

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 FY2021 FILP

(Unit: billion yen)

FY2021 FILP	Estimated outstanding amount of FILP lending at the end of FY2020
1.5	20.7

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2020	FY2021	Fluctuation
1. Government expenditure (subsidies, etc.)	10.8	8.9	-1.8
2. Government revenue (payments to the government, etc.)*1	-	-4.9	-4.9
3. Opportunity cost of capital investments, etc.	14.4	9.7	-4.6
Total (1+2+3=policy cost(A))	25.1	13.8	-11.3
Analysis period (years)	24 years	24 years	-

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

Category	FY2020	FY2021	Fluctuation
(A) Policy cost (previously cited)	25.1	13.8	-11.3
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	7.4	9.8	+2.4
2) Policy cost expected to be newly accrued during the analysis period	17.7	4.0	-13.8
Government expenditure (subsidies, etc.)	10.8	8.9	-1.8
Government revenue (payments to the government, etc.)*1	-	-4.9	-4.9
Opportunity cost of surplus, etc.	6.9	-0.1	-7.0
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.
13.8	25.3	+11.5	-0.4	-	+11.9

(A) Policy cost (previously cited)	Case of a 1% decrease in medical services revenues	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*1	3. Opportunity cost of capital investments, etc.
13.8	26.4	+12.6	-	-	+12.6

(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.

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2020	FY2021	Simple fluctuation
		Simple comparison (before adjustment)	25.1	13.8
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2021 analysis)	24.3	11.4	-12.9
	2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2020)			Real fluctuation (2-1)

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- None

○Factors behind policy cost decrease

- Payments to the government (FY2021) due to the sale of unnecessary properties (-4.9 billion yen)
 - Increase in research operating expenses due to the start of new research operations (-4.0 billion yen)
 - Decrease in subsidies, etc. regarding retirement allowances (-1.8 billion yen)
 - Others (including Decrease in government payments accompanying housing lot transfer to the government) (-2.2 billion yen)

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			
	2015	2016	2017	2018	2019			2020	2021	2022	2023
Medical services revenues	43,093	48,316	49,249	52,765	56,128	56,574	58,685	58,685	58,685	58,685	58,685
Medical services expenses	36,304	41,293	41,727	45,624	50,896	52,423	53,244	53,244	53,244	53,244	53,244

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), Article 46

(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

The NCC has made world-class achievements by examining the carcinogenic mechanism, establishing cancer diagnosis and treatment methods, and promoting intensive treatments using chemotherapy and radiation therapy. It is also doing its utmost to disseminate the standard cancer treatment methods 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.

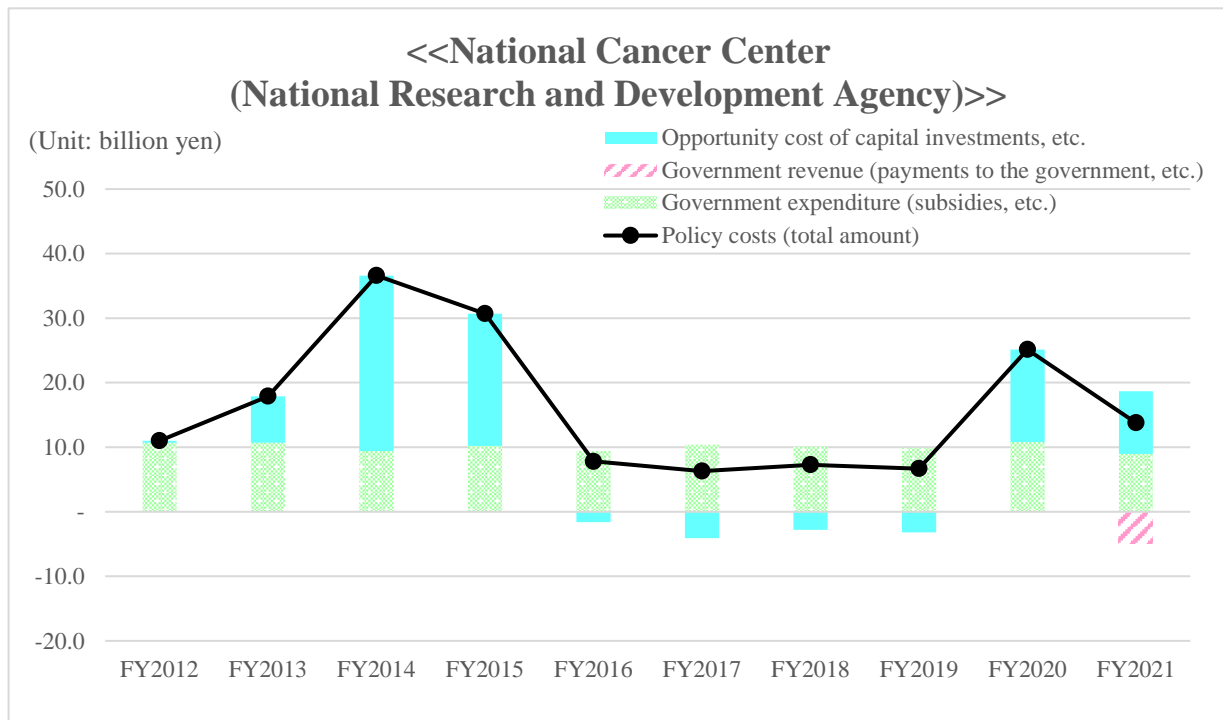
Furthermore, NCC engages actively in the various medical examinations for cancer prevention, the proton beam therapy, and the palliative care that relieves the pain and improves the quality of lives of the patients whose cancer were too advanced and incurable.

