

“Study Group on Current Status and Issues of a Fair Reception fee Structure”

Summary of Minutes of the First Meeting

1. Date and Time

June 1 (Friday), 2007 14:00-15:30

2. Location

Meeting room at MIC (7F, No. 2 Joint Government Building)

3. Participants

(1) Members of Study Group (Honorifics omitted, in the order of the Japanese syllabary)

Minoru Sugaya, Akio Torii, Kiyoshi Nakamura, Eriko Hida, Masayuki Funada, Hirotaka Yamauchi, Haruko Yamashita (7 members)

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

Suzuki (Director-General of the Information and Communications Policy Bureau), Nakata (Deputy Director-General of the Information and Communications Policy Bureau), Yamane (Director of General Affairs Division), Yoshida (Director of Broadcasting Policy Division), Takeda (Director of Satellite and International Broadcasting Division), Nagashio (Senior Planning Officer of Broadcasting Policy Division), Osawa (Assistant Director of Broadcasting Policy Division)

(3) Observers

Takami (Chief of Statistics of Basic Economic Structure Division, Statistics Bureau)

4. Agenda

(1) Opening

(2) Meeting guidelines (draft)

(3) Appointment of chairperson and nomination of acting chairperson

(4) Release of Study Group

(5) Immediate proceedings

(6) Items on the agenda

i) Overview of NHK, current situation of subscription fee system

ii) Basic data as parameters in calculating the contract rate, such as the number of households and business establishments

(7) Closing

5. Outlines of Proceedings

(1) Meeting guidelines

A briefing on essential points of holding the Study Group was given by the secretariat and approved by the participants.

(2) Appointment of chairperson and nomination of acting chairperson

- i) Professor Masayuki Funada of Rikkyo University was appointed as a chairperson by the members.
- ii) Professor Kiyoshi Nakamura of Waseda University, Faculty of International Liberal Studies, was nominated as an acting chairperson by Chairman Funada.

(3) Release of Study Group

The Study Group decided that its activity shall be disclosed in following manners:

- i) To disclose the meeting in principle (unless it may harm the rights and/or profits of the parties concerned or third parties or damage the public interests)
- ii) To disclose the materials used at the meeting in principle
- iii) To create and disclose the summary of minutes

* The materials and summary of minutes will be released on the website of MIC

(4) Immediate proceedings

The secretariat gave the briefing on the proceedings hereafter, and it was agreed to make clear the interim issues by summer this year, and determined how to proceed the discussion to the sixth meeting.

(5) Items on the agenda

- i) The secretariat explained the outline of NHK and the current status of the reception fee structure.
- ii) The basic data as parameters in calculating the contract rate, such as the number of households and business establishments, were outlined.

(6) A member asked the reason of the absence of NHK who is a relevant party of this Study Group for reception fee, as neither a member nor observer. The secretariat explained as follows:

- i) The reception fee is to be established in the standard that NHK sets with the approval of Minister of Internal Affairs and Communications (NHK reception convention), and the details including the amount of reception fee is to be described on the NHK budget every year and approved by the Diet.
- ii) Our request for attendance as an observer to this Study Group on the occasion of its establishment was turned down by NHK because it assumes that the regular participation to this Study Group, which is to provide the knowledge to Minister of MIC upon the decision of approval, confuses the public about the position of NHK who creates the proposal for reception fee and applies for its approval to Minister of MIC. NHK will cooperate with us in the form of hearing.

The following part describes the main questions asked at the Q &A session and opinions exchanged by members:

- It says in Korea the fee is collected together with the electric power charge using the database of Electric Power Corporation, but the ratio of expense of receiving reception fee of Korea amounted to 11%. Why the ratio of expense of reception is so high?
- The number of nonsubscribers described in “Status of Subscriptions” amounted to slightly over 10 million. The nature of contracts in the context of Broadcast Law was just explained, and how was this number of nonsubscribers recognized and calculated?
- When talking about the fee, it is actually about the structure and the standard. The contract of color TV and black-and-white TV (normal contract) will be integrated in October this year, and how is the fee structure explained in that case with regard to the structure?
- In the reception fee structure, how does the accounting as the business segment (segment accounting) work?
- On its website, NHK is introduced to be a large establishment with complicated systems having its affiliate companies, relevant corporations and associated companies. How should we recognize the relation with the reception fee in the process of its budget allocation and performance of business?
- The group of new address unknown (2.34 million households) is included in the number of nonsubscribers (10.86 million households) in the document of “Status of Subscriptions”. What is the reason of including those unknown households in the target of subscription?
- The document which describes the sampling method used for the “survey on the current status of subscription by corporate bodies and business establishments”, “survey on the current status of subscription”, and status of final understanding, especially the actual condition survey for ordinary households conducted by NHK should be prepared at the next meeting.
- With regard to the group of new address unknown (2.34 million households) in the document of “Status of Subscriptions”, after the resident moved out should be either a vacant house or another contract if a new household is moved in. It should be explained by NHK how it considers about the case at the next meeting or hereafter.
- The document of “Outline of Unit of Subscriptions” describes that NHK includes car navigation systems and one-segment broadcasting by mobile handsets in the “parameters of subscriber (subscriptions by establishment)”. It refers the number of car navigation systems as 0.22 million subscriptions, and what is the reason why it does not refer to one-segment broadcasting by mobile handsets?
- The contract ratio of reception fee in other countries (collecting ratio) is estimated from 91 % to 96% in the document of “Compulsory Collection and Penalty in Other Countries”. What is the

basis of this calculation?

- “Outline of Unit of Subscriptions” defines that the unit of subscription in a lecture hall and a department store is a certain block surrounded by passages and according to a room. The result of “Survey on Contract Rate of Business Establishments” shows that the ratio of business establishment which installs TV is 42.3% and the number amounts to 1.12 million. In this context, we would like to know more specifically how NHK considers the target of subscription of business establishment, such as how NHK determined a place as the installation location of TV in a business establishment and if it is based on the specific data.
- The presumption of NHK should be explained in interannual view.

(7) Others

The next meeting will be held at 10:00 on June 22, 2007.

END