

Radio Regulatory Council—928th Meeting
Summary of Minutes

1. Date and Time

Wednesday, February 6, 2008; 15:00–

2. Location

Conference Room 1002, 10th Floor, Ministry of Internal Affairs and Communications

3. Attendees (honorifics omitted)

(1) Council Members

Mitsutoshi Hatori (Chair), Takeo Inokuchi (Vice Chair), Kashiko Kodate,
Junichi Hamada

(2) Hearing Examiner of the Radio Regulatory Council

Shuichi Nishimoto

(3) Secretary

Shuji Ishida (Deputy Director, General Affairs Division, Telecommunications Bureau)

(4) MIC Representatives (including Secretariat Representative)

Terasaki (Director-General, Telecommunications Bureau), Tanaka (Director-General,
Radio Department), Ogasawara (Director-General, Information and Communications
Policy Bureau), Kawauchi (Deputy Director-General, Minister's Secretariat) and others

4. Agenda

(1) Formal Objection to Type Designation on Broadband Power Line Carrier Communication
Equipment

(Proposition No. 1)

MIC explained this matter together with Proposition No. 2, since the two consultations were related.

(2) Formal Objection to Type Designation Carried out on Broadband Power Line Carrier
Communication Equipment

(Proposition No. 2)

MIC explained this matter together with Proposition No. 1, since the two consultations were related.

Since a hearing on this matter is obligatory under the Radio Law, the Council appointed Shuichi Nishimoto to preside over the hearing as examiner.

○ MIC's Explanation

In this case, type designation regarding broadband power line carrier communication equipment was publicly announced in the Official Gazettes of December 18, 2007, and January 16, 2008. In this regard, a formal objection was raised to seek the nullification of these instances of type designation.

In the first place, the formal objection discussed under Proposition No. 1 was filed on January 7, 2008. The petitioner is a single individual. The formal objection discussed under Proposition No. 2 was filed on January 22, 2008 by the same individual petitioner.

The formal objection pertaining to Proposition No. 1 is to the type designation publicly announced in the Official Gazette of December 18, 2007, and the formal objection pertaining to Proposition No. 2 is to the type designation publicly announced in the Official Gazette of January 16, 2008, for a total of eight instances.

MIC assessed the formalities on the basis of the above and found them appropriate, except for the petitioner's qualifications to file an objection. MIC decided to suspend its assessment of the petitioner's qualification to file the objection. The reason for this decision is that the petitioner, who declares himself to be a broadcast viewer/listener, is also a licensee of an amateur radio station; there is therefore a possibility that facts regarding specific profits will become clear in the very near future. MIC intends to demand clarification on that matter during deliberations at the Radio Regulatory Council.

(3) Draft MIC Ordinances to Partially Amend the Regulations for Enforcement of the Radio Law and the Rules for Regulating Radio Equipment

(Consultation No. 8)

MIC explained this matter together with Consultation No. 9, since the two consultations were related.

(4) Draft Partial Amendment of the Frequency Assignment Plan

(Consultation No. 9)

MIC explained this matter together with Consultation No. 8, since the two consultations were

related. Subsequently, a question-and-answer session was held.

A hearing on Consultation No. 8 is obligatory under Article 99-12, Paragraph 1 of the Radio Law. Furthermore, it was judged appropriate to hear opinions on Consultation No. 9 together with opinions on Consultation No. 8. Therefore, it was decided that opinions on Consultations No. 8 and No. 9 be heard on the same occasion. The Council appointed Shuichi Nishimoto to preside over the hearing as examiner.

a. MIC's Explanation

Consultation No. 8 pertains to the Draft MIC Ordinances to specify technical requirements for electronic tags utilizing radio waves with frequencies of 950 MHz. Various electronic tags have been regulated by taking intended uses and so on into account. On December 20, 2007, the Telecommunications Council submitted a partial report on the technical requirements for active low-power radio systems using the 950 MHz band and the technical requirements for passive tag systems. Taking this fact into account, related regulations will be developed regarding the advancement of passive tag systems that use radio waves with frequencies of 950 MHz and do not have their own power supply, as well as regarding active low-power radio systems with their own power supply.

The assumed use patterns for active low-power radio systems using the 950 MHz band and passive tag systems are as follows: for the first, determination of elderly peoples' movements or need for assistance, for the second, collective readout of high density electronic tags. On the basis of the above, radio waves having the said frequencies will be added to the subject Draft MIC Ordinances to Partially Amend the Regulations for Enforcement of the Radio Law. In the subject Draft MIC Ordinances to Partially Amend the Rules for Regulating Radio Equipment, items such as the technical requirements for active low-power radio systems using the 950 MHz band and for passive tag systems will be changed.

Consultation No. 9, along with Consultation No. 8, pertains to changes in the Frequency Assignment Plan.

