

(Released on March 9, 2004)

## **Summary of Meeting of the Radio Regulatory Council (No. 881)**

### **1. Date and Time**

February 6, 2004 (Wednesday)

16:00 to 17:20

### **2. Location**

Meeting Room of MIC (Ministry of Internal Affairs and Communications)

(Meeting Room No. 1001 on the 10th floor)

### **3. Attendees (Honorifics omitted)**

(1) Members of the Radio Regulatory Council

Yasuhiko Yasuda (Chairperson), Junichi Hamada, and Hatsuko Ukikawa

(2) Hearing Examiner of the Radio Regulatory Council

Taku Kiyasu

(3) Secretary

Masao Okamoto (Deputy Director of the General Affairs Division, Telecommunications Bureau)

(4) MIC (Ministry of Internal Affairs and Communications)

Director-General of the Information and Communications Policy Bureau, Fujioka

(Deputy Director-General of the Minister's Secretariat), and others

### **4. Minutes of the Meeting**

(1) Regarding the ministerial ordinance that partially amends of the Regulations for Enforcement of the Radio Law, the Essential Standards for Establishing Radio Stations Other Than Broadcast Stations, the Regulations for Procedure for Obtaining a Radio Station License, the Regulations for Operating Radio Stations, the Rules for Radio Equipment, and the Regulations Concerning Technical Standards Compliance

Certification etc. of Specified Radio Equipment as well as the proposed change to parts of the Frequency Assignment Plan

(Consultation No. 39 and No. 40 of December 10, 2003)

Having deliberated the draft ministerial ordinance for the amendments in the title concerning the "deployment of high-speed and high-capacity aeronautical mobile satellite communication systems that use the Ku band, and so forth" and the "introduction of a specified experimental station system" as well as the proposed change to parts of the Frequency Assignment Plan concerning the "deployment of high-speed and high-capacity aeronautical mobile satellite communication systems that use the Ku band" and the deployment of INMARSAT F and D type systems as earth stations, based on the written opinion and protocol submitted by the hearing examiner who presided over procedures for inviting public comment (refer to the post-hearing opinion from the 387th Radio Regulatory Council's written opinions), the Council concluded that the draft and proposed change were appropriate and returned an affirmative reply.

(2) Regarding the draft ministerial ordinance that partially amends the Rules for Radio Operators

(Consultation No. 41 of December 10, 2003)

Having deliberated the draft ministerial ordinance in the title that partially amends the relevant provisions in the Rules for Radio Operators concerning, but not limited to, the reduction of attached documents to the application in the wake of the online procedures related to radio operators, based on the written opinion and protocol submitted by the hearing examiner who presided over procedures for inviting public comment (refer to the post-hearing opinion from the 388th Radio Regulatory Council's written opinions), the Council concluded that the draft was appropriate and returned an affirmative reply.

(3) Regarding the opinion of the Minister of Internal Affairs and Communications attached to the fiscal 2004 income and expenditure budget, etc. of Japan Broadcasting Corporation (NHK)

(Consultation No. 4)

Upon the submission of the fiscal 2004 income and expenditure budget, etc. of Japan Broadcasting Corporation (NHK) to the Diet, MIC explained the opinion of the Minister of Internal Affairs and Communications attached to the budget and provided a question-and-answer session as follows. The Council deliberated this matter and replied indicating that the Council regarded it as acceptable.

a. Explanation by MIC

The operation income in fiscal 2004 is 678.5 billion yen (an increase of 0.7% compared to the previous fiscal year) and the growth of income from the viewing fee is 0.3%, which is lower than at any time in NHK's history. The operation expenditure is expected to be 671.3 billion yen (an increase of 0.8% compared to the previous fiscal year) and business operation costs decreased by 0.6% compared to the previous fiscal year (the first time in NHK's history). The difference between the operation income and expenditure is 7.1 billion yen. The difference between the operation income and expenditure in the satellite receipt and payment account marks a deficit of 4.8 billion yen. This is because NHK focuses on diffusion of the BS digital broadcasting service that NHK launched in December 2000. The viewing fee has been frozen for the 14 years since 1990.

The major items in the business plan include specific approaches to the terrestrial digital broadcasting service that NHK launched last December, such as providing broadcasts with an emphasis on Hi-Vision services and organizing multiplexed programs, and the construction plan states that NHK intends to develop facilities intended for the launch of the terrestrial digital broadcasting service in each area. In addition, regarding the emergency coverage and the enhanced close-captioned broadcasts in response to the handicapped, etc., they include, but are not limited to, the improved news coverage system and the quick response system to cover accidents, etc. that occur overseas.