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)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Policy costs (total amount)	11.0	17.9	36.6	30.7	7.8	6.3	7.3	6.7	25.1	13.8
Government expenditure (subsidies, etc.)	10.7	10.7	9.4	10.2	9.4	10.4	10.1	9.9	10.8	8.9
Government revenue (payments to the government, etc.)	-	-	-	-	-	-	-	-	-	-4.9
Opportunity cost of capital investments, etc.	0.3	7.2	27.2	20.5	-1.6	-4.1	-2.8	-3.2	14.4	9.7

【Explanation of policy cost trends】

In FY2014 and FY2015, the policy cost was on an uptrend due to the deterioration of the current balance but declined in FY2016 and later due to the effects of operational improvements. However, the results of the policy cost analysis since FY2020 showed an increase in the policy cost because the current balance was expected to deteriorate again.

【FILP agency's self-assessment of policy cost analysis results (FY2021)】

As in the analysis for FY2020, the current balance is expected to deteriorate temporarily due to building refurbishment and software updating to introduce electronic medical charts. However, the policy cost decreased compared with the previous year because of such factors as payments to the government due to the sale of unnecessary properties and an increase in research operating income due to the start of new research operations.

The results of the sensitivity analysis (case before the negative interest rate policy) showed an increase of 11.5 billion in the policy cost due to a decrease in retained earnings caused by a rise in interest rates.

The results of the sensitivity analysis (case of a 1% decrease in medical services revenues) showed an increase of 12.6 billion yen in the policy cost due to a decrease in retained earnings caused by a decline in medical services revenues.

In response to the above policy cost rise, the NCC will try to reduce the policy cost by increasing medical service revenues through the reduction of the average number of days of hospital stay and the acquisition of certification for meeting the new facility standard.

(Reference) Financial Statements

Balance Sheet

(Unit: million yen)

