

Japan Organization for Metals and Energy Security (Incorporated Administrative Agency)
(General Account for Metal Mining)

https://www.jogmec.go.jp

1. Summary of operations implemented using FILP funds

The corporation provides loans for metal mining pollution control work on designated facilities that are no longer used for metal mining. It also provides loans for those who bear the expenses specified in the Act on Entrepreneurs' Bearing of the Cost of Public Pollution Control Works (Act No.133 of 1970).

2. Amount of lending under FILP

(Unit: billion yen)

FY2023 FILP	Estimated outstanding amount of FILP lending at the end of FY2022
0.3	2.3

3. Estimated policy cost analysis of the project

(1) Policy cost

(Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
1. Government expenditure (subsidies, etc.)	0.3	0.3	-0.0
2. Government revenue (payments to the government, etc.)*	-0.1	-0.1	-0.0
3. Opportunity cost of capital investments, etc.	0.0	0.0	+0.0
Total (1+2+3=policy cost(A))	0.3	0.3	-0.0
Analysis period (years)	16 years	16 years	-

(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)	0.3	0.3	-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	0.3	0.3	-0.0
Government expenditure (subsidies, etc.)	0.3	0.3	-0.0
Government revenue (payments to the government, etc.)*	-0.1	-0.1	-0.0
Opportunity cost of surplus, etc.	0.0	0.0	+0.0
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	Fluctuation		
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.3	0.2	-0.0	-0.0	+0.0	-0.0

(A) Policy cost (previously cited)	Case of a 1% increase in operating expenses	Fluctuation	Fluctuation		
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.3	0.3	+0.0	+0.0	-	-

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost	Simple comparison (before adjustment)	FY2022	FY2023	Simple fluctuation
		0.3	0.3	-0.0
Past year comparison (after adjustment)		0.2	0.3	+0.0
		0.2	0.3	+0.0

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- Increase in cost due to increase in administrative cost accompanying new loans (+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 FY2023 (previously cited)	0.3
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.3

(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.

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

- The estimation is made based on the assumption that loans are granted in accordance with the project plan for FY2023 (0.3 billion yen) in addition to the existing loan balance of 2.3 billion yen (the projected amount as of the end of FY2022).
- The length of analysis period is 16 years (in FY2022), during which all the loans granted in accordance with the project plan for FY2023 are recovered.
- The loans worth 0.3 billion yen extended by the Corporation in FY2023 are scheduled to be recovered over a period of 15 years. No loan loss is expected because the Corporation conducts financial assessment semi-annually and revalorizes collateral semi-annually or annually, makes sure to secure enough collateral, etc. and guarantee of the parent companies, and secures additional collateral such as highly liquid securities if the collateral seems insufficient to make sure to protect accounts receivables. No outstanding balance of the bankruptcy or rehabilitation claim was recorded at the end of FY2021. No allowance for loan losses was booked due to the feasibility of collection from collateral. It should be mentioned that the allowance for loan losses ratio was 15/1000 before the corporation's transformation into an incorporated administrative agency.
- As prepayments have been limited to only two cases, no prepayment is projected in the analysis from FY2023 onward.

The subsidies necessary to carry out the project were estimated based on the preconditions given under the above-mentioned assumptions.]

FY	Result				Estimated	Planned	Assumptions for calculation
	2018	2019	2020	2021	2022	2023	2024-2038
Prepayment ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Same as left
Loan write-off ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Same as left

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

1) Reasons for granting of subsidies, rules and underlying laws

Operational expenses (labor cost and office expense for funding services) are required to conduct funding services for pollution prevention. Therefore, the Corporation receives a grant for operational expenses from the budget's general account with necessary money for other services as a revenue source of such expenses. The necessary grant for operational expenses is provided in each fiscal year in accordance with the calculation rule for grant for operational expenses provided in the Medium-term Plan.

Grants for operating expenses are stipulated under Article 46 (Delivery of Financial Resources) of the Act on General Rules for Independent Administrative Agencies.

