital investments, etc.	-	-	-
<b>Total (1+2+3=policy cost(A))</b>	<b>-</b>	<b>0.4</b>	<b>+0.4</b>
Analysis period (years)	- years	41 years	+41 years

**(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)	-	0.4	+0.4
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	-	-	-
2) Policy cost expected to be newly accrued during the analysis period	-	0.4	+0.4
Government expenditure (subsidies, etc.)	-	0.4	+0.4
Government revenue (payments to the government, etc.)*1	-	-	-
Opportunity cost of surplus, etc.	-	-	-
Opportunity cost of capital investments, etc.	-	-	-

**(5) 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.
0.4	0.4	-0.0	-0.0	-	-

**(3) Year-to-Year comparison analysis**

(Computing any fluctuation from previous year)

(Unit: billion yen)

		FY2019	FY2020	Simple fluctuation
Policy cost	Simple comparison (before adjustment)	-	0.4	+0.4
	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)
		/	/	/

Exempted from policy cost analysis in the previous year

**(4) Breakdown of policy cost by causative factor** (Unit: billion yen)

(A) Policy cost in FY2020 (previously cited)	0.4
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.4

(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

[Outline of estimation]

- 1) Subject to the estimation are urban railway loans (provisional name) and logistics facility loans (provisional name) that are provided by the JR TT Local Public Transportation Account and subjected to FILP.
- 2) The estimation covers the FY2020 business plan (including 116.6 billion yen in urban railway loans and 0.5 billion yen in logistics facility loans)
- 3) The analysis period covers 41 years during which loans under the FY2020 business plan would be repaid.
- 4) Urban railway development projects for urban railway loans (provisional name) are planned in urban regions where demand is expected for transportation of business and school commuters and increasing foreign tourists, indicating profitable business operations. Logistics facility loans (provisional name) are provided for projects that take advantage of a framework of the Act on Advancement of Integration and Streamlining of Distribution Business to remain profitable over the long term. These projects are expected to receive stable rent income, indicating that the loans for these projects would be highly redeemable. Therefore, no prepayment or loan loss is projected.

[Project prospect]

- 1) The urban railway loans (provisional name) are assumed to include 114.8 billion yen 40-year loans and 1.8 billion yen in 30-year loans.
- 2) The logistics facility loans (provisional name) worth 0.5 billion yen are assumed to be redeemed over 20 years.

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

[Operational subsidies]

JR TT receives operational subsidies from the General Account to cover expenses for providing logistic facility loans (provisional name).

“Act on General Rules for Incorporated Administrative Agencies”

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.

[Provisions on payments to the Government]

“Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) Act”

Article 18: The Agency may apply funds approved by the Minister of Land, Infrastructure, Transport and Tourism equivalent to the amount of reserves (if such exist) provided for in Article 44, Paragraph 1, of the Act for development implemented as provided for in Article 44, Paragraph 1 or 2, relevant to the final project year of the medium-term target period) provided for in Article 29, Paragraph 2, Item 1, of the Act ("medium-term target period" in this and the following paragraph) in Grant Account, to the financing of operations provided for in Article 13 (including transfers provided for in the foregoing article, Paragraph 3, and supplementary provisions, Article 3, Paragraph 11) based on the stipulations of the approved medium-term plan of Article 30, Paragraph 1, of the Act (the plan subsequent to revision in the event that revision has been authorized as provided for in the latter section of the Paragraph 1) for the medium-term target period subsequent to said medium-term target period.

2. (omitted)

3. The Agency shall pay the remaining balance (if such exists) to the National Treasury derived by deducting the amount approved as provided for in the preceding Paragraph 2 from an amount equivalent to reserves as provided for in Paragraph 1.

4. In regard to the application of the proviso of Article 44, Paragraph 1, of the Act in the account relating to operations described in Paragraph 1, Items 1 to 3, of the foregoing article, the text "in the event of allocation to uses of Paragraph 3 as provided for in the same paragraph" in said paragraph shall read "in the event of the payment to the National Treasury of an amount calculated as stipulated by government ordinance or allocation to uses of Paragraph 3 as provided for in the same paragraph."

