

Outline of Proceedings of the 1st Meeting of the Study Group on the Spectrum User Fee System

1. Date and time: Monday, April 16, 2007, 1 p.m. to 3 p.m.
2. Location: Conference Room 2, Ministry of Internal Affairs and Communications,
Basement 1, Bldg. 2, Central Common Government Office
3. Attendees
 - (1) Members
Kazuteru Tagaya, Chairperson; Fumio Takahata, Deputy Chairperson; Yasuo Suzuki, member; and Ohiro Tsuchiya, member
 - (2) Ministry of Internal Affairs and Communications
Mori, Director-General of the Telecommunications Bureau; Kawachi Director-General of the Radio Department; Tominaga, Director of Radio Policy Division; Fujino, Promotion Officer of the Radio Policy Division; Saito, Director of the Fixed Radio Communications Division; Otsuka, Director of the Public Safety Radio Communications Office; Natori, Director of the Mobile Satellite Communications Office; Yoshida, Director of the Broadcasting Policy Division; Ando, Director of the Terrestrial Broadcasting Division; and Takeda, Director of the Satellite and International Broadcasting Division
 - (3) Secretariat
Tanaka, Director of the Spectrum User Fee Office; and Echigo, Assistant Director of the Spectrum User Fee Office
4. Agenda
 - (1) “Study Group on the Spectrum User Fee System”
 - (2) “Draft Solicitation for Public Comments”
 - (3) Others
5. Outline of proceedings

(1) Address by Mr. Mori, Director-General of the Telecommunications Bureau

(2) “Study Group on the Spectrum User Fee System”

[Draft Procedures for Holding Study Group Meetings]

- Approval was given to the “Draft Procedures for Holding Study Group Meetings” proposed by the Secretariat (Document 1).

[Election of Chairperson and appointment of Deputy Chairperson]

- Member Tagaya was elected Chairperson. Member Takahata was then appointed Deputy Chairperson by Chairperson Tagaya.

[Opening of Study Group Activities to the Public]

- Approval was given to the “Draft Document on the Opening of Study Group Activities to the Public” proposed by the Secretariat (Document 2).

[Method of Promoting Study Group Activities]

- Approval was given to the “Draft Method of Promoting Study Group Activities” proposed by the Secretariat (Document 3).

[Current situation of the Spectrum User Fee System]

- The Secretariat gave an explanation of the “Current situation of the Spectrum User Fee System (Document 4)”
- Comments made by relevant members subsequent to the explanation are as follows: (Statements followed by an arrow [→] indicate responses from the Ministry of Internal Affairs and Communications.)
 - Spectrum user fees differ depending on the radio station. Is there any automatic criteria so that the amount for any specific licensee can be uniquely decided upon?
 - According to the concept prior to the previous review (fiscal 2005), radio stations were only broadly classified, for example, into base stations and mobile stations, and there was only one type of fee that could be applied. Subsequent to the review, fees were calculated as follows: Fees were classified into those contributing to countermeasures against the difficulty of securing frequencies (“Group A”) and those to be distributed among all radio stations (“Group B”). In the case of Group A, fees were divided on the basis of widths of frequency bands occupied by individual radio systems; and resulting values were further divided on the basis of outputs and locality. With regard to this fee calculation method, fee amounts were decided by taking public opinion into account.
 - The collection rate of spectrum user fees exceeds 99 percent. What is the background of the failure to collect such fees?
 - Radio station licensees consist of various entities ranging from individuals to large enterprises. There are instances where spectrum user fees are not received, and this is primarily the case with individual licensee fees. Efforts are being made to complete collection, for example, through compulsory collection.
 - By way of a purpose of allocation of spectrum user fees, radio wave redistribution measures were taken in the past. What will be done in the future in this regard?
 - In the future, if radio wave redistribution measures cannot be introduced in time by way of securing frequencies for the fourth generation, then it is conceivable to utilize this system.
 - Furthermore, as for fixed stations, the burden increased from 16,300 yen in the past to 76,851,700 yen incurred at present, under circumstances where radio

waves are used widely at high outputs at frequencies that are difficult to secure. Such being the case, there have been moves by fixed stations to change to optical fibers. Redistribution is prompted by such techniques.

- Radio wave redistribution measures have been likened to zoning. A method whereby economic incentives are taken into account may be more efficient.

