

Minute Summary of the 5th Meeting of the Study Group on the Cable Television in 2010's

1. Date and time:

June 30 (Fri), 2006 15:00 to 17:10

2. Location:

Special Conference Room 1, 8F, Ministry of Internal Affairs and Communications

3. Attendees

(1) Members (Honorifics omitted)

Tsunetoshi Ishibashi, Takashi Otsuka, Yoshihiro Oto, Fujio Koike, Shigeki Goto, Toshihiko Shimizu, Kazuteru Tagaya, Tetsuro Takeoka, Kazutoshi Terasaka, Masataka Nakamura, Tadahisa Mori, Kei Morita, Hirotsugu Yamaguchi, Haruko Yamashita, Ryuji Yamamoto

(2) Ministry of Internal Affairs and Communications

Shimizu (Director-General for Policy Planning), Kawano (Deputy Director-General of Minister's Secretariat), Minami (Director of Broadcasting Policy Division), Imabayashi (Director of Satellite and International Broadcasting Division), Ouchi (Senior Technology Planning Officer of Broadcasting Technology Division), Yamane (Director of Regional Broadcasting Division), Hatano (Senior Planning Officer of Regional Broadcasting Division), Honma (Senior Technology Planning Officer of Regional Broadcasting Division), Umemura (Assistant Director of Regional Broadcasting Division)

(3) Exponents

Takahashi (Senior Executive Director, Chukai Cable Television System Operator), Terasaka (Director of Information Policy Division, Planning Department, Tottori Prefecture), Obara (Executive Director, Himawarinetwork), Kashiwada (Executive Director of Tohoku CATV Network)

4. Proceedings

(1) Opening

(2) Hearing on community-based initiatives by cable television companies

Chukai Cable Television System Operator, Tottori Prefecture, Himawarinetwork, and Tohoku CATV Network

(3) Closing

5. Major discussions

After the explanations on cable television services in regional communities by Chukai Cable Television System Operator, the current status and challenges of CATV in Tottori prefecture by Tottori Prefecture, the community-based initiative of Himawarinetwork by Himawarinetwork and future development of Tohoku CATV Network by Tohoku CATV Network, questions and answers were exchanged as follows:

(1) Chukai Cable Television System Operator and Tottori Prefecture

- We assume that the smallest unit to be covered when you provide news as regional

information is your subscription area. However, you explained that you are covering news of the Izumo district and the entire prefecture of Tottori as well. Please tell us how you define the areas to be covered.

You also told us that you determine the audience share regarding community channels, but how?

←Since we can get information on each administrative district and information on each living sphere, such as shopping, culture or sports, that crosses over the boundary of administrative districts, we have channels in place for each of them.

At present, we are measuring the audience share by the analog method using 1700 units of bi-directional equipment. A mechanism for collecting data using digital STB is expected to be completed in July.

○ Many operators think that an increase in the number of subscribers that matches the cost of making programs cannot be expected, while they recognize the demand for regional programs. How much do you allocate for the production of community channel programs?

←It costs too much if we make community channel programs in the way we make those for the terrestrial stations. We can spare the cost if we develop a system that enables us to receive regional information from citizens and make programs together with them.

Our rough indication is to allocate around ¥70 million annually within the range of our advertisement income for production cost.

If we provide high-quality regional information, subscription is promoted as subscribers invite subscribers on the grapevine even if the subscription fee is a bit higher, and then advertisement income increases as well. If a system is completed that allows us to make community channel programs in cooperation with citizens at a lower cost, it will be of much help in production activities.

○ What do you think about the differentiation between community channel services and commercial television services/NHK?

←We consider that the cable television services should be characterized by focusing on information in smaller regions.

○ Do you receive any income from the administration side by providing administrative information?

←We do receive income through relaying municipal assemblies, but that's all.

○ As Tottori prefecture, do you have any criteria for the subscription rate of cable television services in the prefecture? Also, what guidelines are you giving to operators?

←We believe that the subscription rate is the result of each operator's effort and we are not giving any guidelines.

(2) Himawarinetwork

○ It tends to seek scale merits as competition becomes severer and programs tend to be common among operators, and thus the situation becomes contrary to the form of providing community-based regional information. Don't you think so?

←We think that we must not abandon our advantage of being closely related to the community. As for the production of programs, we should keep working on the

administrative section basis. Topics in the prefecture, for example, will be dealt with in cooperation with KATCH Network Inc.

- Do you have any CM income for community channels?
 - ←Yes. Our income consists of three sources: the production cost from municipalities, CM income and income through multi-channel services.
- Regarding emergency broadcasting during times of disaster, are you giving any training including cooperation with municipalities?
 - ←We wish to conduct training in cooperation with municipalities and are having discussions with local authorities, but have not implemented such yet.
- The number of connections is said to be 110,000 households. Does the number of households excluding those subscribed to multi-channel services represent those covered by measures against defective reception? Triple-play services appear to be provided for the subscribers to multi-channel services, and then what are you planning for subscriber households troubled with defective reception, as regional broadcasting will be digitized in the future?
 - ←60,000 households, which is the difference between the number of connections and the number of subscribers to multi-channel services, includes the number of households in multi-family homes which have not subscribed to multi-channel services in addition to those that subscribed because of defective reception. As for triple-play services, the ratio of Internet subscribers over multi-channel subscribers was around 70% at the beginning of the service, but the ratio began to decrease recently.
A higher percentage of households which had been subscribed because of defective reception and which had been the subscribers of multi-family homes are now newly subscribing to triple-play services. We wish to further expand those services.

(3) Tohoku CATV Network

- Your business appears to be activities one step further beyond the cable television service. Why do you only cover the Tohoku region? You can do it on a nationwide basis, can't you?
 - ←We are sure our service will be accepted nationwide. To start with, we are acting within the district of Tohoku when the cable television service is asked of their role in the region and some assert the system of breaking up the country into provinces.
- We regard "regionality" and "publicness" as two sides of the same coin. What do you think about your publicness as a company?
 - ←Yamagata City issues an IC card with which citizens can receive public services. The card is managed by Virtual Yamagata, a company established by CATV Yamagata and Yamagata Chamber of Commerce. We are thinking of a tie-up with the municipality in programs such as to make various municipal services available through Rakunet Television by using this card. We are now studying whether we can do the same through the Tohoku CATV Network.
- We know there are many traditional cultural events and works. We assume that you could focus on regional content and develop it across Japan.

←Yes, definitely. We will put software in place in order to expand our services across the country.

(End)