Strategic Council on Bridging the Digital Divide—1st Meeting
Summary of Minutes

1. Date and Time

Tuesday, October 2, 2007; 14:00–16:05

2. Location

Conference Rooms 1 to 3, Basement 2, MIC

3. Attendees (honorifics omitted)

(1) Council Members (in alphabetical order)

Zenichi Fujio (Proxy: Masahiko Mochizuki), Harunari Futatsugi, Hiroki Hirasawa, Hideo Kanada, Hioroichi Kawashima, Hideaki Kido, Kazuyoshi Kurokawa, Koichi Machida (Proxy: Yoshiichi Kioka), Kunihiko Matsushita, Yuji Moriyama (Proxy: Kimio Taguchi), Takeshi Nagao, Akio Nishio, Naohiko Nishio (Proxy: Kazuhiko Aoki), Kenji Okamoto, Terutoshi Sano, Hideyo Shimamura, Toshihiro Shinohara (Proxy: Tetsuya Tsubaki), Nobuko Takahashi, Fumio Takahata, Sumio Tamura (Proxy: Yasufumi Kameyama), Hirofumi Tayama, Atsushi Togashi, Kiyoshi Tokuhiro, Hideyuki Tsukuda, Toyoaki Ukita, Masayoshi Wakao, Hiroyuki Yashima, Makoto Yoshimuro, Saburo Yoshino

(2) MIC Representatives

Masuda (Minister for Internal Affairs and Communications), Suzuki (Vice Minister for Policy Coordination), Terazaki (Director-General, Telecommunications Bureau), Takeuchi (Director-General, Telecommunications Business Department), Tanaka (Director-General, Radio Department), Ando (Director, General Affairs Division), Taniwaki (Director, Telecommunications Policy Division), Honma (Senior Investigation Officer, Telecommunications Policy Division), Hirano (Director, Advanced Network Division), Sasaki (Director, Fixed Radio Communications Division), Watanabe (Director, Land Mobile Communications Division)

4. Agenda

(1) Method of conducting the activities of this Council
(2) Actions taken toward nationwide development of broadband networks
(3) Actions taken so far toward solving the problem of mobile phone dead zones
(4) Actions taken by Wakayama Prefecture toward bridging the digital divide
(5) Discussion
(6) Others

5. Summary of Meeting

Meeting Guidelines

○ “Draft Guidelines for Conducting Meetings” (Document 1-1) was proposed by the Secretariat and approved.

Appointment of the chair and designation of vice chair

○ Prof. Kurokawa was appointed chair. Chair Kurokawa then designated Prof. Takahata as vice chair.

Method of conducting the activities of this Council, actions taken toward nationwide development of broadband networks, and actions taken so far toward solving the problem of mobile phone dead zones

○ The Secretariat explained the “Method of Conducting the Activities of This Council” (Document 1-2), “Actions Taken toward Nationwide Development of Broadband Networks” (Document 1-3), and “Actions Taken So Far toward Solving the Problem of Mobile Phone Dead Zones” (Document 1-4).

Actions taken by Wakayama Prefecture toward bridging the digital divide

○ Mr. Okamoto explained “Actions Taken by Wakayama Prefecture toward Bridging the Digital Divide” (Document 1-5).

Discussion

○ Council members, including those representing local public bodies and telecommunications operators, shared their opinions. Members who had submitted written opinions in advance reiterated their opinions as set out in Document 1-6.

○ The main points of opinions expressed during the discussion are as follows:

● Costs prevent the development of broadband networks in unprofitable areas. It is necessary to utilize general purpose systems appropriately to reduce costs. It is also necessary not only to increase subsidies for initial investments but to study measures for issues such as maintenance and operating expenses.

● So far, the focus has been on cable broadcasting but from now on a flexible approach is needed to combine wireless broadcasting with cable broadcasting. We have been conducting experiments, such in regard to expanding the areas where cable broadcasting, WiMAX broadcasting and millimeter wave broadcasting are combined, with the result that we feel such methods are effective in bridging the digital divide. From now on, we would like to strengthen cooperation with concerned parties in local areas to promote studies on how to perform new tasks and provide new services.

● Copies of the prefectural roadmaps, the broadband network development manual, the collection of instances of utilization of broadband services, which were formulated in the preceding fiscal year, were distributed to 1,800 municipalities. Various requests and task-related issues have been raised by municipalities regarding broadband network development. These matters will be dealt with via consultation with MIC.

● We intend to make efficient use of the national government's subsidy programs, thereby demonstrating our capacity to solve the problem of mobile phone dead zones.

● The extent to which actions are taken differs from prefecture to prefecture. We hope to deal with issues related to tasks in cooperation with administrative agencies.

● Out of the 21 municipalities with no broadband services, 17 are located in Japan's western region. It can be seen that in western Japan, there are many areas where adverse conditions make it difficult to develop broadband networks. Furthermore, different local governments hold different positions. Some local governments are not positive about broadband network development due to financial reasons and other concerns. We intend to make our own efforts. Be that as it may, areas with significantly adverse conditions need to be supported by MIC.

● We are promoting research and development on issues such as the downsizing of facilities. There are cases where facilities that have been downsized fall outside the category of those eligible for support. Therefore, we would like to request that consideration be given to matters such as relaxing the conditions for facilities eligible for support. Furthermore, there are cases where certain areas become isolated, resulting in discontinuity. It is necessary to develop schemes for reducing such discontinuities. Moreover, we would like to request that studies on roaming systems cross-operated by providers in the same area be conducted.

