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## Speech on Fiscal Policy by Minister of Finance Noda at the 177th Session of the National Diet

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April 28, 2011

In order to take the necessary fiscal measures in response to the Great East Japan Earthquake that occurred on March 11th, 2011, we have decided to submit a draft supplementary budget for FY2011. Before I request deliberation on it, I would like to provide an outline of the draft supplementary budget.

### (Introduction)

The Great East Japan Earthquake of March 11th caused immense damage. As well as praying for the souls of all that lost their lives in this disaster, I would like to express my deepest condolences to their surviving families. I also wish to extend my sincerest sympathies to all that have suffered damage or loss. Finally, I would like to salute the tremendous efforts of a lot of people who have been involved in the relief, rescue and recovery operations, including volunteers and those from both public and private sectors, and to express my gratitude for the warm support from the international community.

The government of Japan has continuously taken steps to save lives and to help safe refuge, as well as exerting every possible effort to secure water, food, fuel and other essentials for the everyday lives of those affected by the disaster, to accomplish emergency restoration of the disaster-stricken areas, and the like. We aim to hasten the restoration of lifelines such as electric power, gas and water supply, and will continue to make every effort to promote the restoration and reconstruction of the disaster-stricken areas, including the removal of disaster wastes and construction of temporary housing.

The situation of accidents at the nuclear power plants, meanwhile, remains unpredictable. While preventing the damage from spreading any further, we will take every conceivable measure with a view to restoring stability at the earliest possible juncture.

## **(Outline of the draft supplementary budget for FY2011 [Article 1 of the General Account, Article 1 of the Special Account, and Article 1 of the Budgets of Government Agencies])**

I will outline the draft supplementary budget for FY2011 which we have submitted.

The supplementary budget for the general account will include the costs expected to be required within the current fiscal year to achieve a quick restoration from the Great East Japan Earthquake. Financial resources for the supplementary budget will be secured by revising expenditures, etc., and not by issuing additional bonds.

Firstly, in terms of expenditure, the total costs related to the Great East Japan earthquake will be 4,015.3 billion yen, of which costs related to disaster relief, etc., will be 482.9 billion yen, costs of disposing of disaster wastes 351.9 billion yen, costs related to public works in response to the disaster 1,201.9 billion yen, costs of rebuilding facilities, etc. 416.0 billion yen, costs of disaster-related public financing programs 640.7 billion yen, local allocation tax grants 120.0 billion yen, and other disaster-related spending 801.8 billion yen, respectively.

To finance these costs related to the Great East Japan Earthquake, we plan to reduce other expenditures by just over 3,700 billion yen, consisting of a 208.3 billion yen reduction in child allowance, a reduction of 100.0 billion yen in the cost of promoting smoother road traffic accompanying a temporary freeze on the pilot program to eliminate expressway tolls, a reduction of 2,489.7 billion yen in government financial contributions to basic pensions transferred to the Pension Special Account and others, a reduction of 50.0 billion yen in amounts carried forward to the Measures for Energy Special Account accompanying the use of capital for development of adjacent areas, a reduction of 50.1 billion yen in Official Development Assistance, etc., a reduction of 2.2 billion yen in Dietmembers' salaries, and a reduction of 810.0 billion yen in the Contingency Reserve for Economic Crisis Response and Regional Revitalization.

As concerns the ratio of government financial contributions to basic pensions for FY2011, while legally clarifying that the ratio will be one-half, we also plan to introduce legislation whereby the difference

compared to one-half will be transferred to pension finances, using financial resources secured through fundamental reform of the tax system.

In terms of revenues, meanwhile, we will furnish non-tax income of 305.1 billion yen, including 250.0 billion yen in payments from the Japan Expressway Holding and Debt Repayment Agency accompanying a revision in discounts on expressway tolls.

As a result, the total amount of the supplementary budget for the general account in FY2011 will increase by 305.1 billion yen in both revenues and expenditure compared to the initial general account budget, producing a total of 92,716.7 billion yen.

As related measures, we also plan to carry out requisite adjustments to special account budgets and the budgets of government-affiliated agencies.

As concerns the Fiscal Investment and Loan Program, we plan to add 4,322.0 billion yen within this supplementary budget to meet the demand for capital needed for business stability and disaster recovery, etc., of businesses affected by the disaster.

## **(Conclusion)**

This concludes the outline of the draft supplementary budget for FY 2011.

I hereby request that the Diet deliberate on the budget and related bills and promptly give its approval, to achieve a speedy restoration of the disaster-stricken areas.

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