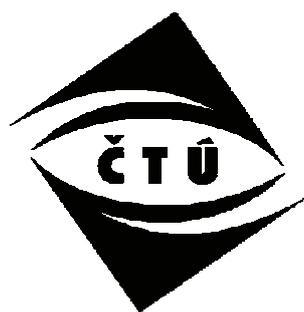


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REPORT ON THE ACTIVITIES OF THE CZECH TELECOMMUNICATION OFFICE FOR 2002

March 2003



1. Introduction

Based on Act No. 151/2000 on Telecommunications and on Amendment of Other Acts, the Czech Telecommunications Office was established as at 1 July 2000 as an independent Administrative Office under the Government of the Czech Republic to execute State administration powers, including regulation, in the telecommunications sector.

The activities of the Czech Telecommunications Office (hereinafter also referred to as “the Office” or “CTO”) are associated with the implementation of Act No. 151/2000 on Telecommunications and on Amendment of Other Acts, as amended (the “Telecommunications Act”) on the basis of which the Office defines the principles and concepts of regulation in the majority of areas within the communications sector.

On 26 June 2000 the Government of the Czech Republic adopted its Resolution No. 655, approving the Statute of the Czech Telecommunications Office, based on Section 3 Subsection 2 of the Telecommunications Act.

In compliance with the Telecommunications Acts and other legal regulations, the Statute regulates the position of the Czech Telecommunications Office, its main tasks, organisation, powers of its President to make decisions on appeals against the Office’s decisions, and the Office’s relation to other State administration bodies, regional self-government bodies, and the public.

The Office’s task based on Statute is to submit to the Government an Annual Report on the Office’s activities for the previous calendar year.

2. CTO's International Activities in 2002

In 2002, the Czech Telecommunications Office carried out activities based on the competences given to it by the Telecommunications Act, as later amended. During the year, the Office maintained bilateral and multilateral contacts with telecommunication administration bodies – particularly the telecommunications regulators, international organisations and other institutions active in the telecommunications sector.

1. International Telecommunications Union (ITU)

The International Telecommunications Union (ITU) held two major world conferences in 2002: the World Telecommunications Development Conference in Istanbul (WTDC-02) and the ITU Plenipotentiary Conference in Marrakesh (PC-02). In the light of these two events, CTO's activities involving co-operation with the ITU were focused on preparing standpoints for the meetings of the advisory and working bodies responsible for the preparation of the materials for those Conferences. CTO's representatives also contributed to the preparations for the coming World Radiocommunications Conference (WRC-03), Radiocommunications Assembly (RA-03) and Regional Radiocommunications Conference (RRC-04/05) to be held in 2003 to 2005.

The results of the managing, advisory and working bodies were applied in preparing the positions for the WTDC-02 and PC-02, in preparations for the WRC-03 and RRC 04/05 and in CTO's technical work, particularly the work in the area of frequency spectrum administration, numbering plans and other network plans.

The World Telecommunications Development Conference (WTDC-02)

The World Telecommunications Development Conference took place in Istanbul between 18–27 March 2002 and was attended by almost 1500 delegates from 135 member countries of the International Telecommunications Union. The Conference delegates discussed reports on the development of telecommunications in the world in the previous period and the related political, organisational, regulatory, technical and financial issues, reports and the recommendations of the study groups of the ITU telecommunications development sector, and evaluated the implementation of the action plan adopted at the previous World Conference in Valetta (Malta). The main result of the Conference was the adoption of the Action Plan focused on supporting a balanced telecommunications development in all world regions and on defining the strategies and priorities towards achieving this objective. WTDC-02 conclusions were submitted to the Plenipotentiary Conference, and CTO's representatives used them in preparations for, and discussions at the meetings of ITU Council and the PC-02.

Plenipotentiary Conference (PC-02)

The Plenipotentiary Conference as the supreme body of the ITU was held in Marrakesh (Morocco) on 23 September – 18 October 2002 and was attended by more than 2000 delegates from ITU member countries, members of ITU Sectors and many representatives of international organisations. The Conference agenda was focused, first of all, on developing the ITU's strategic and financial plan for the period of 2004-2007 and on issues relating to ITU restructuring and adoption of the Organisation's administrative

documents (General Rules of Procedure for ITU Conferences, Assemblies and Sessions, Permanent Election Rules). A number of new resolutions were adopted and compliance with earlier resolutions was reviewed. ITU's participation in the World Summit on the Information Society (WSIS), preparation of ITU's conferences and assemblies, assistance to developing countries and many other issues were discussed with a view to enhancing ITU's position.

