

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

1. Date and Time: Friday, July 27, 2007, 9:30 to 12:00

2. Location: Special Conference Room 1 at MIC, 8th 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, Hiroataka Yamauchi, Haruko Yamashita (9 members)

(2) Hearing participants

Jones Lang LaSalle: Mr. Sawayanagi, Managing Director

Japan Hotel Association: Mr. Hashimoto, Executive Director

All Japan Ryokan Association: Mr. Kudou, Standing Director

Television System Operation Association: Mr. Takanishi, Deputy President; Mr. Nakagawa,

Organizer, Japan Broadcasting Corporation: Mr. Kobayashi, Managing Director; Mr. Nakagawa,  
Managing Director; Mr. Imai, Bureau Chief; Mr. Watanabe, Manager

(3) 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> Hearing from experts of NHK, real estate business, and so on

<2> Others

(3) Closing

5. Outlines of Proceedings

(The following symbols are used in this summary:

○-Remark made by a study group member

●-Remark made by a hearing participant)

- (1) Statements from Jones Lang LaSalle
- (2) Statements from Japan Hotel Association and All Japan Ryokan Association
- (3) Statements from Television System Operation Association
- (4) Questions and answers about (1), (2), and (3)

Key questions and answers are as follows:

- There is concern that the course discussed by the study-group members would deviate from the conditions desired by non-members or that a reform would produce an information gap between the members and the non-members or a sense of unfairness. I think we need to obtain the proportion of non-members and their circumstances.
- The document provided by the Television System Operation Association explains the relationship between the profit and the receiving fee from the proposition that the receiving fees are not collected from in-patients. Is the reason for the proposition that it may be hard to collect the receiving fees from the in-patients because many of them may be in financial difficulties?
- A single contract with a hospital lasts about 5 to 7 years because the amount of equipment investment is large, and the contract is made based on figures that do not include sufficient receiving fees. The biggest reason is that the hospital would not actually permit any change in contract terms requested in the middle of the contract period.
- I want to ask the Television System Operation Association whether all the receiving contracts are terrestrial contracts.
- I have not checked the contract details of all the members. In regard to bedside television sets that can be viewed in hospitals, satellite contracts could not be expected. Some television sets that were placed 7 years ago cannot receive satellite broadcasting. Considering the expenses and the contract periods, I believe the proportion of satellite contracts could be very low.
- What is the merit of organizing the big-customer discount system in industrial associations?
- With regard to contract affairs, a unified contract procedure will benefit NHK, in comparison

with separate contracts with individual companies. The big-customer discount system will provide compliance to rules without increasing the proportion of the fee.

- How are the contracts with companies grouped at this time?
- We contract with individual companies or hospitals. Those contracts number over three thousand. To put it in extreme terms, if those contracts are integrated into a single contract, most of the fee collection work by NHK will not be needed.
- Do you mean that the individual companies make contracts and an agency collects the fees?
- That is the case, in short.
- People can view TV programs on their PCs, and an increasing number of in-patients may bring their PCs into their wards. Do you know anything about that?
- We place bedside refrigerators and safes in addition to TV sets. The charges cover only the viewing of TV programs. Losing the revenue because of PCs carried in by the in-patients is a very tough thing.
- Isn't the idea (receiving-fee exemption for in-patients) on page 13 far more important in regard to the fair incidence of the receiving fees?
- The idea on page 13 is the most helpful.

(5) Statements from Japan Broadcasting Corporation

(6) Questions and answers about (5)

Key questions and answers are as follows:

- What does “the disparity in substantial fee will not exceed two-fold” mean?
- In regard to the fee of a big contract, the full fee is charged for the first TV set, and the fees for second and subsequent TV sets can be approximately halved at most. Reduction by half would be the limit, irrespective of the number of TV sets. Therefore, we could make a discount of

approximately 50%.