(Act on General Rules for Independent Administrative Agencies)

Article 46: The Government may, within the limits of the budget, grant to Independent Administrative Agencies an amount corresponding to all or part of the required expenses as a revenue source.

2) Underlying law for payments to the national treasury

Payment to the national treasury is stipulated under Article 13, Paragraph 2 of the Act on Japan Organization for Metals and Energy Security.

(Act on Japan Organization for Metals and Energy Security)

Article 13: The Corporation allocate funds approved by the Minister of Economy, Trade and Industry 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 (hereinafter referred to as "medium-term target period") in an account relating to the operations described in the Article 12, Paragraph 1, Items 1-3, to the financing of operations provided for in Article 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 The Corporation shall pay to the National Treasury the balance of any surplus that remains after deducting funds approved in the preceding paragraph from funds equivalent to the amount of reserves provided for in the same paragraph.

6. Special remarks

1) The analysis of policy cost only covers such costs included in the general account for metal mining as subject to the fiscal investment and loan program.

2) The Japan Oil, Gas and Metals National Corporation was established on February 29, 2004 through the merger between the Metal Mining Agency of Japan and the Japan National Oil Corporation under the "Reorganization and Rationalization Plan for Special Public Corporations," "The Act on Abolition of both the Japan National Oil Corporation Act and the Metal Mining Agency of Japan Act," and "Act Concerning Japan Oil, Gas and Metals National Corporation." The Japan Oil, Gas and Metals National Corporation took over the business of the Metal Mining Agency of Japan and analyzes the policy cost of the project to offer loans for mine pollution control. The name of the organization was changed to "Japan Organization for Metals and Energy Security (JOGMEC)" with effect from November 14, 2022, pursuant to the "Act of Partial Revision of the Act on the Rationalization etc. of Energy Use and Other Acts in Order to Establish Stable Energy Supply and Demand Structure" and the "Act on Japan Organization for Metals and Energy Security."

(Reference) Outcome and social and economic benefits of operations

1) Details of lending

(Unit: billion yen)

	Total as of FY2021	Outstanding amount at the end of FY2021	FY2023 (planned)
Loans for mining pollution prevention	35.5	1.9	0.3
Loans for bearing expenses	18.3	0.3	0.0
Total	53.8	2.2	0.3

The Corporation supports steady promotion of the control of mining pollution: It provided 192 mining operations with loans for metal mining pollution control work between FY1973 and FY2021 and provided for 26 areas with loans for those who bear the expenses of pollution removal work between FY1975 and FY2021.

2) Social and economic benefits

Operations for mining pollution control are aimed at preventing the occurrence of mining pollution by preventing the outflow of mining waste water that contains heavy metals or by treating waste mining water. Environmental standards for the quality of water used for public purposes in accordance with the Basic Law on Environment and sets standards for discharged water based on the Water Pollution Control Law are set. Implementing mining pollution control operations, it treats waste mining water to meet the standards before discharging it (See the table below). The corporation contributes to the protection of the nation's health and the conservation of the environment by enforcing these standards.

