

**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 FY2022 FILP**

(Unit: billion yen)

FY2022 FILP	Estimated outstanding amount of FILP lending at the end of FY2021
201.5	122.0

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

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

Category	FY2021	FY2022	Fluctuation
1. Government expenditure (subsidies, etc.)	0.4	0.4	-0.0
2. Government revenue (payments to the government, etc.)*1	-	-0.0	-0.0
3. Opportunity cost of capital investments, etc.	-	-	-
<b>Total (1+2+3=policy cost(A))</b>	<b>0.4</b>	<b>0.4</b>	<b>-0.0</b>
Analysis period (years)	40 years	41 years	1 year

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

Category	FY2021	FY2022	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	-	-0.0	-0.0
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	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	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	-	-

(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	Simple comparison (before adjustment)	FY2021	FY2022	Simple fluctuation
		0.4	0.4	-0.0
Past year comparison (after adjustment)		0.4	0.4	+0.0
		0.4	0.4	+0.0

[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 operational grants (+0.0 billion yen)

**○Factors behind policy cost decrease**

- Decrease in cost due to a rise in payments to the government (-0.0 billion yen)

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

(A) Policy cost in FY2022 (previously cited)	0.4
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.4

#### 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 JR TT Local Public Transportation Account and subjected to FILP.
- 2) The estimation covers the FY2022 business plan (including 201.1 billion yen in urban railway loans and 0.4 billion yen in logistics facility loans)
- 3) The analysis period covers 41 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) Urban railway loans include 8.9 billion yen for 20 years redemption and 192.2 billion yen for 40 years redemption.
- 2) The logistics facility loans worth 0.4 billion yen are assumed to be redeemed 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.

“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) (Shorter travel time)	Umeda – Yumeshima * 2	
	About 33 minutes	About 26 minutes
Road section (Yumeshima – Sakishima) (Reducing traffic congestion)	Ebie Intersection – Yumeshima * 2	
	About 39 minutes	About 36 minutes
Tokyo Metro Yurakucho Line (Toyosu – Sumiyoshi)	Oshiage (SKYTREE) – Toyosu	
	About 23 minutes	About 16 minutes
Tokyo Metro Namboku Line (Shinagawa – Shirokane-takanawa)	Shinagawa – Roppongi-itcho	
	About 19 minutes	About 9 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 FY2022 loans: 0.4 billion yen

2. Social and economic benefits of operations

[Urban railway]

User benefits from Naniwasuji Line, Hokko Technoport Line, Tokyo Metro Yurakucho Line and Tokyo Metro Namboku 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	422.8 *1
Hokko Technoport Line	692.0 *2
Tokyo Metro Yurakucho Line	265.6 *1
Tokyo Metro Namboku Line	157.9 *1

\*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

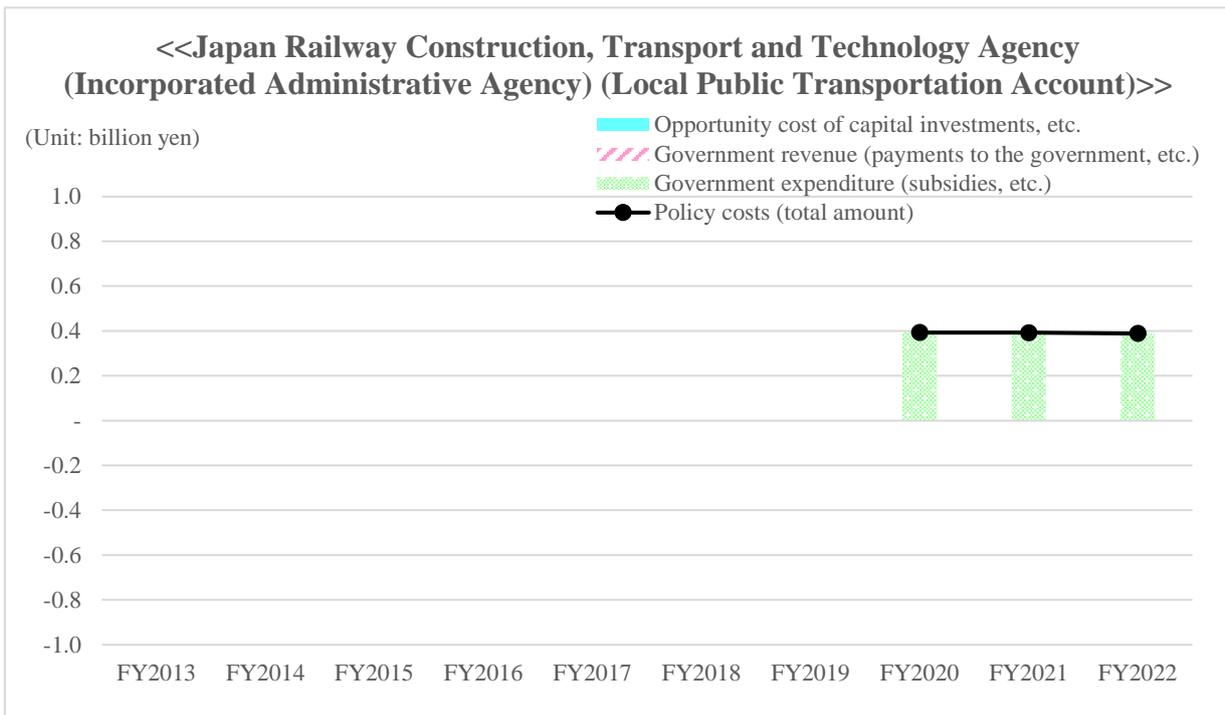
(2) Quantitative benefits

The value for construction (economic effect coefficient) on the inter-industry relations table (138-item inverse matrix table) prepared mainly for the transportation sector by the Ministry of Land, Infrastructure, Transport and Tourism is used for estimating the economic effect of the logistics facility loan operation.