- Some estimations are used. How much estimation error is considered?
- The estimations are obtained from about 14,000 samples. A research company suggested that this method has an error of up to 1% or 2%.
- The statement says that the postal collection rate is about 10%. Isn't the data greatly biased?
- If the data is biased, weights are assigned in calculation.
- Let me give a supplementary remark about the reduction of about 50% for the fees of the second and subsequent TV sets of a business establishment.  
Many business establishments that hold multiple TV sets think that the fees are a great strain. Considering that those fees may have to be adjusted, we have started our investigation. Even if the fees are reduced, there are different points of view. Some think that, depending on the received benefits, the cost price must be reflected, and others think that a function to redistribute income, as of taxes, is required. The basic concept of the receiving fee is that all the people support NHK activities by paying low receiving fees. The law prescribes the basic liabilities for making an independent contract for each TV set. If the difference among the fees of different contracts exceeds two-fold, it appears that any receiving fees can be established. Therefore, it has been decided that the difference among the fees of different contracts should not exceed two-fold, even if the fees are adjusted.
- When you say "two-fold", does it mean that, for example, the fee charged to hotel B should not reach two million yen while the fee charged to hotel A is one million yen?
- We think that we need something to indicate that the difference in fees of TV sets should not exceed two-fold if the monthly fees of the second and subsequent TV sets differ from the fee of the TV set placed first.
- In the UK, up to 15 TV sets are integrated into a first contract. Subsequently, each contract is made for every five apparatuses. For 100 TV sets, for example, NHK needs 49 or 50 contracts, while the BBC system makes 18 contracts. Please explain the difference between the British method and the Japanese method.

- From the historical context, they make a single receiving contract at each site of a business establishment in the UK. Hotels are rather highly charged. In Germany, they pay the fees based on the number of TV sets, and they also have a similar discount system that halves the fees if the number of TV sets exceeds a certain level.
- Do they have a different legal structure for the receiving contract, including the basic unit?
- In the UK, the law prescribes that a single site must have a single license.
- I doubt whether the concept that the number of TV sets placed in a business establishment equals the number of contracts is applied to households.
- Because it is hard to check the exact number of TV sets, we have requested each household or each house to make a single contract as a single unit of living, irrespective of the number of TV sets placed there.
- The statement says that fee-charging old people's homes and student dormitories are counted as households. Is a single old people's home counted as a single household?
- In the national census, a single home is counted as a single household. When the population parameter is calculated, the number of people living there is added. The same applies to student dormitories.
- As a household viewer, I feel that some kind of brake is necessary on mass-production of programs of inferior quality or deterioration of programs resulting from the slow growth in the receiving fee revenue.
- In our five-year management plan under review, we go back to the starting point and think on what is the base of activities to be performed by public broadcasting. We lay emphasis on enhancing the quality and level of software and content provided to people and would rather put more money into that. We will compensate for the decrease in revenue first by reducing costs with our management efforts. With a fair style, we believe that we can garner support from more people and can increase the number of contracts or paying viewers.
- Since the business users and the household users obtain the same information from broadcasting, I feel that there should be no difference between the business-user discount and

the household-user discount. Please consider reducing the large fee charged to households.

- We have a duty to design a structure that will not place unfair strain on the business users and the household users. At present, a single household makes a single contract. Even though the single household has a considerably increasing number of apparatuses that can receive television broadcasts, such as personal computers, mobile phones, and car navigation equipment, just a single contract is made. If the frequency of use is considered, it can be said that the fee has been reduced.

○ What do you think are appropriate costs of survey and estimation for calculating the contract ratio? Is the goal to increase the accuracy or to calculate an accurate contract ratio? Is the denominator the total receiving-fee revenue or an amount converted from the contract ratio?

- Money should be spent to obtain a contract and to increase the payment ratio.

An estimation is needed to know the ratio of paying users, but it involves considerably great costs. Accordingly, we think that it would be better to lay emphasis on reducing the variety of sales costs that have become a subject of discussion and on increasing the contract ratio and the ratio of paying users.

○ Some past figures given by NHK showed that accommodation facilities have an average of 15 rooms where television sets are placed. According to the figures given by the Hotel Association, Japanese-style inns have an average of 15 guest rooms, and hotels have an average of 77 guest rooms. Does the Hotel Association see that NHK uses appropriate denominators and figures for the hotels and Japanese-style inns?