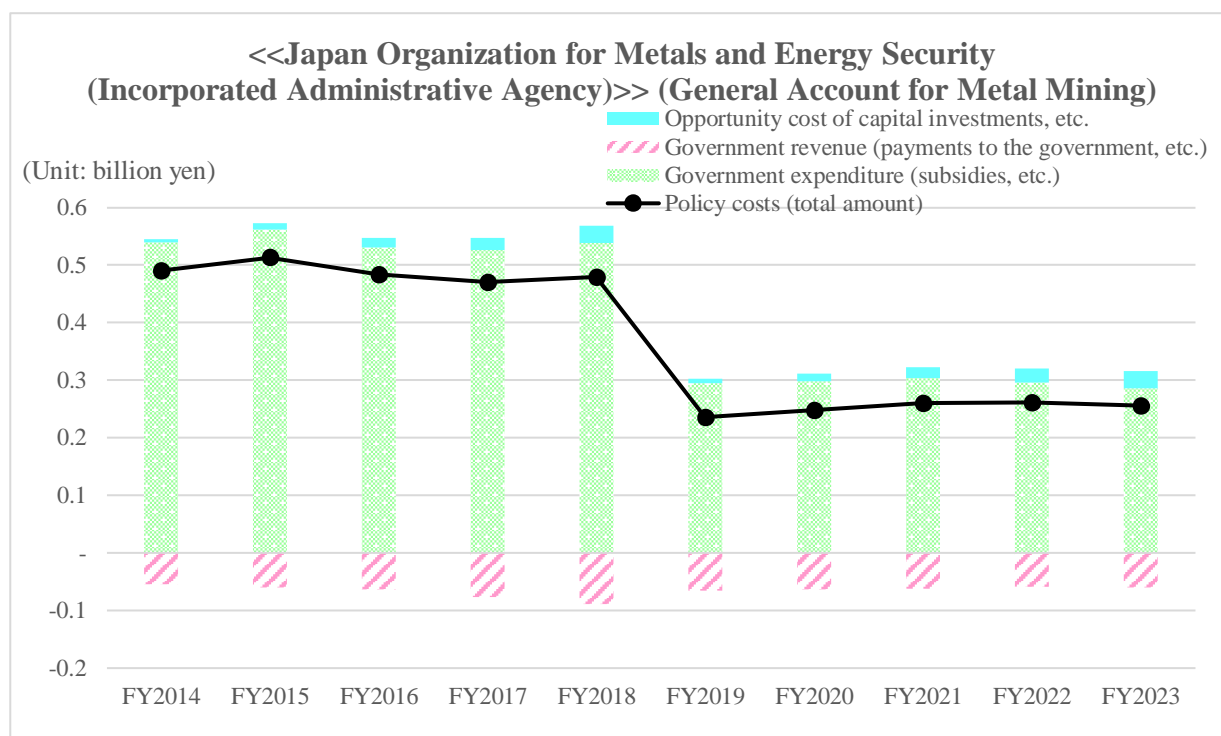
•Loans for mining pollution prevention

Examples of waste water treatment for mine drainage

Heavy metals	Treated water	Discharge standards
pH	7.0	5.8~8.6
Lead	0.01mg/l or less	0.1mg/l or less
Cadmium	0.003mg/l or less	0.1mg/l or less
Copper	0.1mg/l or less	1.3mg/l or less

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)	0.5	0.5	0.5	0.5	0.5	0.2	0.2	0.3	0.3	0.3
Government expenditure (subsidies, etc.)	0.5	0.6	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3
Government revenue (payments to the government, etc.)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Opportunity cost of capital investments, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

【Explanation of policy cost trends】

- The main causative factor of policy costs consists of administrative expenses (personnel costs and clerical costs regarding loan projects) booked in "subsidies, etc. from the government." Policy costs from FY2014 to FY2018 remain at approximately 0.5 billion yen. From FY2019, policy costs have been trending between 0.2 to 0.3 billion yen due to a decrease in personnel costs, associated with the review of the estimated number of employees corresponding to the contents of the project.

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

- The FY2023 policy analysis estimated long-term cash flow, etc. regarding loans for mining pollution prevention in accordance with the set assumptions to compute the policy cost.

- The loans for mining pollution prevention are designed to protect people's health and conserve the living environment and are provided in exchange for sufficient collateral. The policy cost analysis results and the redeemability of the loans have no problem, leading us to assess that financial soundness has been secured.

- The sensitivity analysis (case of assumed interest rate + 1% and case of a 1% increase in operating expenses) led us to assess that rises in the assumed interest rates and operating expenses have little impact on the policy cost.

