

Study Group on Current Status and Issues on a Fair Receiving Fee Structure  
Summary of Minutes (12th Meeting)

1. Date and Time: Friday, April 25, 2008, 13:30 to 15:30
  
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)  
Funada (Chair), Nakamura (Vice Chair), Sugaya, Torii, Niimi, Hida, Yamauchi, Yamashita (8 members)
  - (2) Observers  
Ishioka, Ito, Oto, Takahashi, Tanaka (5 observers)
  - (3) NHK representatives  
Mr. Tsukada, Manager, and Mr. Imai, Manager in Charge, Corporate Planning Bureau (Management Plan); and Mr. Watanabe, Manager in Charge, Audience Relations & Services Department
  - (4) Ministry of Internal Affairs and Communications (MIC)  
Ogasawara (Director-General, Information and Communications Policy Bureau), Kawauchi (Deputy Director-General of Minister's Secretariat), Imabayashi (Director, General Affairs Division), Yoshida (Director, Broadcasting Policy Division), Takeda (Director, Satellite and International Broadcasting Division), Nagashio (Senior Planning Officer, Broadcasting Policy Division), Osawa (Assistant Director, Broadcasting Policy Division)
  
4. Agenda
  - (1) Opening
  - (2) Items on the agenda
    - (i) Draft gist of the final report
    - (ii) Others
  - (3) Closing
  
5. Outline of Proceedings

The following symbols are used in this summary:

- Remark made by a study group member or an observer
- △ Remark made by an NHK representative
- Remark made by an MIC representative

(1) Study group member Sugaya made a presentation based on Reference 1, “Outline of the Draft Final Report by the Study Group on the Number of NHK Satellite Broadcasting Channels.”

(2) The secretariat made a presentation based on Reference 2, “Draft Gist of the Final Report.”

(3) NHK made a presentation based on Reference 3, “Operational/Procedural Concerns and Agenda in Adopting Each Option.”

(4) The key questions and opinions voiced by the study group members regarding (1), (2) and (3) are as follows:

- In Reference 2, how do you differentiate the issue (i), “changes in the external environment,” from the one in Reference 3 (2), “changes in the environment for receiving broadcast signals”? The expression, “changes in the external environment,” seems to imply that changes in NHK’s management environment are due to the emergence of new media, and not the so-called environment for receiving broadcast signals.

- The new concept of reviewing the use of the two channels, namely integrating one channel into terrestrial broadcasting while using scrambling with the other, is worth discussion.

- Whether it generates profits or not is left to the discretion of NHK. So, we need not discuss whether receiving fee pricing should include profits. Rather, in terms of effects and influences, what matters is the contract rate or the payment rate. Therefore, we may need to add new perspectives, such as influence on revenue from receiving fees or influence on the contract rate or the payment rate, to our discussion.

- If the contract for one channel is integrated into a contract for terrestrial broadcasting while the contract for the other channel, with scrambling, is on a price-for-service basis, NHK will have difficulties in terms of cost. Additionally, the audience will find it less appealing as they have to pay a receiving fee to watch only one channel.

- Integrating one of the two channels into terrestrial broadcasting while using the other for

broadcast with scrambling seems quite costly. Furthermore, it seems burdensome in practice.

△ Various issues are likely to arise, including how to manage the portion of the price-for-service contract and the portion of the receiving fees that are so-called special contributions.

○ Integrating parts of satellite broadcasting into terrestrial broadcasting may be beneficial to contractors of terrestrial broadcasting as they can watch programs of as high quality as terrestrial broadcasting on one satellite broadcast channel.

○ Because of the relation with the contract rate, a receiving fee rise does not necessarily increase revenue from receiving fees. Therefore, we need to discuss the contract rate and the revenue separately.

○ As it is possible to remove scrambling and not pay a fee if you wanted to do so, scrambling is only a means of improving the contract rate and it will not improve the collection rate.

○ If improving the contract rate is the only objective of scrambling, there is another option we may choose, which is a system that forces people to complete a contract from the beginning to improve the collection rate. In other words, if we change the system in such a way that the act of setting up a receiver is construed as completion of a contract, we can enforce it as soon as we implement the change and improve the collection rate.

○ From the audience's perspective, a new system with scrambling is the same as the system of paid CS digital broadcasting. Such a practice may question the existence as public broadcasting.

○ If we enhance the reception confirmation message, we may include wording that reminds the audience of its role, for example, "You have to pay a receiving fee."

○ What does "profit" mean in the expression, "the level of receiving fees that includes profits"?

- Apparently, the assessment criteria (1) through (8) in Information Paper 1 doesn't encompass scrambling in assumption B, "assumption of the level of a receiving fee that includes profits." By that I mean that if scrambling in assumption B intends to stimulate corporate activities in one way or another, it may need to be assessed on criteria different from that in (1) through (8).
- Regarding "scrambling by using the CAS function" on page 5 of Reference 2, does the CAS function in this context refer to B-CAS?
- If we need to implement scrambling at this point, we will use the B-CAS system. We should discuss issues on the premise that a kind of CAS function is available.
- When details of this study group's discussions are evaluated, the evaluation target will include the discussion on the contract rate. In that sense, we may need to identify specific influences on the contract rate to clarify the basis of discussions.
- Introduction of scrambling involves the issues of what kind of sanctions need to be adopted when a person does not pay a receiving fee. We cannot decide to introduce scrambling without legal grounds.