- Because the 227 member hotels of the Hotel Association include large-scale hotels, large figures are given. A weighted average of the number of guest rooms in hotels and in Japanese-style inns may be close to 15.

- According to a survey on the ratio of business-establishment contracts carried out by NHK, while there are 800 thousand rooms where TV sets are placed, 450 thousand contracts are made, and the contract ratio is 55.5%. At present, hotels and Japanese-style inns have 1.55 million guest rooms. The figure of 800 thousand rooms seems to be too small. If a single TV set is placed in one room, 450 thousand contracts out of 1.55 million guest rooms means a contract ratio of about 30%.

- NHK makes its estimation based on a survey of company and business establishment contracts, including Japanese-style inns, guesthouses, resort inns and cheap lodging houses as well as large-scale hotels. The estimation revealed that the average number of guest rooms containing TV sets does not exceed 14. Since the figures obtained from over three thousand hotels and Japanese-style inns were analyzed, we believe that the data is appropriate in our own way. We are planning to conduct a new survey of company and business establishment contracts when the Ministry of Internal Affairs and Communications publicizes a new Establishment and Enterprise Census around the December timeframe. We are going to use figures estimated from the survey and analysis results in the settlement of accounting of this fiscal year and after.
- I want details of the estimation indicating that the figures of hotels and hospitals come out even, or so-called “revenue neutral.”
- The contracts of hotels vary in a wide range. Some hotels would increase the number of contracts by making 100% contracts because the fees for the second and subsequent contracts are halved. Some other hotels would have already made many contracts and would get a discount. A provisional calculation of those figures would come out almost even. The final figures will be expressed clearly in September, when the actual structure becomes definite.
- The statement says that the revenue from general business establishments will drop initially and will increase later as the number of contracts increases at a certain rate each year. Please explain why the revenue can increase.
- The contract ratio of general business establishments is high. We are prepared for a considerable drop in revenue caused by a discount of about 50% for the second and subsequent contracts. Although the business establishments of the whole country change continually and all the statuses cannot be known, we want to compensate for the initial drop in revenue in the future by encouraging new contracts through advertisement of the approximately 50% discount. We hope that this approach will provide a fair incidence of the receiving fees and will eventually increase the total revenue.
- Did you consider the incidence of the fees when you decided to change the receiving fee structure to give the 50% discount for the second and subsequent TV sets?
- That was considered after many internal investigations.

- What are your plans in addition to increasing the number of samples to enhance the analysis accuracy of the survey on contracts of companies and business establishments?
- The business establishments must make a contract for each mobile terminal. In the last survey, we are making efforts to more accurately obtain the number of TV sets of mobile terminals such as car navigation equipment and the number of portable TV sets, including one-segment broadcasting receivers.
- Reportedly, there are 20 million one-segment broadcasting receivers. Just 10% of that figure is 2 million. How do you consider them as subjects of the survey?
- The survey includes an item requesting them to declare the number of rooms where portable TV sets, including one-segment broadcasting receivers, are placed. We have to wait for their accurate self-assessment.
- NHK does not have the so-called right to examine or investigate and has to conduct a survey on declared information. Bias cannot be avoided.
- A significant increase in the population parameter may be estimated.
- If a single television set is placed in a single room and if a mobile phone having one-segment broadcasting reception capability is also lent to an employee or if a personal computer is placed additionally, it is counted as one subject of contract. There may not be contracts of one-segment broadcasting receivers alone.
- When BBC changed their survey method in 2000, 530 thousand contracts were newly obtained. I feel that a change is likely to occur on the same order.
- A certain change will occur, as you mentioned. A mobile phone with one-segment broadcasting reception capability owned by an employee is integrated into his or her household contract. That type of calculation requires deliberate work, and a risk of bias in a variety of meanings must be taken there.
- The survey on business establishments differs greatly from the survey on households in particularity. Seeing that the postal return ratio of the survey on households changed from 10.3% in 2002 to about 30% in 2006, we have to doubt the reliability. Were the surveys

commissioned to different research organizations?