The explanation of the changes is as follows: At present, low-power passive tags and high-power passive tags are allowed to be used in the 952 to 955 MHz band and in the 952 to 954 MHz band, respectively. Taking the technical requirements into account, low-power services (for telemetry, tele-control and data transmission) will be added to the purposes of radio stations assigned the 950 to 956 MHz band so that active low-power radio systems with antenna power of 1 mW and active low-power radio systems with antenna power of 10 mW

can be introduced. Available frequencies will be added to the Attached Table.

b. Key Questions and Answers

- A remark was made that the definition of the average power of antennas in the subject Draft MIC Ordinance is different from the scientific definition. In this regard, it was asked as to whether the definition in the draft ordinance is the same as the one provided in laws and other ordinances. MIC answered that the term is defined in the same way as in laws and other ordinances.

(5) Blanket Licenses for Specified Radio Stations Belonging to Eight Companies including NTT DOCOMO, Inc.

(Consultation No. 10)

MIC gave an explanation as follows on the licenses for specified radio stations belonging to eight companies including NTT DOCOMO, Inc. After conducting deliberations on the matter, the council submitted a report stating that the subject blanket licensing is acceptable.

○ MIC's Explanation

This matter pertains to the blanket licenses for specified radio stations belonging to eight companies including NTT DOCOMO, Inc. In specific terms, the said blanket licenses are those for low-power repeaters for mobile radio communications.

Low-power repeaters, which will be introduced to solve the problem mobile phone dead zones, are capable of providing mobile phone reception to remote or blocked locations. On this occasion, eight companies including NTT DOCOMO, Inc. filed applications for blanket licenses.

As regards the contents of the applications, an examination was conducted with respect to the following required items: (i) the feasibility of assigning frequencies in accordance with the provisions of Article 27-4 of the Radio Law; and (ii) compliance with the Essential Standards for Establishing Broadcasting Stations as specified in the pertinent MIC ordinance. As a result, the contents of the applications were judged to be in accordance with all required items. Consequently, the issue of granting licenses to the said companies is submitted for consultation.

(7) Opinion of the Minister of Internal Affairs and Communications on the FY 2008 Payment

MIC gave an explanation as follows on the opinion of the Minister of Internal Affairs and Communications on the fiscal 2008 payment balance, budget and so on of Japan Broadcasting Corporation (NHK). After conducting deliberations on the matter, the Council submitted a report stating that the subject opinion is acceptable.

○ MIC's Explanation

An outline of the fiscal 2008 payment balance, budget and so on of NHK is as given below. In the first place, the viewing fee income, which makes up part of the business income, increased about 22 billion yen compared to the fiscal 2007 budget, showing a favorable recovery tendency. On the other hand, expenditure increased only 16.4 billion yen overall compared to the fiscal 2007 budget due to the decision to curtail excessive expenses and allocate funds to necessary items on a priority basis. As a result, domestic broadcasting expenses, contract acquisition expenses and so on were reduced and consideration was given to incremental factors including broadcast-related items as well as investigations and research accompanying digitization. In this respect, the increase in expenditure is smaller than that of income. Therefore, a balance of 10.2 billion yen of income and expenditure is expected to be secured. Furthermore, the payment balance of 6.8 billion yen, which is the amount obtained by deducting the debt redemption allocation from the income and expenditure balance of 10.2 billion yen, will be transferred as a carryover. About 75.6 billion yen is scheduled to be secured as a carryover at the end of fiscal 2008.

NHK prepared a three-year plan covering the fiscal years of 2006 to 2008. In respect of the fiscal 2008 goals contained in this plan, these were more or less achieved. However, the total number of viewing contracts is listed as 36.63 million in the fiscal 2008 budget and 36.79 million in the fiscal 2008 goals. Strictly speaking, therefore, the fiscal 2008 goal for the total number of viewing contracts has not been achieved. However, the goal for the viewing fee income was achieved even though the goal for the total number of viewing contracts was not. This is considered to demonstrate that the decrease in collected viewing fees that was a result of scandals occurring is on a smooth reversal trajectory.

In the next place, the following items, among others, are mentioned as prioritized administrative matters for fiscal 2008: (1) Measures to enrich domestic broadcasting include reinforcement of newsgathering and reporting setups, as well as deployment of activities such as campaigns on the subject of global environmental issues in preparation for the Hokkaido

Toyako Summit and so on scheduled to be held in fiscal 2008. (2) Local information will be enriched. (3) Activities will be carried out such as investment in new companies for new international broadcasting that is intended to be performed under the amendment of the Broadcast Law, as well as an increase in the budget for strengthening international broadcasting. (4) Activities toward full digitization in July 2011 will be carried out to promote the spread of terrestrial digital broadcasting. (5) Archives-on-demand services, which are newly approved under the amendment of the Broadcast Law, will be performed.