- 1) Case for the social discount factor of 4%: about 12.5 billion yen
- 2) Case for the same discount rate as in the policy cost analysis: about 13.0 billion yen

# 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)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Policy costs (total amount)	/	/	/	/	/	/	/	0.4	0.4	0.4
Government expenditure (subsidies, etc.)	/	/	/	/	/	/	/	0.4	0.4	0.4
Government revenue (payments to the government, etc.)	/	/	/	/	/	/	/	-	-	-0.0
Opportunity cost of capital investments, etc.	/	/	/	/	/	/	/	-	-	-

### 【Explanation of policy cost trends】

- The estimated policy cost, which corresponds to grants for operation cost concerning the logistics facility loan operation, remained almost unchanged as the grants for operation cost and the receipt period remained the same as in earlier years and as payments to the government booked in FY2022 were minimal.

### 【FILP agency's self-assessment of policy cost analysis results (FY2022)】

- The policy cost in FY2022 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 grants for operational expenses 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 FY2020 (Result)	End of FY2021 (Estimated)	End of FY2022 (Planned)	Item	End of FY2020 (Result)	End of FY2021 (Estimated)	End of FY2022 (Planned)
<b>(Assets)</b>				<b>(Liabilities and net assets)</b>			
<b>Current assets</b>	1,893	392	862	<b>Current liabilities</b>	1,849	372	843
Cash and bank deposits	65	25	25	Debt from operational grants	11	-	-
Accrued revenues	4	22	45	Short-term borrowings	1,755	-	-
Contra-accounts for provision for bonuses	3	5	7	Current portion of long-term borrowings	61	340	785
Loans receivable	1,755	-	-	Accrued payments	11	2	2
Current portion of long-term loans receivable	61	340	785	Accrued expenses	4	22	45
Accounts receivable	5	-	-	Provisions			
				Provision for bonuses	6	7	9
<b>Fixed assets</b>	115,939	121,787	323,332	Other current liabilities	1	1	1
Tangible fixed assets	1	1	1	<b>Fixed liabilities</b>	115,939	121,777	323,312
Buildings	0	0	0	Contra-accounts for assets	0	1	1
Tools furniture and fixtures	1	1	1	Contra-accounts for assets funded by operational grants	0	1	1
				Contra-accounts for assets funded by subsidies	0	0	0
<b>Intangible fixed assets</b>				Long-term loans payable	115,938	121,673	322,388
Software	1	0	0	Transfers to the construction account	-	103	923
<b>Investment and other assets</b>	115,938	121,786	323,331	Provisions			
Investment securities	-	113	943	Provision for retirement benefits	0	1	1
Long-term loans receivable	115,938	121,673	322,388				
Contra-accounts for provision for retirement benefits	0	0	0	<b>(Total liabilities)</b>	117,787	122,149	324,155
				<b>Capital</b>			
<b>Total assets</b>	117,832	122,179	324,194	Government investment	-	10	20
				<b>Capital surplus</b>	-	-	-
				Capital surplus	47	47	47
				Other administrative costs accumulated			
				Amount equivalent to accumulated net gains or losses on sale or disposal (-)	- 47	- 47	- 47
				<b>Retained earnings</b>	45	20	19
				Reserve fund carried over from the previous Mid-term Objective period	35	18	17
				Reserve fund	1	2	2
				Unappropriated income for the current year	8	-	-
				<b>(Of this, gross profit)</b>	8	-	-
				<b>(Total net assets)</b>	53	30	39
				<b>Total liabilities and net assets</b>	117,840	122,179	324,194

Notes 1. The balance sheet includes amounts 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	FY2020 (Result)	FY2021 (Estimated)	FY2022 (Planned)
<b>Ordinary income</b>	81	837	967
Operational grants income	45	67	52
Interest revenue on loans	9	695	812
Loan management expense revenue	17	67	92
Lending operation revenue	3	-	-
Income regarding contra-accounts for provision for bonuses	3	7	9
Income regarding contra-accounts for provision for retirement benefits	0	0	0
Reversal of contra-accounts for assets funded by operational grants	0	0	0
Reversal of contra-accounts for assets funded by subsidies	0	0	0
<b>Financial revenues</b>	0	0	-
Miscellaneous income	4	1	2
<b>Ordinary expenses</b>	92	854	967
Local public transport operation expenses	5	19	10
General and administrative expenses	84	142	146
Finance expenses	4	693	812
<b>Temporary losses</b>			
Loss on sales of fixed assets	-	0	-
<b>Net loss</b>	11	17	0
Reversal of reserve fund carried over from the previous Mid-term Objective period	20	17	0
<b>Gross profit</b>	8	-	-

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

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