5. The stipulations of Paragraphs 1 and 3 shall apply correspondingly to the accounts of the foregoing paragraph. In such event, "Article 44, Paragraph 1, of the Act" shall read "Article 44, Paragraph 1, of the Act upon revision as provided for in Paragraph 4."

6. In addition to the stipulations of the foregoing paragraphs, items required for payment procedures for payments and the disposal of other reserves shall be stipulated by government ordinance.

“Act on General Rules for Incorporated Administrative Agencies”

Article 44: For each business year, when profits have accrued as a result of the calculation of profits and losses, an Incorporated Administrative Agency must offset any losses carried forward from the preceding business year, and if there is a remainder, it must record the amount of the remainder as reserve funds; provided, however, that this does not apply if it appropriates the amount of the remainder for the use referred to in Paragraph 3 pursuant to the provisions of the paragraph.

2. For each business year, an Incorporated Administrative Agency must, when losses have occurred as a result of the calculation of profits and losses, record the losses by reducing the amount of the reserve funds under the provisions of the preceding paragraph, and if there is still a shortfall, it must dispose of the amount of the shortfall as a loss carried forward.

3. When there is a remainder provided for in Paragraph 1, an Agency Managed under the Medium-term Objectives and a National Research and Development Agency may appropriate all or a part of the amount of the remainder for the use of a surplus referred to in Article 30, Paragraph 2, item (vii) for a Medium-term Plan (meaning a Medium-term Plan referred to in Article 30, Paragraph 1 as authorized under same paragraph (or a revised plan if the agency obtains authorization for revision under the provisions of the second sentence of same paragraph); the same applies hereinafter) or the use of a surplus referred to in Article 35-5, Paragraph 2, item (vii) for a Medium to Long-term Plan (meaning a Medium to Long-term Plan referred to in Article 35-5, Paragraph 1 as authorized under the paragraph (or a revised plan if the agency obtains authorization for revision under the provisions of the second sentence of the paragraph); the same applies hereinafter), by obtaining the approval of the competent minister.

4. The disposal of reserve funds under the provisions of Paragraph 1 is specified by the relevant Individual Act.

#### 6. Special remarks

None

(Reference) Outcome and social and economic benefits of operations

1. Quantitative achievements of operations

【Urban railway】

Construction site	Travel time	
	Before development	After development
Naniwasuji Line (Kitaumeda – JR Namba / Nankai Shin- imamiya)	Osaka (Umeda) - Kansai Int'l Airport (JR line, daytime) * 1	
	64 minutes	44 minutes
	Osaka (Umeda) - Kansai Int'l Airport (Nankai Line, daytime)	
	54 minutes	45 minutes
Hokko Technoport Line (Yumeshima – Cosmosquare)	Umeda – Yumeshima * 2	
	About 33 minutes	About 26 minutes
Road section (Yumeshima – Sakishima)	Ebie Intersection – Yumeshima * 2	
	About 39 minutes	About 36 minutes

\*1 Including the effect of a plan to take a JR Tokaido branch line underground

\*2 As estimated by Osaka Municipality

【Logistic facility】

○Planned FY2020 loans: 500 million yen

2. Social and economic benefits of operations

【Urban railway】

User benefits from Naniwasuji Line and Hokko Technoport Line development were estimated according to the railway project assessment manual (revised in 2012) and the port and harbor development project cost-benefit analysis manual (March 2017).

Railway line for development	Total benefits (in hundreds of millions of yen)
Naniwasuji Line	3,909*1
Hokko Technoport Line	6,519*2

\*1 Cumulative benefits for 30 years after opening based on the social discount factor of 4%

\*2 Cumulative benefits for 40 years after opening based on the social discount factor of 4%

【Logistic facility】

(1) Social and economic benefits

- Promotion of trunk transport efficiency
- Cooperative transport and integration of transport networks to improve logistics efficiency and reduce environmental load
- Conclusion of disaster assistance agreements with local communities to make contributions to logistics in the event of disaster