(6) Contract acquisition activities aimed at ensuring viewing fees are borne fairly will be reinforced, and expenses will be reduced. With regard to this item, the following action is planned to be taken: The home-visit fee collection system covering about 5 million viewing contracts, which accounts for a little less than 20 percent of all such contracts, will be abolished due to the need to ensure the fair bearing of viewing fees having been pointed out as one of NHK's core responsibilities. This will save on manpower, part of which will be transferred to activities related to encouraging those who have not yet concluded viewing contracts to do so. In connection with this, even if the home-visit fee collection system is totally abolished, not all of these viewers will immediately switch to bank account transfers. Therefore, changeovers will be made in such a way that relevant viewers will be encouraged to switch over to account transfers. Thus there is a plan to reduce personnel numbers by about 200 in fiscal 2008, with the result that the operating expense ratio will drop 11.9 percent. Furthermore, by way of amendment toward a reasonable viewing fee system, it is decided that in fiscal 2008, business establishment discounts will be introduced and family member discounts will be increased. The business establishment discounts will operate as follows: For example, in the case of television sets installed in the rooms of inns and hotels, the principle is to conclude viewing contracts for all sets under which the viewing fee for each of the second and subsequent television sets will be reduced by half. Increasing family member discounts will occur as follows: At present, 33 percent discounts are applied to the viewing contract for the second television set of a family that has one of its members living apart due to a job transfer or the like. The current discount rate will be increased in conjunction with the introduction of business establishment discounts. These two items are planned to be carried out beginning in February 2009. Moreover, the scope of application of exemption of disabled persons from the requirement to pay viewing fees will be expanded.

(7) Relations with viewers will be strengthened. (8) As an administrative reform, a personnel reduction plan will be implemented at NHK headquarters. (9) Subsidiaries and the like will be reorganized or consolidated and, furthermore, actions such as payment of large dividends are planned to be carried out in consideration of the fact that it has been pointed out that profits are presumed to be accumulating in subsidiaries and the like.

Incidentally, it was on January 16, 2008, that the payment balance, the budget and so on pertaining to this matter were submitted to MIC. On the 17th of that month, NHK staffers were discovered to be engaging in insider trading. I would like to ask that it be noted that the subject payment balance, budget and so on are not based on plans developed with the issue of insider trading in mind.

With regard to this matter, it is stated at the beginning of the general remarks that MIC understands that the fact that these new incidents of insider trading were revealed leads to a very serious situation where NHK's credibility as a news organization could possibly be shaken. A comment by the Minister of Internal Affairs and Communications to the effect that this insider trading is truly regrettable is included at the beginning of the general remarks. Furthermore, as for the three-year period up to 2007, a comprehensive evaluation was made, concluding to the effect that, taking into account the fact that scandals have occurred, the situation was inevitable. As regards fiscal 2008, it is stated that MIC had the understanding that the viewer fee income was tending to recovery and that an intermediate stage was being passed through on the way to regaining trust. Be that as it may, MIC took seriously the fact that new scandals came to light, and a written statement on this point was included. Moreover, by taking into account the possibility that the new scandals will affect the viewer fee income, it is stated that efforts should be made to further improve business efficiency. In this regard, general remarks given as the opinion of the Minister of Internal Affairs and Communications are as follows: Following the strengthening of NHK's governance by the amendment to the Broadcast Law, it is necessary that the Management Committee and leadership cooperate closely to realize the reform in an integrated, organized manner. On this basis, NHK should act reliably to fulfill its missions regarding public broadcasting, for example, by taking an active leading role in complete transformation toward terrestrial digital broadcasting in 2011.

In the general remarks, there are 10 points to pay attention to. The first point states: By way of promoting management reforms, efforts should be made to achieve legal compliance on a thoroughgoing basis and to build staffers' ethical awareness, in light of the fact—as is stated in the general remarks—that insider trading scandals emerged. Efforts are required to be made to formulate and announce a drastic management reform plan at as early a stage as possible and studies should be made of the reduction of future viewing fees in such a way that truly necessary costs will be ascertained.

With regard to the second point, the realization of the fair bearing of viewing fees, it is stated that all possible efforts should be made to promote various measures including reinforcement of countermeasures against nonpayment of viewing fees, thereby realizing the fair bearing of

viewing fees on a thoroughgoing basis.

As regards the third point, the review of the viewing fee system, the following is stated: It is conceivable that the income will decrease on a short-term basis due to the introduction of business establishment discounts and the abolition of home-visit fee collection. Therefore, NTT should periodically verify whether new measures will contribute to the establishment of a truly fair and just viewer fee system with the results of said verification being publicly announced.

