

Outline of Proceedings of the 2nd Meeting of the Study Group on Future Visions of the Universal Service Fund System

1. Date and time: 1400 to 1600, Thursday, March 29, 2007
2. Location: Special Conference Room 1, 1st Floor, Bldg. 2, Central Common Government Office
3. Attendees
 - (1) Members (Entered in alphabetical order of last names, with honorifics omitted)
Junichiro Fujiwara, Yuji Oie, Masahiro Sekiguchi, Minoru Sugaya (Chairperson), Atsushi Togashi, Masatsugu Tsuji (Deputy Chairperson), Toko Yamashita, Hirotaka Yamauchi, Noriyuki Yanagawa
 - (2) Ministry of Internal Affairs and Communications
Mori, Director-General of the Telecommunications Bureau; Sakurai, Director-General of the Telecommunications Business Department; Taniwaki, Director of the Tariff Division; Ninomiya, Senior Planning Officer of the Tariff Division; Suzuki, Assistant Director of the Tariff Division; Katagiri, Assistant Director of the Tariff Division; Shirai, Assistant Director of the Tariff Division
4. Agenda
 - (1) Draft Agenda for Study of Future Visions of the Universal Service Fund System
 - 1) Results of solicitation of comments
 - 2) Decision on Agenda for Study
 - (2) Universal service fund systems in various foreign countries
 - (3) Others
5. Outline of proceedings
 - (1) Current state of, and tasks for, the Universal Service Fund System, as well as Draft Agenda for Study of Future Visions of the Universal Service Fund System
 - The secretariat gave explanations of “Outline of Results of Solicitation of Comments on Draft Agenda for Study of Future Visions of the Universal Service Fund System” (Document 2-1), “Document 2-2: Results of Solicitation of Comments on Draft Agenda for Study of Future Visions of the Universal Service Fund System” (Document 2-2), and “Draft Agenda for Study of Future Visions of the Universal Service Fund System” (Document 2-3).
 - Major statements made by members during free discussions are as follows:
[General remarks]
 - The current universal service consists primarily of voice services. However, it is assumed that in keeping with the progress of the changeover to IP telephones, diverse services will

be provided by multiple carriers. Therefore, studies should also be conducted on the ideal state of broadband services.

- Under the current Universal Service Fund System, compensation is provided in regard to the costs for maintaining the provision of services. It would be inappropriate if the development of infrastructure were to be covered by compensation, since the burden on the general public would be increased. In the case of universal access as well, the scope of compensation should be limited to the maintenance costs. The costs of building the infrastructure should not be covered by compensation.

The development of the infrastructure should be discussed within the framework of a promotion policy that is distinct from the universal service policy.

- Comments were received regarding the entities that are to bear the costs. Whether this matter is to be discussed by this study group should be decided.

[Component requirements for universal service]

- Ensuring of availability is one of the component requirements for universal service. In regard to services involving mobility, it is necessary to discuss what the statement, “availability is ensured” means.

[Proper way for the costs to be borne]

- How should the costs of the changeover to IP networks be addressed during the period in which PSTNs and IP networks coexist? Discussions should be conducted on which entities are to bear the costs.
- In the concept of “receipt of benefits,” attention is paid to the fact that each carrier is connected to designated Class 1 telecommunications equipment, and not to the fact that each user uses a telecommunications number.
- There is a way of thinking in which each carrier passes managerial judgment as to whether the money to be contributed as burden charges under the Universal Service Fund System is to be absorbed internally by dint of managerial efforts or is to be passed on to user fees. Agreement was reached upon this manner of thinking during the previous review of the system. Regarding the above, it has turned out that most of the carriers pass such monetary amounts on to user fees. I believe this is why adverse social reactions are evoked, and I am skeptical about the practice whereby the government unilaterally decides how the money contributed as burden charges by each carrier is to be recovered.
- It cannot be decided *a priori* how to address cost burdens. It is important to hold discussions, but I do not think that they will result in any conclusion. In the first place, it is necessary to outline the points of the arguments in regard to the method of cost bearing under the current system.

[Scope of universal service]

- In a case where services are provided by multiple means in a single area, let us suppose that a type of service that is provided by a relatively inexpensive means is regarded as universal service. Then, on a long-term basis, the relevant means of provision will not necessarily be optimum at the next point in time. Besides, if an existing qualified telecommunications carrier withdraws, will another carrier enter the relevant area as a qualified telecommunications carrier?

It is necessary to keep in mind the continuity of the system from the viewpoint of whether optimality can be guaranteed on a long-term basis.

[Appropriateness of universal access]

- It is conceivable that in the future, with the progress of the changeover to IP telephones, diverse services will be provided by multiple carriers. In considering the appropriateness of universal access, it is necessary to hold discussions after outlining the issues of the scope of relevant carriers and the scope of relevant services.
 - As in the case of universal access, there are controversial issues in which it is difficult to make comparisons with current systems. It is necessary to make additional statements in the Draft Agenda for Study with the aim of covering various items on a wide-ranging basis, including the following questions: What items are conceivable? Are there specific suggestions for such items?
- It was concluded that required corrections would be made to the Draft Agenda for Study on the basis of the above discussions, and that the specific contents would be left to the discretion of the Chairperson.

(2) Current status of universal service fund systems in various foreign countries

- The secretariat gave explanations on the basis of Document 2-4.

(3) Others

- On the basis of Document 2-5, explanations were given about the schedule of holding the next and later meetings.
- The 3rd, 4th, 5th, and 6th meetings are scheduled to be held on April, 24, May 26, June 7, and June 26, respectively.

Details are scheduled to be posted on the Website of the Ministry of Internal Affairs and Communications.

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