Concerning these matters, the opinion of the Minister of Internal Affairs and Communications recognizes that "although NHK still has some improvements in the future from the viewpoint of equitable sharing of the viewing fee burden among the broadcasting receivers, the budget is generally appropriate." The opinion also adds seven items to which NHK must pay special attention, some of which are as follows: lead the broadcast digitization efforts; fully enforce the principle of competition

contracts in subcontracting and so forth; make active use of broadcasting programs, etc. that NHK holds from the viewpoint of the development of the content trading market; and continue to fundamentally consider and take systematic measures to resolve the problem of households without receiver's contracts from the viewpoint of equitable sharing of the viewing fee burden.

b. Main contents of the Q&A session

- The following questions were asked: "In the opinion of the Minister of Internal Affairs and Communications, similar comments are written over and over every year about the matter of fair sharing of the viewing fee. Is there anything especially new in this fiscal year? Is the seventh entry, 'Conduct required considerations if the minister does not think NHK is fully capable of resolving the problem of households without receiver's contracts,' in the added items brought up for the first time?" MIC answered as follows: "The rate for signed receiver's contracts, which was approximately 90% in 1989, has now fallen to about 80%. In the Minister of Internal Affairs and Communications opinion for the fiscal 2003 NHK budget, MIC asked NHK to consider measures to improve the situation, and NHK submitted a business plan that included the improvement measures in the fiscal 2004 NHK budget. In reality, NHK only can develop a plan with a receiver's contract rate of 0.1% less than the figure that the fiscal 2003 budget planned at the end of the fiscal year. For this reason, the minister not only mentioned the matter under the marginal heading, but also added the comment as the seventh consideration. The fiscal 2003 opinion of the minister added a comment similar to the purport of the statement, 'Conduct required considerations if the minister does not think NHK is fully capable of resolving the problem of households without receiver's contracts,' and continues to add the same comment in fiscal 2004."

- The following question was asked: "I am afraid that if NHK attempts to collect the viewing fee from all of the households that must pay it, NHK must bear huge expenses. Even if NHK compares the increased expenses spent for collecting the viewing fee with the increased amount of the collected fee and ends up with a deficit, does MIC still require the corporation to seek to improve the situation from the viewpoint of fair sharing?" MIC answered as follows: "NHK will make every

possible effort to contrive measures to increase the rate of signed contracts while striking a balance between cost and income.”

- The following opinion was voiced: “I think every receiver should have a function that makes the owner bear the viewing fee without default or delay.” MIC answered as follows: “NHK has installed a system that displays an automatic message that prompts viewers to sign the receiver's contract using B-CAS in the BS digital broadcasting. MIC expects NHK to continue to consider various measures to improve the situation.”

(4) Regarding approval for changes to contract clauses for paid broadcasting services offered by program-supplying broadcasters for CS digital broadcasting at 110 degrees east longitude

(Consultation No. 5)

MIC explained the approval for changes to contract clauses for paid broadcasting services offered by program-supplying broadcasters for CS digital broadcasting at 110 degrees east longitude and provided a question-and-answer session as follows. The Council deliberated this matter and replied indicating that the Council regarded it as acceptable.

a. Explanation by MIC

Article 52-4 (4) of the Broadcast Law requires that this matter be approved by the Minister of Internal Affairs and Communications. The carriers that apply for this approval are four companies, including CS Nippon Corporation.

The background information for these applications is as follows. In the wake of the merger between two current platform operators, SKY Perfect Communications Inc. and Plat One Corp., Ltd. (effective on March 1 of this year), the contract clauses for paid broadcasting services for four companies that have so far entrusted their customer management tasks to Plat One need to be changed and incorporated into the contract clauses for paid broadcasting services for the 10 companies that entrust their customer management tasks to SKY Perfect Communications Inc.

Note that the Minister of Internal Affairs and Communications already approved these contract clauses for paid broadcasting services in response to a reply from the

meeting of the Radio Regulatory Council held on March 20, 2002 indicating that they were regarded as acceptable.

The summary of the changes includes, but is not limited to, the following:

- 1) Adding additional conditions such as the case of services being received overseas to a list of conditions for not accepting applications for a service that the company offers,
- 2) Adding measures, etc. at the time of viewing and listening troubles,
- 3) Adding a clause that allows the company to balance what it owes to a subscriber against what the subscriber owes to it when the subscriber cancel the contract,
- 4) Adding measures when communications are disconnected at the time of disasters, accidents, and so forth,
- 5) Adding measures when a subscriber causes losses to a broadcaster(s), etc. by violating any prohibited matter,
- 6) Adding an additional condition when the company provides personal information on the subscribers to the outside.

The proposed changes will be effective on the date (March 1 of this year) when the merger takes place.

As a result of examining the applications, the proposed changes properly and clearly stipulate the items related to the responsibilities of paid broadcasters and receivers and MIC recognizes that they meet the relevant laws and regulations and will not give unjustified discriminatory treatment to specific persons.

b. Main contents of the Q&A session

- The following question was asked: “My question has nothing direct to do with this consultation matter. Is it acceptable that two platform operators will merge into one and may monopolize the market?” MIC answered as follows: “As the member said, the merged company will monopolize the market. The company, however, will face competition in cable broadcasting, broadband services, and so forth, and the platform operators are trying to provide fair services by, for example, establishing voluntary guidelines. MIC intends to pay close attention to the merged company so that harmful effects due to monopolization do not ensue.”

(The Radio Regulatory Council Secretariat is responsible for the wording of this document)