(Reference) Financial Statements

Balance Sheet (General Account for Metal Mining)

(Unit: million yen)

Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)	Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)
(Assets)				(Liabilities and net assets)			
Current assets	39,091	70,022	4,436	Current liabilities	17,085	11,414	31,051
Cash and bank deposits	3,007	4,330	3,047	Debt from operational grants	779	-	-
Securities	31,200	65,300	1,000	Current portion of long-term borrowings	12,105	10,943	30,936
Accounts receivable	1,834	-	-	Accounts payable	1,703	-	-
Inventory assets	1,435	-	-	Accrued payments	600	-	-
Advance payments	17	-	-	Accrued expenses	0	4	11
Accrued income	0	0	0	Unpaid consumption tax, etc.	222	367	0
Short-term loans	311	292	285	Advances received	1,581	-	-
Accounts receivable	1,193	-	-	Deposits payable	1	-	-
Contra-accounts for provision for bonuses	94	100	104	Provisions			
Fixed assets	69,768	141,804	224,514	Provision for bonuses	94	100	104
Tangible fixed assets	6,495	5,112	3,739	Fixed liabilities	3,309	3,269	3,304
Buildings	279	254	230	Contra-accounts for assets	205	135	76
Structures	35	22	9	Long-term borrowings	1,951	1,969	1,993
Machinery and equipment	41	22	9	Provisions			
Ships	6,050	4,756	3,462	Provision for retirement benefits	1,151	1,166	1,235
Vehicles and transportation equipment	5	4	2	Long-term debts	2	1	-
Tools furniture and fixtures	85	54	27	(Total liabilities)	20,394	14,684	34,355
Intangible fixed assets	12	9	7	Capital			
Investment and other assets	63,261	136,683	220,768	Government investment	51,816	161,816	161,816
Affiliated companies stock	60,214	133,614	217,614	Capital surplus	5,980	4,665	3,351
Long-term loans receivable	1,889	1,897	1,912	Capital surplus	27,386	27,386	27,386
Security deposit and guarantee	7	7	7	Other administrative costs accumulated	-21,406	-22,721	-24,035
Contra-accounts for provision for retirement benefits	1,151	1,166	1,235	Amount equivalent to accumulated depreciation cost(-)	-19,870	-21,185	-22,500
				Amount equivalent to accumulated net gains or losses on sale or disposal(-)	-1,536	-1,536	-1,536
				Retained earnings	9,154	9,147	7,915
				Reserve fund carried over from the previous Mid-term Objective period	5,375	5,375	7,955
				Reserve fund	2,464	3,779	-
				Unappropriated income or loss for the current year(-)	1,315	-7	-40
				(Of this, gross profit or loss(-))	(1,315)	(-7)	(-40)
				Valuation and translation adjustments			
				Affiliated companies stock valuation differences	21,514	21,514	21,514
				(Total net assets)	88,464	197,143	194,596
Total assets	108,858	211,827	228,951	Total liabilities and net assets	108,858	211,827	228,951

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 (General Account for Metal Mining)

(Unit: million yen)

Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)	Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)
(Losses)				(Profits)			
Ordinary expenses	15,054	17,720	5,099	Ordinary income	16,369	17,713	5,059
Operating expenses	3,563	4,347	3,768	Income from operational grants	3,515	4,230	3,566
Commission expenses	10,477	12,764	660	Operational income	1,153	10	12
General and administrative expenses	405	593	614	Revenues from subsidies, etc.	329	340	426
Finance expenses	7	9	57	Trustee income	10,477	12,764	660
Miscellaneous losses	602	6	-	Income regarding contra-accounts for provision for bonuses	94	100	104
Temporary losses	60	0	-	Income regarding contra-accounts for provision for retirement benefits	112	181	227
Loss on retirement of fixed assets	60	0	-	Financial revenues	3	3	0
Gross profit or loss	1,315	-7	-40	Reversal of contra-accounts for assets funded by operational grants	94	72	59
				Miscellaneous income	593	12	5
				Temporary profits	60	0	-
				Reversal of contra-accounts for assets funded by operational grants	60	0	-
Total	16,429	17,713	5,059	Total	16,429	17,713	5,059

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.