- This statement concerns the fact that spectrum user fees are not collected from licensees like the government. In the case of the government, there seems to exist fairness if such fees are collected. However, even if fee amounts for which economic values are taken into account are applied to frequencies used by government radio stations, the government puts in a request for a larger budget to make up for the increase in the payment. Therefore, I think that there is a difference between the application of spectrum user fees within the private sector and the application of such fees to the government.

→ For example, in the case of radio wave monitoring work, interference occurs frequently at government radio stations. In response to such incidents, there have been actual cases in which radio wave monitoring departments of local bureaus were mobilized. Thus sufficient benefits can be gained with respect to basic portions.

Furthermore, administrative work for technical tests is performed when public radio systems are installed. In cases where public bodies introduce those systems, investigations to confirm whether or not technical criteria are such that they may cause interference when those systems are introduced. It can be said therefore, that certain benefits are also gained in regard to measures to counter the difficulty of securing frequencies.

- It is also conceivable that effective utilization comes into play in processes where relevant ministries conduct budget negotiations with the Ministry of Finance. It is stipulated that in the case of the government, such fees need not be collected, provided that radio waves are utilized effectively. Are radio waves really utilized effectively? I think that not only are respective government agencies allowed to claim that effective utilization is happening, but also there can be a system where evaluation is made in accordance with objective criteria and where corrections are demanded if radio waves are found to be wasted as a result of such evaluation. It would be advisable to repeatedly discuss this issue from now on.

- In a wide sense, this matter comes under the category of national funds circulation. However, funds are allocated to specific administrative work. Therefore, it seems

likely that circulation cannot be said to be taking place. There is also a question of scale.

- It is stated in Document 4 that designated national university corporations are regarded as independent administrative corporations and are exempt from spectrum user fees. Do private universities pay such fees?

→ National university corporations are exempt from spectrum user fees by the same token as corporations that took over government administrative work.

However, private universities pay such fees.

- In terms of realities, the way radio waves are used in private universities' administrative work is the same as for government administrative work. Therefore, wouldn't it be reasonable to avoid making a distinction between national and private universities?

- Broadcasters use extremely broad bands. However, the fees paid for such bands are not so large. I think that on a long-term basis, this issue is closely related to issues associated with the age of mergers.

[Review of the Spectrum User Fee System in 2005]

- The Secretariat gave an explanation of the "Review of the Spectrum User Fee System in 2005 (Document 5)."

- Comments made by relevant members subsequent to the explanation are as follows: (Statements followed by an arrow (→) indicate responses from the Ministry of Internal Affairs and Communications.)

- Activities such as the development of cellular telephone areas are being pushed forward under the "Radio Systems Promotion Support Project." What are the specific goals for promotion from now on?

→ In regard to cellular phones, we are planning to cover 200,000 people in the coming three years on the basis of the Top Priority Plans for 2006 of the IT Strategy Headquarters.

As for terrestrial digital broadcasting, we intend to cover 99 percent of the area covered by analog broadcasting. However, the situation is that it is difficult to cover the remaining one percent on our own. This project is applied to areas other than this covered area. The denominator consists of about 1.60 million households. Furthermore, we are making thorough investigations as to whether it is necessary to deal with any other matters such as interference.

- It is difficult to understand the grounds for deciding spectrum user fees for individual

radio stations.

→The Secretariat gave an explanation of the method of calculating fee amounts on the basis of the “Policy for Objectifying the Method of Calculating Fee Amounts in Relation to the Review of Spectrum User Fees for FY 2005 (Ref. 1).”

●In regard to spectrum user fees for television broadcasting stations, which of the factors taken into account is the greatest decisive factor?

→Consideration is given to the promotion of the changeover to terrestrial digital television broadcasting, and fees are calculated by setting band widths at very small values.

●How is calculation actually performed in the amendment based on the review in 2005?

→In the case of cellular phones, calculation is carried out by setting the service frequency bandwidth at 266 MHz. On the other hand, as for television broadcasting, 370 MHz is currently being used. However, actual bandwidths for calculation have become smaller than for cellular phones, as can be seen from the fact that a significant decrease is indicated in the annual revenue graph shown earlier.

●Even if consideration is given to the fact that no fees are collected from receiver households in the case of broadcasting, the fees received from broadcasting stations cannot be said to be large compared to the those for cellular phones. Therefore, shouldn't the larger amounts be collected?

(3) “Draft Solicitation for Public Comments”

○Approval was given to the implementation of solicitation of public opinion from April 18 to May 9, as stated in the “Draft Solicitation for Public Comments (Document 6)” proposed by the Secretariat.

(4) Others

○The second meeting is scheduled for Thursday, May 17.

End