

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

https://www.jrnt.go.jp/

1. Summary of operations implemented using FILP funds

The Japan Railway Construction, Transport and Technology Agency provides urban railway loans and logistics facility loans for the construction of railway facilities related to urban railways specified by certified plans for improving the convenience of regional public transportation and for the implementation of comprehensive efficiency projects contributing to the promotion of integration and efficiency improvement of logistics services.

2. Amount of lending under FY2021 FILP

(Unit: billion yen)

FY2021 FILP	Estimated outstanding amount of FILP lending at the end of FY2020
5.5	117.1

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2020	FY2021	Fluctuation
1. Government expenditure (subsidies, etc.)	0.4	0.4	-0.0
2. Government revenue (payments to the government, etc.)*1	-	-	-
3. Opportunity cost of capital investments, etc.	-	-	-
Total (1+2+3=policy cost(A))	0.4	0.4	-0.0
Analysis period (years)	41 years	40 years	-1 year

(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)	0.4	0.4	-0.0
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	-0.0
Government expenditure (subsidies, etc.)	0.4	0.4	-0.0
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	-	-

(A) Policy cost (previously cited)	Case of a 1% increase in various project management expenses	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)

Policy cost		FY2020	FY2021	Simple fluctuation
		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 FY2021 analysis)	0.4	0.4	+0.0
	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

- Increase in cost due to an increase of one year in a period for acceptance of grants for operational expenses (+0.0 billion yen)

○Factors behind policy cost decrease

-None

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

(A) Policy cost in FY2021 (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 and logistics facility loans that are provided by the JRJT Local Public Transportation Account and subjected to FILP.
- 2) The estimation covers the FY2021 business plan (including 5.0 billion yen in urban railway loans and 0.5 billion yen in logistics facility loans)
- 3) The analysis period covers 40 years during which loans under business plans for FY2020 and later will be fully collected.
- 4) Urban railway development projects for urban railway loans 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 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) worth 5.0 billion yen are assumed to be redeemed over 20-year.
- 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】

JRJT receives operational subsidies from the General Account to cover expenses for providing logistic facility loans.

“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 FY2021 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 billions of yen)
Naniwasuji Line	406.5*1
Hokko Technoport Line	678.0*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: 4.7 billion yen × 1.975007 × Discount factor

1) Case for the social discount factor of 4%: about 9.0 billion yen

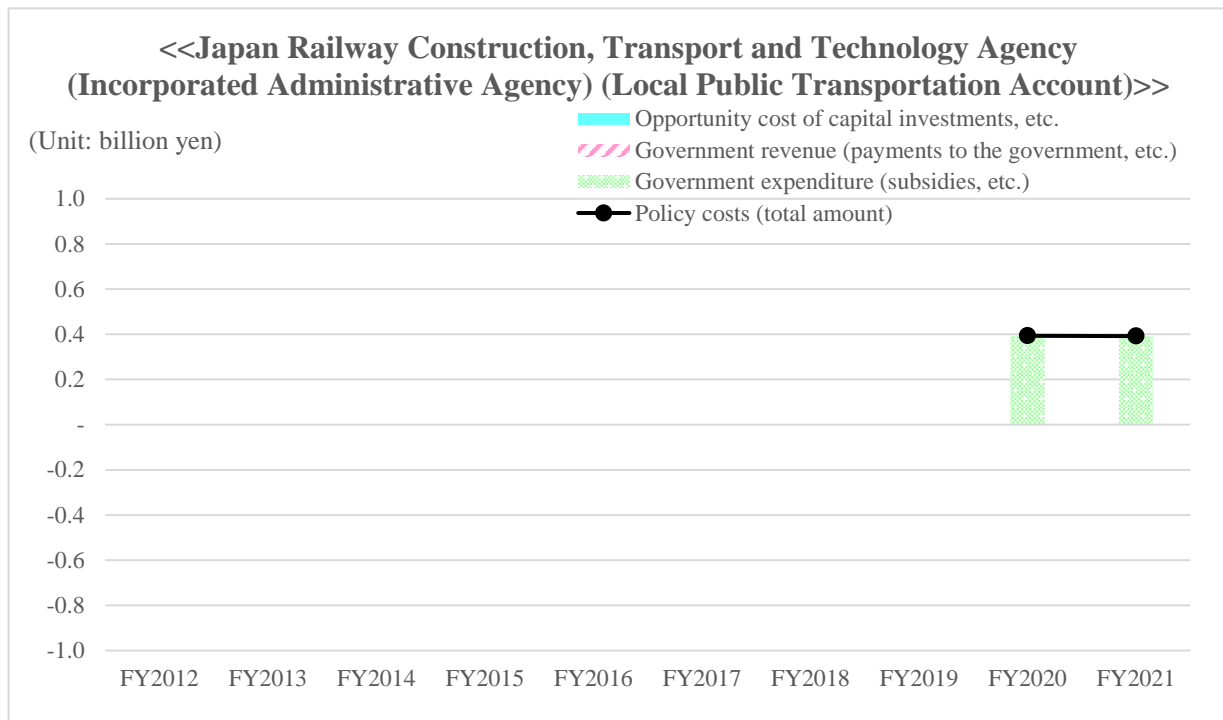
2) Case for the same discount rate as in the policy cost analysis: about 9.3 billion yen