Item	End of FY2019 (Result)	End of FY2020 (Estimated)	End of FY2021 (Planned)	Item	End of FY2019 (Result)	End of FY2020 (Estimated)	End of FY2021 (Planned)
(Assets)				(Liabilities and equity)			
Current assets	34,779	34,056	26,081	Current liabilities	27,932	28,062	28,219
Cash and bank deposits	20,770	22,580	14,235	Debt from grants for operation cost	455	-	-
Accounts due for medical operations	9,225	9,860	10,131	Subsidy received, etc.	-	-	-
Accounts receivable	3,589	422	519	Donation received	504	493	592
Inventory assets	430	430	430	Long-term loans to be repaid within a year	2,148	1,986	2,041
Prepaid expenses	13	13	13	Accounts payable	4,057	4,789	4,887
Other current assets	752	752	752	Money unpaid	8,888	9,071	8,674
Fixed assets	120,757	122,034	125,220	Lease obligation to be paid within a year	183	203	418
Tangible fixed assets	110,919	109,644	108,483	Unpaid consumption tax, etc.	36	36	36
Buildings	38,898	36,870	35,391	Advances received	8,687	8,687	8,687
Structures	212	193	172	Deposits payable	897	897	897
Medical instruments and equipment	7,810	9,359	9,756	Unpaid expenses	4	4	4
Other instruments and equipment	2,889	2,525	2,466	Reserve for bonuses	1,460	1,282	1,371
Vehicles	0	0	0	Other current liabilities	612	612	612
Land	61,085	60,672	60,672	Fixed liabilities	32,128	33,493	34,047
Construction in progress	-	-	-	Asset collateral liabilities	2,836	3,390	3,854
Other tangible fixed assets	26	26	26	Grants for asset collateral operation cost	685	660	641
Intangible fixed assets	2,507	5,016	9,139	Asset collateral subsidies	2,061	2,571	3,078
Software	2,487	4,996	9,119	Asset collateral contributions	91	159	135
Patent right	0	0	0	Long-term loans payable	17,812	18,665	18,124
Telephone subscription right	0	0	0	Lease liabilities	453	353	743
Other intangible fixed assets	20	20	20	Allowance	8,299	8,343	8,569
Investment and other assets	7,332	7,374	7,598	Reserve for retirement pensions	8,144	8,189	8,415
Long-term loan receivable	11	10	8	Reserves for environment protection measures	154	154	154
Long-term prepaid expenses	5	5	5	Asset retirement obligation	2,727	2,742	2,756
Bankruptcy or rehabilitation claims, etc.	44	75	105	Other fixed liabilities	0	0	0
Loan loss provisions	-44	-75	-105	(Total liabilities)	60,060	61,555	62,266
Return for provision for retirement benefits	7,315	7,359	7,586	Capital	91,662	91,249	91,249
Other investment assets	0	0	0	Financing by the Government	91,662	91,249	91,249
				Capital surplus	-3,190	-3,777	-4,537
				Capital surplus	6,246	6,419	6,419
				Other administrative costs accumulated	-9,436	-10,196	-10,957
				Amount equivalent to accumulated depreciation cost (-)	-8,859	-9,619	-10,379
				Amount equivalent to accumulated impairment loss (-)	-389	-389	-389
				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	7,003	7,063	2,323
				Reserve carried forward during former medium-term target period	-	-	2,185
				Special-purpose reserve	2,125	2,125	-
				Reserve fund	4,831	4,878	-
					48	60	138
				(Of this, gross profit)	48	60	138
				(Total equity)	95,476	94,535	89,035
Total assets	155,536	156,090	151,301	Total liabilities and equity	155,536	156,090	151,301

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

Income Statement

(Unit: million yen)

Item	End of FY2019 (Result)	End of FY2020 (Estimated)	End of FY2021 (Planned)
Ordinary expenses	79,339	81,306	82,395
Operating expenses	78,985	81,042	82,134
Research operating expenses	11,289	10,954	11,023
Clinical research operations expenses	6,678	7,410	6,555
Medical care operations expenses	54,702	56,478	58,060
Education and research operations expenses	2,728	2,921	3,137
Information operating expenses	2,326	2,159	2,158
General and administrative expenses	1,262	1,120	1,202
Other ordinary expenses	354	264	260
Ordinary income	79,979	82,834	83,198
Income from grants for operation cost	5,896	6,373	5,913
Operating income	69,840	72,162	73,257
Research operating income	7,005	8,311	8,311
Clinical research operations income	5,570	6,402	5,791
Medical care operations income	56,975	57,240	58,988
Education and research operations income	41	26	26
Information operating income	37	28	28
Other operating income	212	155	113
Other ordinary income	4,243	4,300	4,028
Temporary losses			
Loss on retirement of fixed assets	97	1,403	665
Loss on sale of fixed assets	-	-	-
Other temporary losses	7,699	76	-
Temporary profits			
Gain on sales of fixed assets	-	-	-
Other temporary profits	7,204	10	-
Net profit	48	60	138

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