Election of the Czech Republic as a member of ITU Council, which is the managing body of the ITU during the periods between the sessions of the Plenipotentiary Conference (PC), is a significant success of our international relations in the telecommunications area.

The Directive for discussions at PC-2 session was initiated by the Czech delegation. Its standpoints and positions were co-ordinated with the standpoints and recommendations adopted during the joint preparations under the European Commission of Postal and Telecommunications Administrations (CEPT).

At the end of the PC, an extraordinary Session of the newly elected ITU Council was held to elect Council officials and establish two working groups – one to review the management structure of the ITU and the other to review the International Telecommunications Regulations. The Council also specified that the PC-02 documents be submitted to the Preparation Session for the World Summit on the Information Society (WSIS, Geneva, February 2003).

ITU Council

In addition to the routine issues relating to ITU's activities in the previous and following periods, the Council's attention was focused on preparing the session of the ITU Plenipotentiary Conference in 2002, with particular emphasis on compliance with the decisions of PC-98, and on preparing the nearest world conferences: the World Radio-communications Conference to be held in 2003 (WRC-03), the World Telecommunications Standardisation Assembly to be held in 2004 (WTWA-04) and the Regional Radio-communications Conference in 2004-2005 (RRC-04/05).

The results of Council sessions were reflected in CTO's contribution to preparing PC-02 sessions and to preparing the WRC-03, WTSA-04 and RRC 04/05 Conferences.

ITU Radio-communications Sector Advisory Group

The ITU-R Advisory Group expresses its view concerning all issues of the Radio-communications Sector and makes decisions on many issues relating to the Sector's activities between the sessions of the Radio-communications Assembly. At its meetings in 2002, the Group primarily focused on preparing standpoints and documents for the Plenipotentiary Conference (PC-02), on the review of the process of preparations for the WRC-03 and RRC-4/05 conferences and the observer role at those Conferences. The Group also discussed the issues of ITU-R reform, co-operation with the Telecommunications Development Sector (ITU-D) and with the Telecommunications Standardisation Sector (ITU-T), and the preparation of ITU-R strategic plan.

The results of the meetings Group's will be reflected in preparing the Czech delegation for WRC-03 and RA-03 sessions and in preparing the positions for meetings of ITU managing bodies.

Special ITU Committee on Preparing the WRC

The Special ITU Committee on Preparing the WRC had on its agenda regulatory and procedural issues relating to the individual points of the agenda of the WRC-03.

The results of the Special Committee's meetings were used as a basis for discussions on this range of issues within the CEPT and for preparing CTO's delegation for the WRC-03.

ITU Telecommunications Development Sector Advisory Group

The ITU Telecommunications Development Sector Advisory Group (TDAG) examines the activities of the Telecommunications Development Sector and makes decisions on many issues in that sector during the periods between sessions of the World Telecommunications Development Conference (WTDC). In 2002, TDAG focused its attention primarily on preparing the documents and the organisational matters for the WTDC-02. The matters discussed at TDAG's meetings included preparation of the ITU Telecommunications Development Sector's strategic plan, preparation of TDAG's report on its activities in the period of 1999-2002, the work of the ITU-D study groups, and involvement of the private sector in ITU-D projects and programmes.

The results of the meetings were used for preparing CTO's delegates to the sessions of the WTDC-02 and the ITU Council.

ITU Telecommunications Standardisation Sector Advisory Group

The ITU Telecommunications Standardisation Sector Advisory Group (TSAG) expresses its views in respect of all issues of the ITU Telecommunications Standardisation Sector (ITU-T) and makes decisions on many issues in that sector during the periods between sessions of the World Telecommunications Standardisation Assembly (WTSA). At its meetings, the TSAG focused primarily on issues relating to the preparation of the PC-02 session and the WTSA session to be held in 2004 (WTSA-04), on ITU-T reform, preparation of ITU-T financial and strategic plan, on the implementation of ITU Council decisions and on preparing the World Summit on the Information Society (WSIS) to be held in 2003.

The results of the meetings serves for preparing CTO's positions for the sessions of PC02 and the ITU Council and for preparing CTO delegates for the WTSA in 2004.

ITU Study and Working Groups

CTO employees took part in the meetings of the following ITU Study Groups: ITU-R 1 (Spectrum Management), 6 (Broadcasting Service), 8 (Mobile, Radio Determination, Amateur and Related Satellite Services), 9 (Fixed Services) and ITU-T SSG (IMT-2000 and Beyond), and other working groups established to prepare materials for the meetings of ITU management bodies.

