

Study Group on Current Status and Issues on a Fair Receiving Fee Structure Summary of Minutes (Third Meeting)

1. Date and Time: Friday, July 20, 2007, 10:30 to 12:00
2. Location: Special Conference Room 4 at MIC, 5th floor, No. 2 Joint Government Building
3. Attendees
 - (1) Members of the study group (honorifics omitted; in the order of the Japanese syllabary)
Minoru Sugaya, Akio Torii, Kiyoshi Nakamura, Ikufumi Niimi, Yasuo Hasebe, Eriko Hida, Masayuki Funada, Hirotaka Yamauchi, Haruko Yamashita (9 members)
 - (2) Ministry of Internal Affairs and Communications (MIC)
Ogasawara (Director-General of Information and Communications Policy Bureau), Kawauchi (Deputy Director-General of Minister's Secretariat), Imabayashi (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)
4. Agenda
 - (1) Opening
 - (2) Items on the agenda
 - <1> Issues on satellite broadcasting receiving fee structure
 - <2> Others
 - (3) Closing
5. Outlines of Proceedings

The secretariat explained satellite broadcasting receiving fee structure issues with references to materials.

 - (1) The key questions and opinions voiced by the study group members are as follows:
 - (It is said that a receiving-facility owner or the like who does not have the objective of receiving broadcasts does not have to make a receiving contract.) If the cable is not connected, the person does not seem to have the objective of viewing satellite broadcasts. How is the objective considered here?

- Unlike an apartment house with apartments to let, a condominium has a satellite dish placed as determined by a residents' management association or the like. The residents might be somewhat prepared to pay the satellite broadcasting receiving fee.
- A person who moves into a rented apartment where a satellite dish has already been placed is not given an option to remove the satellite tuner. If the resident purchases a TV set equipped with an internal satellite tuner, he or she ends up being restricted unfairly in those two respects.
- The type of information to be collected is left to the discretion of an individual. It may be problematic that an individual placed in an environment where satellite broadcasts can be received in terms of hardware or facilities is automatically counted as a party to a receiving contract.
- It has been viewed that the receiving fee is a type of public fee. With regard to terrestrial broadcasting, it seems inevitable that the fees should be collected under the proposition that most of the receiving-facility owners would receive NHK broadcasts. There may not have been a great difference between the actual use of terrestrial broadcasting and an estimation based on the view that the receiving fee is a public fee. With regard to satellite broadcasting, it seems that the actual status has distinctly diverged from the basis of the view that the receiving fee is a public fee.
- When the receiver's contract concerning satellite broadcasting was created, the conventional judgment criterion was accepted vaguely. The current problems seem to be caused by changes in circumstances.
- Commercial satellite broadcast viewers are obliged to make a satellite contract with NHK and pay the receiving fee. I wonder why commercial satellite broadcasting stations have not expressed their dissatisfaction at the system that should be a hindrance to them.
- If a person who is placed unexpectedly in an environment where satellite broadcasts can be viewed is not charged for the satellite receiving on condition that the cable is not connected, how is the means to check the connection secured?
- How many of the 25.51 million facilities that can receive satellite broadcasts are in that condition?

- The viewers are persuaded to make a contract while they do not fully understand the merit of the satellite broadcasting. The satellite broadcasting should be appreciated properly.
- To justify the system of collecting the receiving fees from all of the owners of facilities that can receive NHK broadcasts, we have to discuss not only the benefit that people can enjoy by viewing NHK broadcasts, but also the positive effect of NHK on the stations whose source of revenue is advertisement.
- In a theory of economics, NHK broadcasts are public goods, and nobody knows who uses how much of them. Because the fees cannot be collected in accordance with the intention of payment, a group that uses them or is likely to use them is identified and the fees are collected from the group. In regard to terrestrial broadcasting, since the identified group agrees with the actual one, no complaints are heard. As for satellite broadcasting, the identified group may not agree with the actual one, generating a sense of unfairness. The receiving fee structure, however, seems to be established to encourage people to pay for benefits they receive. A connection with payment for value may be found there.
- A person who is in an environment where satellite broadcasts can be viewed and who is considered to be a viewer can be charged different fee when he or she is proved to be a non-viewer or to be placed unexpectedly in the environment where satellite broadcasting can be viewed. This, however, will cause feasibility problems in such as how the status is proved and the side on which the burden of proof is placed.
- Whether a person who has purchased a receiver that allows both terrestrial broadcasts and satellite broadcasts to be viewed is willing to view satellite broadcasts should be judged solely by checking whether a satellite dish is connected. Otherwise, the judgment must be made based on a declaration from each person. Whether “free riders” are permitted may have to be discussed.
- There is a possibility to charge an additional receiving fee for terrestrial digital broadcasts. We must study the structure from many points of view, in addition to discussing whether the fee corresponds to the received benefit, based on the part of the current structure where the satellite broadcasting receiving fee is separately specified.
- The simplest system would exempt a person from the payment if the connection terminal of his

or her receiver were not connected to the antenna terminal, but this system has many demerits and must be reviewed further.

- Subsection 2 of Section 1 of the receiver's contract stipulates that a special contract should be made for the reception of satellite television broadcasts alone in areas where people have difficulty in receiving broadcasts. Must a satellite contract be made for a receiver that allows satellite broadcasts to be viewed and that does not allow terrestrial broadcasts to be viewed in an ordinary area without difficulty in receiving broadcasts? If yes, it is assumed that the satellite broadcasting and terrestrial broadcasting are inseparable. The assumption seems to be inconsistent with the idea of judging whether a satellite contract should be made by checking simply whether the antenna is connected.
- It may be possible to sell a club membership and take a usage charge in public goods, as in golf clubs, so that low additional satellite broadcasting receiving fees are collected from a greater number of people.
- NHK cannot check whether the antenna terminal and the connection terminal of the receiver are connected. It is conceivable that the method costs much and does not produce many benefits. When the satellite contract system was first introduced, there were two ideas of clearing away difficulties in receiving broadcasting and promoting the satellite broadcasting with NHK in the forefront. Since times have changed, it can be easily explained as a special public fee, and this explanation seems to become a feasible solution.
- One settlement concerning the satellite broadcasting receiving fee would be to consider that the user signs up for pay broadcasting when the user connects the connection terminal and expresses his or her intention of paying the fee by B-CAS.
- In regard to an interim measure concerning the integration of the normal contract to the contract for color TV, an owner of a black-and-white television alone can assert his or her right to make a normal contract. An owner of a three-frequency receiver cannot negate his or her viewing.
- There are two more points. One is that the current amount of additional satellite broadcasting receiving fee seems to be rather high as an additional fee. Another one is that the environment where satellite broadcasts can be viewed has not reached critical mass. If critical mass were reached, it would be easier to say that people view satellite broadcasts as a matter of course.