(2) Quantitative benefits

Economic spillover effects: 10 billion yen × 1.975007 × Discount factor

1) Case for the social discount factor of 4%: about 18.1 billion yen

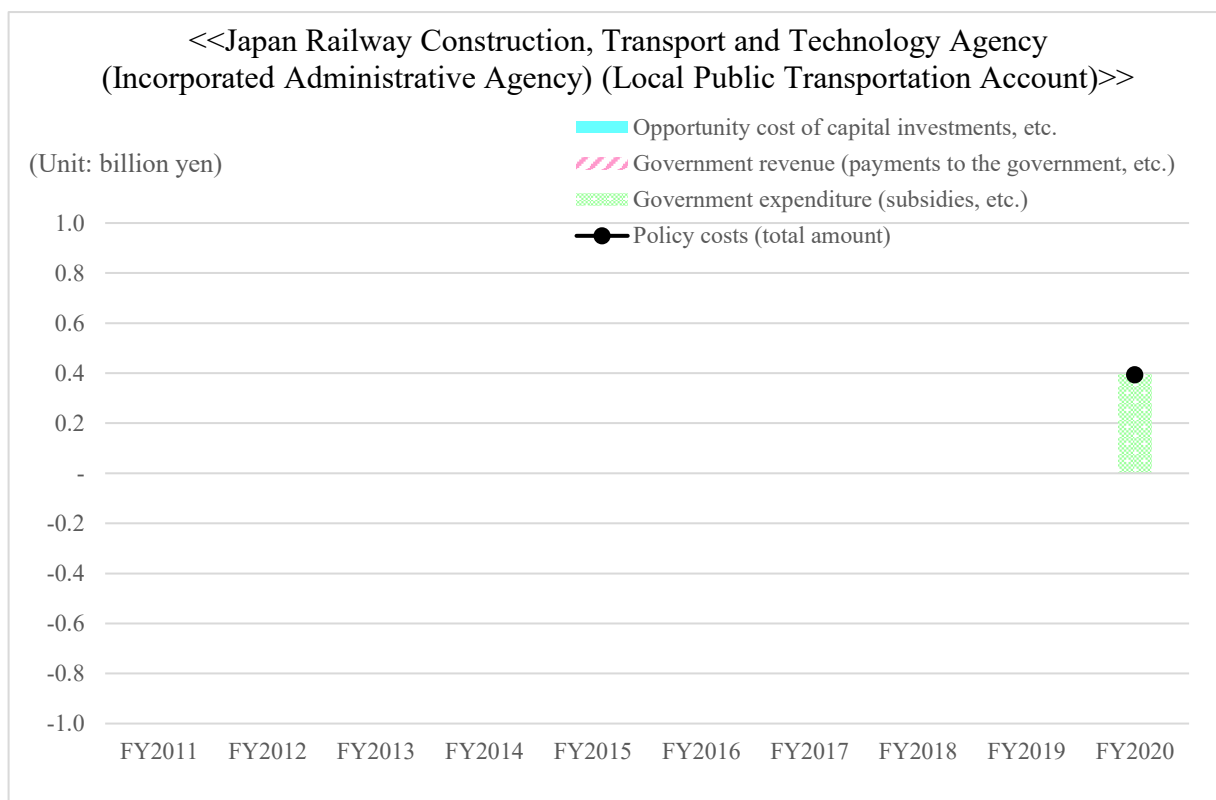
2) Case for the same discount rate as in the policy cost analysis: about 19.8 billion yen

Cost of logistic facility construction subject to loan: 10 billion yen (total cost including cost for business operators)

Economic spin-off coefficient: 1.975007 (based on the interindustry table for the transport sector)

# 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)	/	/	/	/	/	/	/	/	/	0.4
Government expenditure (subsidies, etc.)	/	/	/	/	/	/	/	/	/	0.4
Government revenue (payments to the government, etc.)	/	/	/	/	/	/	/	/	/	-
Opportunity cost of capital investments, etc.	/	/	/	/	/	/	/	/	/	-

### 【Explanation of policy cost trends】

- The policy cost analysis began along with the operations in FY2020.
- The policy cost corresponding to operational subsidies is estimated.