Co-operation with the ITU Telecommunications Development Sector

In 2002, ITU Telecommunications Development Sector (ITU-D) organised a number of seminars for professionals from ITU member countries. Representatives of the specific departments of the CTO took part in the regional seminars on *Universal Access and Service* held in Bratislava, *E-commerce and E-trade centres* held in Bucharest, *Third Generation Mobile Systems* held in Moscow, and *Management Strategy* in Warsaw.

The ITU seminars contributed to extending the knowledge of new technologies, management methods and implementation of new services in the telecommunications sector. The experience from the seminars was used with success in the work of CTO's specific departments and was reflected in how their tasks were carried out.

CTO provides ITU-D with the latest data on the Czech telecommunications market, on telecommunication services and on the quality thereof. The data serve for maintaining ITU's databases and are used as input for the studies on telecommunications development and for issuing various statistical surveys, serving as a valuable source of information for the World Bank, the UN Statistics Division etc.

2. European Conference of Postal and Telecommunications Administrations (CEPT)

Within the scope of the competences entrusted to it, CTO takes part in CEPT activities both in CEPT's supreme body (CEPT Assembly and its Commissions and Working Groups) and in CEPT bodies focusing on the co-ordination and harmonisation of electronic communications in European countries.

CTO's activities in this area in 2002 were concentrated for the most part in the Electronic Communications Committee (ECC) – for its plenary sessions and meetings of its working groups (WGs), particularly WG FM (Frequency Modulation) WG SE (Spectrum Engineering) and WG RR (Radio Regulatory). CTO representatives contributed to the work of those bodies and participated in preparing the CEPT harmonisation documents (Decisions, Recommendations, Reports) prepared by those bodies, and in the implementation of regulatory measures. Results of the studies of new technologies and methods of frequency spectrum sharing by the radio-communication services and the applications thereof are reflected in all those works.

The harmonisation measures adopted by the CEPT are subsequently reflected in CTO's measures, for example, in the frequency spectrum utilisation plan. The Czech Republic is among the European countries with the highest number of measures adopted, i.e. CEPT Decisions implemented. The Czech Republic was among the first six countries to provide data for the national frequencies table from the very beginning of operation of the European Radio-communications Office's frequency information system; the English version of our national frequencies table is now being made available to the public at the ERP web site (www.ero.dk).

In compliance with the harmonisation plans, CTO also takes measures in the areas of technical and economic regulation, e.g. the telecommunication networks numbering plans and the tariff definition methodologies.

CTO representatives have been involved in the work of the Conference Preparation Group (CPG), responsible for co-ordinated preparation of European Countries' telecommunications administrations for the World Radio-communications Conference (WRC-03). At the COPG meetings, CTO's representatives contributed to developing European common proposals (ECPs) for the individual points of the WRC-03 agenda.

The results of CEPT's activities are reflected in the development of electronic communications as well as in a number of other sectors in which the frequency spectrum or electronic communications products are used.

3. Organisation for Economic Co-operation and Development (OECD)

As for co-operation with the OECD, CTO is represented on the Working Group on Telecommunications and Information Service Policy (WG TISP), whose task it is, first of all, to encourage exchange of experience among the member countries, monitors the current developments in the telecommunications and information service policy area, contributes to the development of the information infrastructure and analyse the economic and social aspects of the telecommunication networks of OECD countries. A CTO representative took part in the meeting of the Working Group when the draft documents prepared by OECD experts were

discussed. The documents were focused on the topical issues of telecommunications: Internet development and use, strategy and regulation of the broadband technology, and the issues of local loop unbundling (LLU). Also submitted to the participants of that meeting was the draft document OECD Communications Outlook 2003, prepared on the basis of the data and information gathered from the questionnaires filled in by OECD member countries.

The final versions of OECD documents and the Communications Outlook publication are used in the work of CTO's specific bodies, because they offer an overview of the implementation and use of new technologies in telecommunications, provide documentation of the development of the telecommunications sector in OECD countries, and contain numerous indicators characterising telecommunications markets.

4. The European Telecommunications Standards Institute (ETSI)

CTO is a regular member of the European Telecommunications Standards Institute. The Institute issues standards, standard-setting documents and technical specifications in the telecommunications and radio-communications sectors.

