

Study Group on Approaches to Cable Television in the 2010s Summary of Minutes (11th meeting)

1. Date

10 a.m. to 12 p.m., March 20 (Tue.), 2007

2. Location

Special Conference Room 1, 8th floor, Ministry of Internal Affairs and Communications

3. Attendees

(1) Committee members (honorifics omitted)

Tsunetoshi Ishibashi, Yoshihiro Oto, Fujio Koike, Shigeki Goto, Toshihiko Shimizu, Kazuteru Tagaya, Tetsuro Takeoka, Masataka Nakamura, Tomohiro Fujizaki, Yuuji Fujimoto, Tadahisa Mori, Toko Yamashita

(2) MIC representatives

Nakata (Deputy Director-General, Minister's Secretariat), Yoshida (Director, Broadcasting Division), Fujishima (Director, Regional Broadcasting Division), Honma (Senior Technology Planning Officer, Regional Broadcasting Division), Inoue (Deputy Director, Regional Broadcasting Division)

(3) Presenter

Kitabayashi (Chief Consultant, Nomura Research Institute)

4. Outline of proceedings

(1) Call to order

(2) Report on the survey study of market trends surrounding cable television in the 2010s

(3) Discussions on the draft report

(4) Closing

5. Main Discussions

Nomura Research Institute explained the report on the survey study of market trends surrounding cable television in the 2010s (document 11-1), and the secretariat explained the draft report (document 11-2). The following question-and-answer session was then conducted:

(1) Report on the survey study of market trends surrounding cable television in the 2010s

- Does the "triple play" in the document also contain what a communication carrier does, not just what a cable television broadcaster does?

→ The "triple play" is defined on the assumption that a set of three kinds of services are offered,

no matter who the provider is. It therefore contains what a communication carrier does.
However, this survey does not calculate the market scale provided by a communication carrier.

- What is “non-multichannel IP broadcast”?

→ Non-multichannel IP broadcast retransmits a regular broadcast in a FTTH network by means of IP systems.

- Is triple play needed for cable television to grow?

→ The increasing demand for triple play is considered to be a factor for cable television industry growth. According to the consumer questionnaire responses, however, price sensitivity is represented at a low level. It is therefore considered necessary to set a reasonable price to boost demand.

- Even a bad scenario indicating that more cable television subscribers are not likely to increase estimates their number at 30 million households. It seems that this figure points out sufficient growth. How do you consider factors such as future population decrease, economic impact or cable television fees?

→ The factors are considered on a household basis. The number of households is expanding as a trend. The economy is seen as the current extension. For prices, it is assumed that non-multichannel broadcasting will be offered at no charge. It is considered that more households than expected will stop subscribing if monthly billing is provided on this broadcasting.

- Does this mean that an increase in the population parameter of the number of households does not cause a decrease of subscribers?

→ According to the consumer questionnaire responses, the tendencies exist for the population parameter of the number of households to increase as well as for the existing subscribers to maintain their contracts. Considering the trend of increasing home paths, more subscribers appear to be obtained.

- How is the trend of radio use considered?

→ Some members placed the trend of radio use at a high position according to their response, but it was not considered at a high level on the whole. This scenario does not include that trend in its consideration.

- Is this scenario applicable for MSO type cable television or municipal type cable television?

→ According to a rough classification, the triple play trend has an impact on MSO type cable television, and the trend of terrestrial digital retransmission on municipal type cable television. We believe that cable television in its entirety can be considered by making a combined scenario.