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

- The estimated policy cost corresponding to operational subsidies is given as a policy cost increase because the operations subject to the analysis started in FY2020. The cost increase is required for the new operations, having little impact on JR TT's financial soundness.
- In the sensitivity analysis, the policy cost declined slightly from the basic case in line with a drop in the discount factor, indicating little impact on financial soundness.

## (Reference) Financial Statements

## Balance Sheet (Local Public Transportation Account)

(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)
<b>(Assets)</b>				<b>(Liabilities and equity)</b>			
Current assets	11,896	4,154	3,381	Current liabilities	11,808	4,104	3,350
Cash and bank deposits	99	51	32	Short-term borrowings	11,794	4,100	2,652
Accrued revenues	3	1	631	Long-term debts payable to be repaid within a year	-	-	60
Return for provision for bonuses	-	2	4	Accrued payments	12	0	0
Loans	11,794	4,100	2,652	Accrued expenses	0	-	631
Long-term loan to be recovered within one year	-	-	60	Reserves			
Accounts receivable	0	-	2	Reserve for bonuses	1	4	7
Fixed assets	3	1	117,051	Other current liabilities	0	0	0
Tangible fixed assets	1	1	1	Fixed liabilities	1	1	117,041
Buildings	0	0	0	Asset collateral liabilities	0	0	0
Tools furniture and fixtures	1	1	1	Grants for asset collateral operation cost	0	0	0
Intangible fixed assets				Asset collateral subsidies	0	0	0
Software	2	0	0	Long-term loans payable	-	-	117,040
Investment and other assets	-	0	117,050	Reserves			
Investment securities	-	-	10	Reserve for retirement pensions	0	1	1
Long-term loan receivable	-	-	117,040	(Total liabilities)	11,809	4,105	120,391
Return for provision for retirement benefits	-	0	0	Capital			
Total assets	11,898	4,155	120,432	Financing by the Government	-	-	10
				Capital surplus	-	-	-
				Capital surplus	47	47	47
				Other administrative costs accumulated			
				Amount equivalent to accumulated net gains or losses on sale or disposal (-)	-47	-47	-47
				Retained earnings	90	50	31
				Reserve carried forward during former medium-term target period	81	49	30
				Reserve fund	-	1	1
				Unappropriated income for the current year	9	-	-
				(Of this, gross profit)	9	-	-
				(Total equity)	90	50	41
				Total liabilities and equity	11,898	4,155	120,432

Notes 1. The balance sheet includes costs for projects other than those subject to the policy cost analysis.

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

3. Results at the end of FY2018 are adjusted for comparison with estimated results at the end of FY2019 and planned results at the end of FY2020.

## Income Statement (Local Public Transportation Account) (Unit: million yen)

Item	FY2018 (Result)	FY2019 (Estimated)	FY2020 (Planned)
Ordinary income	95	68	726
Operation grant income	45	43	61
Interest revenue on loans	27	14	638
Loan management expense revenue	-	-	17
Lending operation revenue	22	8	5
Income regarding return for provision for bonuses	-	2	4
Income regarding return for provision for retirement benefits	-	0	0
Reversal of grants for asset collateral operation cost	0	0	0
Reversal of asset collateral subsidies	0	0	0
Financial revenues	0	0	-
Miscellaneous income	0	0	-
Temporary profits	-	2	-
Income regarding return for provision for bonuses	-	2	-
Income regarding return for provision for retirement benefits	-	0	-
Ordinary expenses	88	99	744
Local public transport operation expenses	11	14	8
General and administrative expenses	77	85	104
Finance expenses	-	-	632
Temporary losses	0	2	-
Loss on disposal of fixed assets	0	0	-
Transfer of provision for bonuses accompanying accounting standard revision	-	2	-
Retirement allowance cost accompanying accounting standard revision	-	0	-
Net profit or loss	7	-32	-19
Reversal of reserve carried forward during former medium- term target period	2	32	19
Gross profit	9	-	-

Notes 1. The income statement includes costs for projects other than those subject to the policy cost analysis.

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