● Satellites tend to be regarded as the last-ditch effort for bridging the digital divide. However, cost performance has improved. Such being the case, we would like to see satellite-based Internet access being determined feasible at as early a stage as possible.

● We would like to fulfill certain roles in bridging the digital divide and solving the problem of mobile phone dead zones. We would like to have some flexibility in considering overall profitability by not necessarily being particular about the profitability of each base station. Be that as it may, on the part of commercial operators, it is necessary to consider

with priority the basis of the balance of income and expenditure. Furthermore, it is important to move forward by coordinating the solution to the problem of areas with no broadband services and the solution to the problem of mobile phone dead zones.

● We would like to request that the scope of support measures pertaining to matters such as the project for solving the problem of areas with no broadband services be expanded and that such support measures be carried out flexibly. Particularly, operators perceive risks in regard to running costs rather than initial costs. Therefore, we would like to request that support be provided for running costs. Here is another point. Even if existing EPONs and GEPONs are used, the maximum distance is limited to 15 kilometers. I think that if equipment or schemes that can extend this limit by another 5 or 10 kilometers are adopted, then areas can be expanded at low cost. Furthermore, it is necessary to establish a system for providing support to fill the age gaps.

● In the case of actions taken toward bridging the digital divide, our interests coincide with those of other operators. Costs are an issue that must be addressed in the case of solving the problem of mobile phone dead zones. For the purpose of reducing the financial burden on operators, we would request that the scope of support measures be expanded and conditions of support be relaxed.

● Satellite broadband services have so far centered on exclusive line services for corporations. Regarding satellite broadband services for individuals, we would like to study how broadband services can be easily provided for use by individuals by cooperating with related operators and local governments while assessing shared service levels needed and the demand for such services.

● Nowadays it is often the case that local governments that requested other operators to put up PHS antennas and had those requests refused ask us to perform such construction work. The antennas are small and can be installed by simple construction work. Moreover, a single station equipped with an antenna can cover a distance of 5 kilometers or so. Therefore, such antennas are useful for bridging the digital divide. After all, the level to which costs are kept down is important. Operators are concerned with profitability and local governments face the issue of available finance.

● Commercial operators are very concerned about whether the revenue will cover expenses, including running costs. We would like to request local governments to push forward the opening-up of fiber-optic networks and study whether such networks can be used as transmission channels.

● How outlying islands are covered by broadband services is an issue. Operators ignore such islands unless there are a certain number of subscribers. In municipalities where financial capability indices are significantly low, it is difficult to carry out projects subsidized by the national government even if subsidy grant rates etc. are raised. Support must be increased.

● It would be desirable to change the system such that the costs pertaining to universal service will be utilized as maintenance costs for fixed telephone services, broadband services and mobile telephone services in unprofitable areas. Furthermore, it is absolutely essential that the national government take responsibility for supporting commercial operators so that such operators can provide gigabit-class communication services in major areas of outlying islands.

● To proceed with the steps needed to bridge the digital divide, measures including the following must be implemented for each type of task: secure the amounts of subsidies for local information and communication infrastructure development for which requests are made to the national government; raise the grant rate of the above-mentioned subsidies for any area where the per-household cost of bridging the digital divide is high; develop a mechanism for streamlining redundant investment among broadband services, mobile telephone services and terrestrial digital services; provide universal service to Last One Home; and promote information sharing on the outlook for relevant technological progress.

● In areas where no progress is made in the development of broadband infrastructure, high maintenance costs are incurred but needs are also low. Studies are underway on how to keep the costs for users low by building the infrastructure at public expense and having the private sector operate it. Be that as it may, municipalities, which are the primary entities involved, bear heavy burdens. ICT is an important tool for revitalizing communities. It is necessary that the national government undertake greater support measures.

● We think that the tasks that should be studied as a matter of priority include in particular the subsidization of small-scale unprofitable areas, the establishment of models based on specific areas for bridging the digital divide, and the reduction of financial burden with respect to running costs. Studies should also be conducted on how to make broadband services a part of universal service. Furthermore, with regard to mobile telephones, we would request that the erection of small-sized steel towers be subsidized.

● As regards ADSL, we estimate that network development has been completed in areas within 4 kilometers of relay stations. Be that as it may, it is quite another matter whether or not broadband services are usable. With regard to investment incentives for the private sector, it is necessary to study the application of universal service, for example. The national government is conducting studies regarding increasing the amount of subsidy grants only on the basis of financial capability indices, with the result that local governments whose financial capability indices increased due to annexation are no longer eligible to receive larger grants. Therefore, geographical area and topographic elements should also be taken into account. Furthermore, there are cases where areas with no broadband services are located in places other than regions with adverse conditions. It is also necessary to study alternative support measures for such cases.

● Our prefecture is particularly behind in developing broadband networks. Furthermore, the gaps between areas within in the prefecture are widening. Consequently, we are approaching the issue of bridging the digital divide by means such as the formulation of a basic ICT strategy and the utilization of subsidies.

● With regard to the status of broadband network development and mobile telephone coverage ratio that were explained by the Secretariat a little while ago, my honest feeling is that the numbers are lower than those mentioned. An effective approach to developing broadband networks is to share terrestrial digital broadcasting facilities. Furthermore, as regards mobile telephone coverage areas, it is important to develop them not only for households but also for highways.

● Roadmaps were prepared as part of the activities carried out by the Association for the Promotion of Public Local Information and Communication last fiscal year. Copies of the roadmaps were distributed to entities such as municipalities in an effort to raise awareness about the issues. From now on, we would like to study specific proposals in cooperation with municipalities, operators, etc.