

Study Group on Current Status and Issues on a Fair Receiving Fee Structure—8th Meeting
Summary of Minutes

1. Date and Time

Friday, December 21, 2007; 14:30-16:00

2. Location

Meeting Room No.1 (1st Floor, Lower Building, Ministry of Internal Affairs and Communications)

3. Attendees

(1) Study Group Members (honorifics omitted; in the order of the Japanese syllabary)

Minoru Sugaya, Akio Torii, Kiyoshi Nakamura, Ikufumi Niimi, Eriko Hida, Masayuki Funada, Haruko Yamashita (7 members)

(2) Observers (honorifics omitted; in the order of the Japanese syllabary)

Katsutoshi Ishioka, Susumu Ito, Yoshihiro Oto, Mieko Kenjo, Nobuko Takahashi (5 observers)

(3) Japan Broadcasting Corporation (NHK)

Mr. Kobayashi, Managing Director

Mr. Tsukada, Manager, Corporate Planning Bureau (Management Plan)

(4) Ministry of Internal Affairs and Communications (MIC)

Kawauchi (Deputy Director-General, 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

<1> Satellite broadcasting receiving fee

<2> Angles of study

<3> Others

(3) Closing

5. Outlines of Proceedings

(The following symbols are used in this summary:

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

(1) NHK explained material 1, "General Schedule for Studying Issues on the Receiving Fee Structure."

(2) The Secretariat explained material 2, "Satellite Broadcasting Receiving Fee;" material 3, "Discussion in the Process of Preparing the First Report;" and material 4, "Angles of Study on the NHK Satellite Broadcasting Receiving Fee."

(3) Questions and answers on (1)

The key remarks voiced by the study group members and other participants are as follows:

- How are viewers' comments invited on the amendment of the receiving fee structure?

- △ We invite comment on our web site. We would consider providing viewers more ways to submit their comments, such as electronic mail and surface mail, and would report the results on our web site and other media.

- The first report proposed charging no receiving fee in an environment in which satellite broadcasting becomes viewable automatically. Does NHK think that this is impossible at present?

- △ We should fully consider the definition of automatic reception of satellite broadcasting and possible measures. Deliberate consideration should be given, because it will lead to measures to prevent "free riders."

(4) Questions and answers on (2)

The key remarks voiced by the study group members and other participants are as follows:

- On material 2, "Satellite Broadcasting Receiving Fee"

- The scandal has lowered the payment ratio. How should the contract ratio that was lowered before that be taken?

- The difference between income and expenditure on satellite broadcasting has been in the red since 2001, both on a single-year basis and in the brought forward account. What started the fall into the red?
- How did the breakdown of NHK's expenses concerning satellite broadcasting change from 1989 to 2007? How did the domestic broadcasting expense and the contract and collection expense change?
- How has the expense ratio of in-house programs to satellite broadcast programs changed in NHK? Is there any rule specifying the proportional calculation of expenses between terrestrial broadcasting and satellite broadcasting?
- In other countries, the receiving fees for terrestrial broadcasting and satellite broadcasting are integrated. How were their receiving fee structures before the integration? What was the background for the integration?
- The difference between income and expenditure on satellite broadcasting has been in the red since 2001, when the number of channels increased. The amount in the red decreased each year and moved into the black in 2004. What caused the turnaround? Was the proportional calculation changed? Alternatively, were the program production expenses reduced?
- In noncommercial broadcasting of other countries, satellite broadcasting is not scrambled. What is the reason? Is there any country in which satellite broadcasting is scrambled? What is the reason for scrambling?
- How will the rebroadcasting of the content used in satellite broadcasting or terrestrial broadcasting be handled?

■ On material 3, "Discussion in the Process of Preparing the First Report"

- What was the background of the discussion on scrambling of satellite broadcasting by NHK? What was the reason for discussing the scrambling?
- Why does the commercial BS side not complain about the additional satellite

broadcasting receiving fee having to be paid to view just commercial BS broadcasting?

- The reason seems to be that NHK has taken a leading role in satellite broadcasting and that NHK's satellite broadcasting is greatly desired. However, it should be considered separately from the fair competition with commercial BS broadcasting.

△ Large full-HD TV sets have been selling well. Many of the purchasers say that they want to view NHK's BS high-definition broadcasting. The study group could hold a hearing with mass retailers.

■ On material 4, "Angles of Study on the NHK Satellite Broadcasting Receiving Fee"

- According to the results of a questionnaire, the second greatest reason for not viewing satellite broadcasting is the expensive receiving fee. Complaints about the high receiving fee can also be heard in other venues, apart from the questionnaire. The level of the receiving fee needs to be considered when the satellite broadcasting is discussed.
- Some documents indicate that satellite broadcasting aims at clear differentiation from terrestrial broadcasting in terms of programming and target viewers. It could be said that the satellite broadcasting is required as a different channel. If true, it would be important to consider the influence on the nature of the satellite broadcasting receiving fee.
- What the role of noncommercial broadcasting is in other countries and what the position of noncommercial broadcasting in the whole broadcasting industry is should be understood. The effect of integrating the satellite broadcasting receiving contract with the terrestrial broadcasting receiving contract and charging a fee for the broadcasting should then be considered.
- Consumer-generated content and YouTube are becoming popular, and networks are increasing their speed with faster optical fiber and PHSs. In those circumstances, the role of satellite broadcasting should be considered.
- How scrambling is performed should also be discussed.
- It would be very much appreciated if various patterns of scrambling were to be discussed instead of a particular pattern of scrambling and, if possible, measures for the individual

patterns were organized.

- The validity of the fee level, the position of the special amount to be borne, etc. should also be considered if the necessity of reviewing the nature of the receiving fee does not change.
- TV sets with built-in BS tuners have been sold without any explanation that a contract to receive satellite broadcasting would be needed in collective housing equipped with an antenna that can receive BS broadcasting. How should we explain the need to have a contract to receive satellite broadcasting regardless of whether or not satellite broadcasting is viewed?
- The consumer contribution for the scrambling of satellite broadcasting should also be discussed.
- B-CAS may imply a big issue in the system, because it provides a type of platform function exclusively.