As for the fourth point, rationalization, it is stated that the establishment of an efficient contract acquisition setup should be steadily promoted in view of the fact that the operating expense ratio is still high.

With regard to the fifth point, the streamlining of subsidiaries and the like, the following is stated: When the results of the audit conducted by the Board of Audit were reported to the Diet in September last year, a suspicion was raised that considerable amounts of surplus funds might be present in subsidiaries and the like. Taking this fact into account, subsidiaries are required to pay dividends and, in addition, subsidiaries and NHK are required to deal with matters such as the improvement of competitive contract rates to the extent possible.

As regards the sixth point, the promotion of disclosure of information, it is stated that further disclosure of information should be pushed forward regarding various management information, particularly regarding labor cost information.

As for the seventh point, promoting the spread of terrestrial digital television broadcasting, the following is stated: It is necessary that as a matter of course, NHK play a leading role in the full transition to digital broadcasting. Thus NHK should make efforts, as far as possible, to deal with the acceleration of activities such as the development of relay stations. NHK should also strive to positively carry out activities such as making information widely known to domestic viewers and responding to inquiries and so on made by viewers/listeners.

With regard to the eighth point, the enrichment of broadcast programs, the following statements are given as opinions: In the case of news commentary programs in particular, information should be reported correctly and fairly, sufficiently taking into account the intent of the Broadcast Law with regard to the transmission of Japanese content to foreign countries and the intent with regard to the provision of international content to viewers in Japan, including Japanese people. In addition, further efforts should be made to strengthen the transmission of local community content.

As regards the ninth point, the enrichment of international broadcasting, statements given emphasize the implementation of new international television broadcasting intended for viewing by foreigners that was introduced by the amended Broadcast Law.

As for the tenth point, the provision of program archives on broadband networks, it is stated that efforts should be made to provide an appropriate environment for this purpose.

(8) Draft MIC Ordinances to Partially Amend the Regulations for the Procedure for Obtaining a Radio Station License and the Ordinance Concerning Technical Regulations Conformity Certification etc. of Specified Radio Equipment

(Consultation No. 12)

MIC gave an explanation as follows on the development of the system pertaining to the arrangement where gap-fillers for use as part of countermeasures against digital interference in terrestrial television broadcasting are placed in the category of specified radio equipment. Subsequent questions and answers were as follows.

Since a hearing on this matter is obligatory under Article 99-12, Paragraph 1 of the Radio Law, the Council appointed Shuichi Nishimoto to preside over the hearing as examiner.

a. MIC's Explanation

In this case, in order that gap-fillers for terrestrial digital broadcasting will be utilized as measures to improve television broadcasting reception behind buildings in urban areas and in places where digital interference occurs, simple licensing procedures will be introduced for relevant radio stations.

A gap-filler is located in a place where radio waves of the nearest digital broadcasts can be satisfactorily received. It then amplifies those radio waves and retransmits them, via a wire transmission path, to places where digital broadcasts cannot be satisfactorily viewed, transmitting all channels in a batch. It thus has the capacity to cover such areas very easily and economically.

Intended areas of use are expected to be as follows: areas located outside broadcast coverage areas, namely, areas not covered by broadcasting stations, relay stations, parent stations or the like; areas that are within broadcast coverage areas but cannot satisfactorily receive radio waves due to geographical or topographical features; urban areas where radio waves do not

reach, such as underground malls and behind buildings.

As a consequence of the report given at the Radio Regulatory Council in April last year, gap-fillers for use in places such as underground malls and remote mountainous regions have already been legislated. However, as regards the subject matter, the use of gap-fillers in urban areas has not been approved. This is because there is a fear that secondary interference may cause obstacles to reception in adjacent areas where television reception is clear. However, studies were recently conducted by the Telecommunications Council and a report was submitted stating that gap-fillers can be used in urban areas.

On the basis of the above, gap-fillers will be put in the category of equipment subject to Technical Regulations Conformity Certification and related regulations will be amended.

b. Key Questions and Answers

Questions were asked about what entities will install gap-fillers and as to whether broadcast viewers/listeners will be burdened as a result of the above. MIC answered that it is assumed that broadcasters, community reception associations or the like will act as installation entities, and that as for burdens on broadcast viewers/listeners, it will necessary to exercise ingenuity in directing reception antennas to receive broadcast waves from gap-fillers but, in MIC's understanding, no other burdens will be imposed on viewers/listeners.

(9) Other

MIC reported on the partial nullification of propositions carried out on type designation on broadband power line carrier communication equipment, as well as on the opinion of the Minister of Internal Affairs and Communications to be contained in the FY 2006 Business Report of the Japan Broadcasting Corporation.

(Office responsible for the above wording: The Secretariat of the Radio Regulatory Council.)