

Special Account for Motor Vehicles Safety (Airport Improvement Account)

<https://www.mlit.go.jp/koku/index.html>

1. Summary of operations implemented using FILP funds

This account is intended to conduct airport improvement operations to maintain and expand the aviation network, which is indispensable for supporting domestic and international exchanges, people's everyday lives, and economic activities and also to contribute to the enhancement the functions of hub airports, including from the viewpoint of implementing COVID-19 control measures.

2. Amount of lending under FILP

(Unit: billion yen)

FY2023 FILP	Estimated outstanding amount of FILP lending at the end of FY2022
118.5	599.1

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
1. Government expenditure (subsidies, etc.)	965.5	869.7	-95.8
2. Government revenue (payments to the government, etc.)*	-1,524.5	-1,386.3	+138.2
3. Opportunity cost of capital investments, etc.	198.5	-23.6	-222.2
Total (1+2+3=policy cost(A))	-360.4	-540.2	-179.8
Analysis period (years)	19 years	18 years	-1 year

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

Category	FY2022	FY2023	Fluctuation
(A) Policy cost (previously cited)	-360.4	-540.2	-179.8
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	-360.4	-540.2	-179.8
Government expenditure (subsidies, etc.)	965.5	869.7	-95.8
Government revenue (payments to the government, etc.)*	-1,524.5	-1,386.3	+138.2
Opportunity cost of surplus, etc.	198.5	-23.6	-222.2
Opportunity cost of capital investments, etc.	-	-	-

(5) Sensitivity analysis (cases where assumptions change) (Unit: billion yen)

(A) Policy cost (previously cited)	Case of assumed interest rate + 1%	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
-540.2	-297.1	+243.1	-72.3	+126.6	+188.8

(A) Policy cost (previously cited)	Case of a 1% decline in operating revenues.	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
-540.2	-499.3	+40.9	-6.4	+47.3	-

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

* 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.

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2022	FY2023	Simple fluctuation
		Simple comparison (before adjustment)	-360.4	-540.2
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2023 analysis)		2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2022)	Real fluctuation (2-1)
		-529.6	-747.5	-217.9

[Real fluctuation factor analysis]

○ Factors behind policy cost increase

- Increase in costs due to a decrease in National Treasury payment, accompanying the increase in redemption amount related to new borrowings in FY2023 (+61.6 billion yen)

○ Factors behind policy cost decrease

- Decrease in costs due to an increase in the year-end balance of reserves associated with new projects, etc. in FY2023 (-142.7 billion yen)

- Decrease in costs due to a decrease in the opening balance of reserves associated with the confirmation of FY2021 results and revision of FY2022 forecasts, etc. (-114.1 billion yen)

- Decrease in costs due to a decrease in subsidies associated with a shorter analysis period, etc. (-22.6 billion yen)

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

- 1) Of the operations conducted under the Airport Improvement Account of the Special Account for Motor Vehicle Safety, those eligible for FILP were subjected to estimation.
- 2) Regarding operating revenues, the estimation was conducted under the assumption that the revenues will recover to the 2019 level in 2024 for domestic and international lines.
- 3) The analysis period is the 18 years from FY2023 to FY2040, when the longest redemption period is scheduled to be completed.

(Unit: million yen)

FY	Result				Estimated	Decision	Assumptions for calculation				
	2018	2019	2020	2021			2022	2023	2024	2025	2026
Operation revenues	241,485	222,909	50,710	100,792	93,260	163,801	246,841	246,841	246,841	246,841	246,841
Operation expenses	164,463	169,007	288,887	338,493	338,544	346,270	190,166	191,767	192,536	192,776	193,018

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

Subsidies, etc. are received from the General Account in order to cover expenditures for airport improvement operations to be financed by revenues from the aviation fuel tax prescribed under the Act on Special Accounts.

[Underlying laws and regulations]

[Provision for receiving subsidies, etc.]

Act on Special Accounts

Extracts from the Supplementary Provisions

Article 259-3

2. Under this article, "airport improvement operations" refers to operations concerning the establishment, improvement, disaster restoration and maintenance and other management of airports stipulated under Article 2 of the Airport Act (Act No. 80 of 1956) and airfields prescribed under the Cabinet Order referred to in Article 2(1) of the Supplementary Provisions of the same act (including facilities which should be established together with those airports and airfields as stipulated under the Cabinet Order; to be referred to as the "Airports" in this article to Article 259-5 of the Supplementary Provisions), operations concerning the prevention of problems that may arise from aircraft noises in areas in the neighborhoods of the Airports and other measures, and the provision of capital investments from the government, contributions and other expenditures that is implemented by the Minister of Land, Infrastructure, Transport and Tourism.

7. Expenditures to be covered by transfers from the General Account under the Airport Improvement Account should be expenses for airport improvement operations.

(Special cases of revenues and expenditures under the Airport Improvement Account)

Article 259-5 For the present, regardless of the provision of Article 6, in order to contribute to emergency improvement, etc. of airports, in every fiscal year, the amount of funds equivalent to the total amounts of the items listed below (in cases where the amount of funds recorded in the revenue budget of the General Account in the fiscal year two years prior to the relevant fiscal year as the amount equivalent to eleven-thirteenths of the projected revenues from the aviation fuel tax in the same fiscal year [referred to as the "budgeted amount of revenues from the aviation fuel tax hereinafter in this paragraph] exceeds the amount of funds equivalent to eleven-thirteenths of the settlement amount of the revenues from the aviation fuel tax in the same fiscal year [referred to as the "settlement amount of revenues from the aviation fuel tax" in Item 2], the amount of funds obtained by deducting the said excess amount from the amount of funds specified in Item 1) shall be transferred from the General Account to the Airport Improvement Account as prescribed under budgets.