Cost of logistic facility construction subject to loan: 4.7 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)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Policy costs (total amount)									0.4	0.4
Government expenditure (subsidies, etc.)									0.4	0.4
Government revenue (payments to the government, etc.)									-	-
Opportunity cost of capital investments, etc.									-	-

【Explanation of policy cost trends】

- The estimated policy cost is a cost corresponding to operational subsidies concerning the logistics facility loan operation. In FY2021, the second year of operation, the policy cost remained almost unchanged, as the amount of operational subsidies was the same as the amount in the previous year and the receiving period was also the same as the period in the previous year.

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

- The policy cost in FY2021 remained almost unchanged from the previous year. However, as operational subsidies are intended to cover necessary operating expenses, the impact on financial soundness is minimal.
- In the sensitivity analysis (case before the negative interest rate policy), the policy cost declined slightly from the basic case in line with a drop in the discount factor, indicating little impact on financial soundness.
- The results of the sensitivity analysis (case of a 1% increase in various project management expenses) showed a minimal increase in the policy cost compared with the basic case. As this is attributable to an increase in operational subsidies due to a rise in various project management expenses, the impact on financial soundness is minimal.

(Reference) Financial Statements

Balance Sheet (Local Public Transportation Account)

(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	4,167	2,018	1,016	Current liabilities	4,110	1,985	998
Cash and bank deposits	63	34	20	Short-term borrowings	4,100	1,755	-
Accrued revenues	1	135	649	Long-term debts payable to be repaid within a year	-	90	340
Return for provision for bonuses	2	4	7	Accrued payments	5	0	0
Loans	4,100	1,755	-	Accrued expenses	-	134	649
Long-term loan to be recovered within one year	-	90	340	Reserves			
Accounts receivable	1	-	-	Reserve for bonuses	4	5	8
Fixed assets	1	117,021	123,181	Other current liabilities	0	0	1
Tangible fixed assets	1	1	1	Fixed liabilities	1	117,011	123,171
Buildings	0	0	0	Asset collateral liabilities	0	0	0
Tools furniture and fixtures	1	1	0	Grants for asset collateral operation cost	0	0	0
Intangible fixed assets				Asset collateral subsidies	0	0	0
Software	0	0	0	Long-term loans payable	-	117,010	122,170
Investment and other assets	0	117,020	123,180	Transfers to the construction account	-	-	1,000
Investment securities	-	10	10	Reserves			
Affiliated companies stock	-	-	1,000	Reserve for retirement pensions	0	1	1
Long-term loan receivable	-	117,010	122,170	(Total liabilities)	4,110	118,996	124,169
Return for provision for retirement benefits	0	0	0	Capital			
Total assets	4,169	119,039	124,197	Financing by the Government	-	10	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	58	33	18
				Reserve carried forward during former medium-term target period	55	32	17
				Reserve fund	1	1	1
				Unappropriated income for the current year	3	-	-
				(Of this, gross profit)	3	-	-
				(Total equity)	58	43	28
				Total liabilities and equity	4,169	119,039	124,197

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.

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

Item	FY2019 (Result)	FY2020 (Estimated)	FY2021 (Planned)
Ordinary income	65	248	2,483
Operation grant income	41	61	57
Interest revenue on loans	14	140	2,336
Loan management expense revenue	-	40	83
Lending operation revenue	8	3	-
Income regarding return for provision for bonuses	2	4	7
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	-	-
Gain on sales of fixed assets	0	-	-
Income regarding return for provision for bonuses	2	-	-
Income regarding return for provision for retirement benefits	0	-	-
Ordinary expenses	89	271	2,498
Local public transport operation expenses	10	25	6
General and administrative expenses	79	111	158
Finance expenses	-	134	2,334
Temporary losses	2	-	-
Loss on sales of fixed assets	0	-	-
Loss on disposal of fixed assets	0	-	-
Transfer of provision for bonuses accompanying accounting standard revision	2	-	-
Retirement allowance cost accompanying accounting standard revision	0	-	-
Net profit or loss	23	23	15
Reversal of reserve carried forward during former medium-term target period	26	23	15
Gross profit	3	-	-

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.