(2) Draft report on Study Group on Approaches to Cable Television in the 2010s

- For the “review of the facility area standard” mentioned on page 90, I think there is a problem from the viewpoint of public nature if the obligations of cable television broadcasters are reduced, because wire telecommunications service broadcasters are not charged to improve the entire area. In addition, I feel that skimming is not preferable and that you should balance your discussions on that point.
- For skimming, I believe there are two viewpoints: one for hardware and the other for software. In terms of hardware, FTTH (communication) is implemented in urban areas, and cable television, which did not win the competition, faces difficult administrative times just in underpopulated areas. In terms of software, there is some broadcasting service competition. Is it possible to describe skimming in a clear layer?
- Public roles are described at the end of Chapter 4 (on page 100 and later). Do these descriptions assume cable television broadcasters?
I think these roles should be described in Chapter 3 as “ideal situations,” not as “subjects”.
What do you think?
- I think PAC (Public Access Channel) should be also described as a public role. PAC is also important for cable television broadcasters to play a public role, and its introduction should be discussed as well.
- Some cable television broadcasters are discussing PAC and some are not. I think cable television broadcasters should discuss how they address PAC along with the public viewpoint. Even the political recommendation makes the soft expression that the U.S. trend is being investigated because this report is expected to motivate the people concerned to have discussions.
I think the approach of Chukai Cable Television System Operation is mentioned here, and it could be OK.
- There is a possibility of PAC being used as a fusional communication/broadcast service if it is discussed in Japan.
- I think that the “IP technology for transmitting the same data to multiple receivers simultaneously in an IP network, such as Internet” is an appropriate explanation for the “IP multicast” term described on page 107.
- Chapter 2 describes only a report on the survey study, but its conclusions depend greatly on assumptions. I would like you to clarify what is considered in prediction and what is not added.
- The “review of a rule for decentralization of mass media” is described on the conventional assumption that software matches hardware, as discussed traditionally. Seeing a new directive in the EU, broadcasting concepts are distinguished by linear (live) – nonlinear (on demand), irrespective of what route is used to deliver the broadcast content.
Based on such a situation, I would like you to describe the possibility of relativizing broadcast

concepts.

- The descriptions on the relation between local authorities and cable television are negligent. As local authorities fall into financial difficulties, their population decreases, they become physically weaker, and cable television becomes unsustainable. It requires support from the local authorities or the local people. I believe that you should not prohibit intervention by public organizations. How do you feel about emphasizing that? I think you had better improve the structure providing transparency in the relationship between cable television broadcasters and local authorities, even if there is some financial contribution from the authorities. What do you think of that? Why not describe the participation of local people in a broadcast program council for check purposes?
- The network DVR on page 75 looks like an unassignable program of a server type service and becomes a boundary service. I would like to think of its subjects. NHK is also thinking of discussing whether a copyright problem occurs or not, just like in the USA, in case the same service is to be provided in Japan.
- I do not mean you should start on the network without hesitation. I thoroughly recognize that we need to discuss this with the many people concerned.
- If you have a viewer log to see what program they watch on cable television, is it advantageous in the negotiation with right holders to offer an unassignable program as a service?
- With regard to private information protection, cable television allows us to see what viewers receive, unlike regular broadcasting. I would therefore like you to describe anything that I should pay attention to in respect to cable television.
- With regard to the survey study report in Chapter 2, the subscription rate will go to 60% in the worst case or to 80% or more in the best. I feel that you should not describe any subscription rate, because it is likely to go out of control. You also should define the conditions of any scenario used as a prerequisite for prediction.
- Do the “public roles” mentioned herein differ from the public nature of broadcasting? I think cable television’s “public nature” is a “community-based” service.
- This means global development of domestic technology. I think the technology pertaining to cable television has nothing to lose as compared to Internet technology, even if no other countries follow.
Japan has so far had some advantages by following the USA. Does this mean that Japan is prepared to keep a technological distance from the USA?
- I think, as compared to an apartment, the “public nature” of cable television is closest to a place called a communal space for inhabitants, which is positioned between the private space of a room and the public space used by the general public, such as roads or streets, not including buildings. In other words, I think the public nature of cable television means the

communal part that bridges the gap between “public” and “private” and that is used jointly by local people.

- For the public nature of cable television, I think you should consider three layers, of infrastructure, content/application and management. Do you agree?
- As seen in the graph on page 87, cable television is shown as not being in a competitive position due to its strong regional monopoly, but this only means the competition between the businesses using a RF method. Immense cost is required to maintain a community channel that plays a role in community contact. Therefore, it cannot be said that a cable television broadcaster who is responsible to provide this is not competitive in terms of cost. Accelerating competition with IP multicast broadcasters can cause a serious problem for the survival of cable television.

It is important to arrange things in terms of the survival and public sustainment of cable television.

- The monopoly in hardware is described, but there is nothing mentioned about service monopoly. Cable television, however, is expected to compete with FTTH (communication); therefore, you should state that cable television is not a total regional monopoly.