1. The budgeted amount of revenues from the aviation fuel tax in the relevant fiscal year

2. In cases where the budgeted amount of revenues from the aviation fuel tax in the year two years prior to the relevant year falls short of the settled amount of revenues from the aviation fuel tax in the same fiscal year, the said shortfall amount.

6. Special remarks

None

(Reference) Outcome and social and economic benefits of operations

The aviation network is the "air infrastructure" which is indispensable not only for supporting the people's social and economic activities as a means of public transportation but also for executing the growth strategy for a post-COVID-19 era, and therefore, it is essential to maintain and secure.

Under the Airport Improvement Account, 97 airports and airway facilities necessary for aircraft flights have been developed. In the 10 years before the COVID-19 outbreak, the numbers of arrivals and embarking/disembarking passengers steadily increased for both domestic and international flights (the increase was 122% for the total number of arrivals for domestic and international flights and 136% for the total number of embarking/disembarking passengers), indicating that the aviation network has been expanded.

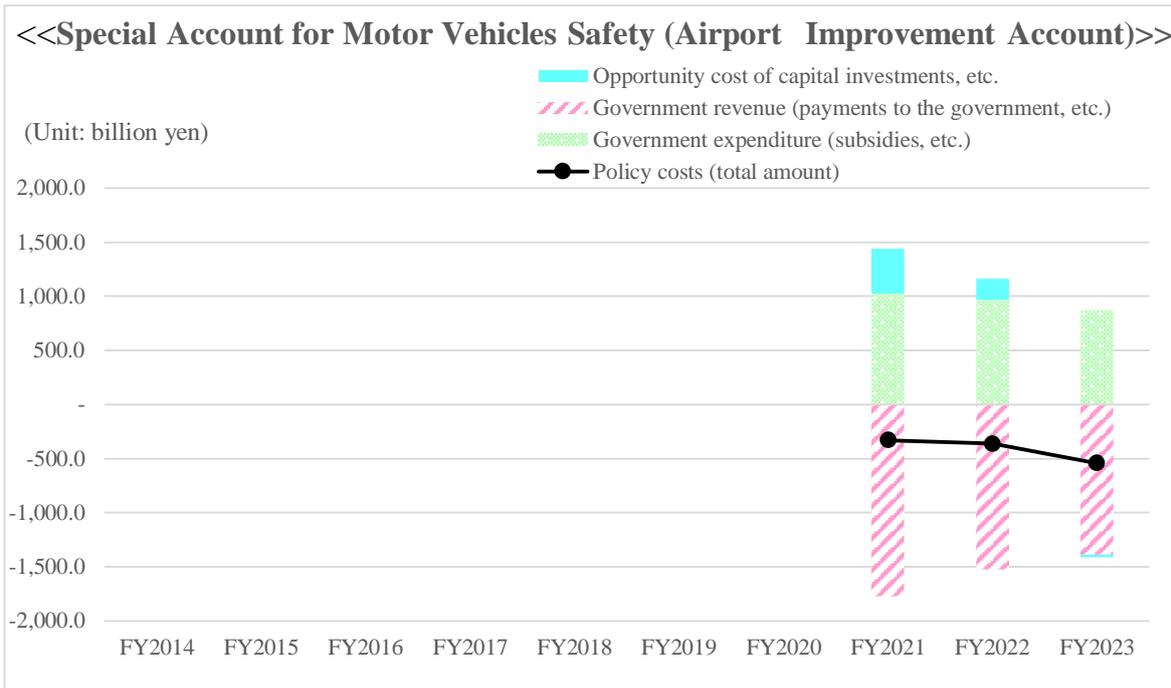
The number of arrivals (times)	International flights	Domestic flights	Total
FY2010	178,156	904,472	1,082,628
FY2019	296,384	1,024,011	1,320,395
Rate of change (%)	166%	113%	122%

The number of embarking/disembarking passengers (people)	International flights	Domestic flights	Total
FY2010	53,511,461	175,390,331	228,901,792
FY2019	92,704,634	218,822,087	311,526,721
Rate of change (%)	173%	125%	136%

(Source: Airport Management Status Report)

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)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Policy costs (total amount)								-327.8	-360.4	-540.2
Government expenditure (subsidies, etc.)								1,024.4	965.5	869.7
Government revenue (payments to the government, etc.)								-1,768.2	-1,524.5	-1,386.3
Opportunity cost of capital investments, etc.								416.0	198.5	-23.6

【Explanation of policy cost trends】

- This estimation calculated the policy cost of airport improvement operations eligible for FILP.
- The policy cost in FY2023 decreased by 179.8 billion yen from the previous year due to a decline in the opportunity cost, etc.

【FILP agency's self-assessment of policy cost analysis results (FY2023)】

- The estimated policy cost for airport improvement operations eligible for FILP decreased by 179.8 billion yen from FY2022. This is due to a decrease in opportunity costs associated with the decrease in the opening balance of reserves from a decrease in business revenue, and a decrease in government subsidies, etc. associated with the one-year reduction in analysis period, etc.
- The results of the sensitivity analysis (case of assumed interest rate + 1%) showed an increase of 243.1 billion yen compared with the basic case. The increase is attributable to an opportunity cost increase accompanying the interest rate change and a decrease in payments to the government due to a rise in interest payments, etc., indicating a minimal impact on financial soundness.
- The results of the sensitivity analysis (case of 1% decline in operating revenues) showed an increase of 40.9 billion yen compared with the basic case. This is attributable to a decrease in operating revenues due to a drop in payments to the government, etc., indicating a minimal impact on financial soundness.