

March 17, 2020

Bank of Japan

### **The Bank of Japan's Budget for Expenses for Fiscal 2020**

The Bank of Japan's budget for expenses for fiscal 2020 (the 136th fiscal year) is as follows (Table 1).<sup>1</sup> While securing the necessary budget to perform its role as the central bank of Japan, the Bank has also thoroughly examined each item of expenditure to achieve more streamlined overall spending.

The budget for expenses for fiscal 2020 was more or less unchanged from the previous year, an increase of 0.7 percent, of which the amount subject to the approval of the Minister of Finance increased by 1.6 percent. This was due to changes in the following items: administrative expenses for treasury business and Japanese government securities increased by 18.2 percent, mainly owing to a revision of fees and commissions paid to agents of the Bank for administration of treasury business and the start of the provision of welfare benefits for pensioners, and the cost of production of banknotes increased by 2.8 percent, mainly due to expenses to be incurred in preparation for the introduction of a new series of banknotes, while expenses related to many other items decreased. Year-on-year percentage changes include the effects of the October 2019 consumption tax hike.

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<sup>1</sup> The Bank prepares a budget for expenses every fiscal year. Its budget, excluding the cost of purchasing fixed assets used for the Bank's business operations, is subject to the approval of the Minister of Finance under Article 51, paragraph 1 of the Bank of Japan Act before the beginning of each fiscal year. After obtaining authorization from the Minister of Finance, the Bank implements the budget from the start of the fiscal year. For fiscal 2020, the Bank sought approval on March 17, 2020. All figures, including those in Table 1, are rounded off.

Table 1

**Budget for Expenses for Fiscal 2020 (The 136th Fiscal Year)**

Item	Initial budget (thous. yen)	Change from the previous year (percent)
<b>Cost of production of banknotes</b>	<b>53,923,404</b>	<b>2.8</b>
<b>Administrative expenses for treasury business and Japanese government securities</b>	<b>20,549,844</b>	<b>18.2</b>
<b>Personnel expenses</b>	<b>53,134,130</b>	<b>0.1</b>
Remuneration of the officers	432,821	-0.0
Remuneration of the employees	42,155,660	0.2
Retirement allowances	10,545,649	-0.0
<b>Expenses for transportation and communications</b>	<b>4,347,283</b>	<b>-1.2</b>
Expenses for transportation	2,187,263	-1.4
Expenses for communications	2,160,020	-1.0
<b>Expenses for maintenance and repairs</b>	<b>2,338,222</b>	<b>-13.0</b>
<b>Other general and administrative expenses and costs</b>	<b>53,435,000</b>	<b>-1.3</b>
Cost of expendable supplies	1,136,148	-12.5
Expenses for electricity and water supply	1,892,815	-1.6
Leasing fees for buildings and equipment	6,914,564	-2.2
Expenses for maintenance of buildings and equipment	11,664,554	10.3
Miscellaneous expenses	31,826,919	-4.4
<b>Subtotal</b>	<b>187,727,883</b>	<b>2.0</b>
<b>Cost of fixed-asset purchases</b>	<b>19,091,405</b>	<b>-10.2</b>
Of which: Subject to the approval of the Minister of Finance <sup>1</sup>	4,456,878	-10.8
<b>Contingency funds</b>	<b>1,000,000</b>	<b>0.0</b>
<b>Total<sup>2</sup></b>	<b>207,819,288</b>	<b>0.7</b>
Of which: Subject to the approval of the Minister of Finance <sup>1</sup>	193,184,761	1.6

Notes: 1. Excludes the cost of purchasing fixed assets used for the Bank's business operations.

2. Of the budget for expenses, those related to computerization amounted to 30,445,300 thousand yen, a 0.1 percent decrease from the previous year, and are included in expenses for communications, leasing fees for buildings and equipment, expenses for maintenance of buildings and equipment, and miscellaneous expenses.

Budget estimates of computerization expenses assume required outsourcing of approximately 10,519 person-months (one person-month is the workload equivalent of one person working for one month in system development), and a total of approximately 13,660 person-months when the workload of the Bank's employees is included.