The General Assembly, as ETSI's supreme body, makes decisions on the substantial issues of ETSI activities, management and membership. It is going to meet twice annually. At its 39th session held in April, the General Assembly considered the report on ETSI activities for the previous period, discussed and adopted the audit report for preparing the financial budget for the future period, approved modifications of ETSI Statutes and Rules of Procedure, and ETSI enlargement with accession of new members. The most important points of the agenda of the 40th session of the General Assembly, held in November, included ETSI Director General's report on ETSI's activities since the last General Assembly, discussion and approval of the 2003 budget, election of a new ETSI Committee for the next three years, and election of a new Chairman and two Vice-chairmen of the General Assembly for 2002 – 2004. The General Assembly discussed the report on the activities of ETSI Working Groups and approved admission of new ETSI members.

5. European Union

CTO's activities in 2002 contributed to the integration of the Czech Republic in the European and world structures. CTO analysed new legislation of the European Communities, engaged in efforts for its harmonisation with the Czech telecommunications laws, regulations and procedures and applied the harmonised procedures in approving telecommunications equipment. CTO represented the Czech Republic in European-level organisations, programmes and projects and participated in international meetings, thus contributing to preparations for the accession of the Czech Republic to the EU. CTO co-operated with the Compatibility Department of the Office of the Czech Government on the updating of the Information System for the Approximation of EU Legislation (ISAP) in the telecommunications area. It co-operated with EU and Member States' regulation bodies in addressing the issues of regulation and EC legislation approximation. In addition, CTO took part in the activities of the newly established Communication Committee (COCOM). To contribute to addressing the issues of the utilisation of the frequency spectrum, CTO engaged in the activities of the Radio Spectrum Committee (RSC).

CTO took part in 2002 in the project of *"Monitoring the Telecommunications Sector of EU Candidate Countries"*, as part of EU's preparations for accession of the candidate countries. The purpose of the project is to describe the status of the telecommunications sector in the candidate countries and to document the progress made by those countries towards integration with the telecommunications market of EU Member States.

A twinning project was closed as at 30 September 2002, when the final version of the *“Model of Future Activities of the National Regulatory Authority of the Czech Republic (CTO)”* was completed and submitted. The European Commission had approved the twinning project, entitled *“Strengthening Regulation and Implementation of the Acquis in Telecommunications”*, in August 2001 on the basis of an agreement between the CTO and the government of Spain, which was signed after a tender. The purpose was to develop a model of a fully functional and independent national regulatory body and to design training programmes to support liberalisation, privatisation and economic competition, to mediate information and exchange of information and documents relating the current activities of regulation bodies in EU Member States.

CTO specialists took part in a number of training courses and seminars under the Project, most of them focused on the new EU regulatory framework, on the conditions of market liberalisation, and introduction in the market mechanisms of the telecommunications sector.

6. Phare

In 2002, CTO engaged in the efforts relating to the tasks co-financed from Phare funds.

In May 2002, the European Union signed Financial Memorandum for the Phare 2000 national programme, under which the project of *“Introduction and Management of a Global Automated System for Frequency Spectrum Monitoring”* was approved for the CTO. The Project will be co-financed from the Phare programme funds.

Following up with the twinning project, three framework projects were submitted to the CTO through the Foreign Assistance Centre of the Ministry of Finance. The purpose of these three projects was to contribute to solving the issues of the administration of the numbering space under the conditions of the newly prepared introduction of the number portability (NP) scheme.

The objective of the first project (No. CZ 00-04-03-04) was to analyse the legal and institutional framework in the Czech Republic for number administration and NP implementation, including recommendations for CTO’s involvement and role. The objective of the second project (No. CZ 00-04-03-02) was to analyse the internal and external mechanisms of number administration with particular focus on their current HW and SW support in the CTO. It was also required that the project should recommend the steps to be taken by CTO towards adjusting the numbering plans and towards adjusting the internal system of technical support to number administration. The third project (No. CZ 00-04-03-03) was to prepare technical specifications to modify CTO’s SW and HW for the purposes of effective number administration under NP conditions.

An amount of EUR 200 thousand was allocated to all the projects. Two of them were completed in 2002, the third is to be finished in the mid 2003.

7. NATO

During the course of 2002, CTO was actively involved in the activities of the Civil Communications Planning Committee (CCPC NATO) and in the work of its subcommittees and technical groups. A number of meetings and consultations took place within the planned NATO activities in 2002.