- The same organization made those analyses. The survey methods are different: In the survey on business establishments, it was clearly indicated that the survey was conducted by NHK. A general research company carried out the survey on households as an omnibus survey, because some people would not answer the survey conducted by NHK.
- The figure of 30% in 2006 seems to be an average value between responses made on the web and responses made by post. What was the postal response ratio?
- I do not have that figure at present and will provide it later if necessary.
- Hotels and Japanese-style inns in a narrow sense have about 1.5 million rooms. If the range were extended to include small resort inns and the like, the population parameter would increase further, decreasing the contract ratio.  
The statement says that the contract ratio of very-large-scale hotels is about 58%. As the scale decreases, the figure may decrease. There is a fear that the actual number will be far smaller than fifty-something per cent.
- The figure of 1.55 million rooms was taken from sanitary supervision business reports submitted to public health centers, and the figure includes rooms of company-owned resort facilities for employee rest and recreation and mutual aid association accommodations. The figure of 800 thousand rooms was obtained in accordance with the classifications in the Establishment and Enterprise Census, where the company-owned resort facilities and the accommodations of mutual aid associations are not classified as hotels or Japanese-style inns. Please understand that the subjects of the surveys are different.
- Hotels and Japanese-style inns secure a business license and are obliged to make notifications to public health centers. Accordingly, the figure of 1.55 million rooms is accurate data obtained by the Ministry of Health, Labour and Welfare, and it seems to be credible and close to the actual number.
- Even if NHK makes a conservative calculation of hotels and Japanese-style inns, the other facilities such as company-owned resort facilities are counted in different groups and are not eliminated from the subjects of contracts. The figures are just organized in a different manner. We are ready to accept more accurate data, if any, but please understand that we have obtained

the figures in our actual contract affairs appropriately.

- You cannot use the figures obtained by the Ministry of Health, Labour and Welfare for the reason that the company-owned resort facilities and the like are included. If the business establishments are divided into three groups in the estimation because more television sets are placed in hotels and hospitals than in the other business establishments, it may be reasonable to classify the company-owned resort facilities and the like as hotels and Japanese-style inns.
- When the company-owned resort facilities and like make a contract, the entry is classified as a general company in the numerator. When we conduct a survey to find the figure to be the denominator, we ask the companies to report the number of TV sets, including the TV sets placed in the company-owned resort facilities. Therefore, we classify the company-owned resort facilities as general business establishments for the sake of compatibility.
- The Ministry of Health, Labour and Welfare counts the number of facilities that are authorized by Hotel Business Law. The law seems to have a judgment criterion of whether the management or lodger has a responsibility to maintain sanitary conditions. The figure may include just a very small part of apartments rented by the week and student dormitories.
- We have asked the Ministry of Health, Labour and Welfare for the current status and have not yet received a clear answer. The MHLW just told us that those facilities are classified as hotels if they make a notification. There are no specific materials. Even if the number of facilities becomes clear, a separate survey may have to be conducted on the number of rooms.
- Let me explain how the secretariat sees the issue. The large difference was pointed out between the figure of 1.55 million rooms given by the Ministry of Health, Labour and Welfare and the figures of 800 thousand rooms and an average of 14 rooms where TV sets are placed, estimated from the survey conducted by NHK on an approximately equal number of samples. We believe that the cost of the survey should be reduced by using as many public figures as possible. From that point of view, we have raised questions whether we should go to the expense of correcting the figure of 800 thousand rooms by increasing the number of samples of the survey conducted by NHK and whether we should correct the figures by using the figure of 1.55 million rooms given by the MHLW.
- In the estimation of the number of households, data that can be easily understood from a social point of view should be used, and an effort to reduce the expenses of an independent survey

should be made. Usable data should be used positively.

- NHK has calculated all the figures on the basis of public data. The figures of 1.55 million and 800 thousand are based on public data including that difference. Basically, we use the public data and only use independent data where it is required to fill a gap. Please understand that we do not conduct our independent survey voluntarily and that we carry out some surveys out of necessity.