CTO attended the Plenary Session of the NATO Civil Communications Subcommittee in Tallinn (Estonia) in March 2002, which followed after the CCPC/CPC (Civil Communications Planning Committee/Protection Committee) joint seminar and training. The programme of the seminar was focused on the issues of civil protection and crisis

management in the telecommunication and postal services area. Some of the NATO Member States delivered their presentations relating to protection against terrorism and the consequences of the use of nuclear weapons. In compliance with the plan, the Plenary Session specifically focused on the evaluation of the work done in the working groups for telecommunications and postal services, on the ongoing review of documents, on the international preferential scheme, and definition of the activities of NATO experts. Preparation of NATO questionnaire was discussed – the questionnaire addresses the issues of the legislative backing of NATO operations in its member states, the use of cellular networks and UMTS in managing crisis situations, and implementation of the conclusions from the Tampere Conference. The information obtained in those discussions have been used as a basis for more specific determination of CTO's activities in critical situation and for preparing the draft Government Order for the implementation of regulatory measures for crisis situations.

The meetings of the Telecommunications Working Group of the Civil Communications Subcommittee (WGT CCPC NATO) were primarily focused on preparing a seminar and training and on the agenda of the plenary session of the NATO Civil Communications Subcommittee. Also discussed at those meetings were the preparations and measures for providing telecommunications connection during the NATO Summit in Prague, new risks and dangers to communication systems and other issues of crisis situations management, with emphasis on measures relating to civil communications. Discussions on the draft plan of activities for the period of 2003-2004 were another important point.

During the meeting of the NATO CCPC WGT held in Prague in September 2002, CTO representatives presented information about securing the telecommunication connections between the crisis staffs and State bodies during the floods in the Czech Republic and about the subsequent repairing of the consequences of that natural disaster.

The data and information gained in the meetings were used for active participation in the work of the NATO Subcommittees and for co-operation with those bodies. They were also used in the work of the CTO crisis management bodies.

In 2002, the CTO representative took part in two meetings of the joint civil/Army political working group of the Frequency Management Subcommittee (FMSC). The key areas discussed at the meetings included the preparation of the joint NATO material for the World Radio-communication Conference in 2003 (WRC-03), the change in the Organisation and current structure of the Frequency Management Subcommittee in the NATO structures, the amendment to the NATO Frequency Table for crisis periods, and preparation of a seminar for the countries invited to the NATO on the occasion of the Prague NATO Summit. Information about the frequency requirements resulting for the Czech Republic from its NATO membership was also gained during the meetings.

The changes and amendments to the NATO frequency table will be reflected in the measures to be taken by CTO. The results of the discussions will also be used in the preparations of the Czech delegation for WRC-03.

8. Bilateral and Multilateral International Contacts

Apart the participation of CTO representatives in events held by European and world telecommunication organisations, CTO delegates also took part in many bilateral and multilateral international meetings, seminars and discussions with the representatives of telecommunications administration bodies from another countries, focusing primarily on the exchange of experience to be used to the performance of the tasks of the specialised departments of the CTO, on issues associated with the accession of the Czech Republic to the EU and on gaining information about new telecommunications technologies in the world. The

CTO also took part in the organisation of international meetings and seminars held in the Czech Republic. The following major events took place in the Czech republic in 2000:

- Meeting of representatives of telecommunications administration bodies of Austria, the Czech Republic, Germany, Switzerland and Liechtenstein. The purpose of the meeting was to conclude “special agreements” under the Vienna Agreement;
- Co-ordinating negotiations among Austria, Slovakia and the Czech Republic about the possibilities of determining and using the principles for international frequency co-ordination for DVB-T in channels 61-69,
- Meeting of the RAINWAT Group under the regional arrangement concerning radiotelephony services on inland waterways;
- Consultations on the issues of the regulatory framework for digital radio and television broadcasting in Germany at the Telecommunications and Postal Services Regulatory Office in Mainz;
- Multilateral meeting of the representatives of communications administration representatives from Poland, the Czech Republic, Slovakia and Germany on the frequency co-ordination of the UMTS/IMT–2000 systems;
- Study trip of a CTO delegation to Spain under the twinning project;
- Quadrilateral co-ordination meeting among Austria, Slovakia, Hungary and the Czech Republic to address the remaining issues of the mutual conditions for using the channels beyond the 60th television channel;
- Working visit to the RegTP regulatory Office in Bayreuth, Germany;
- Meeting organised by the Slovak Telecommunications Office to discuss, and conclude agreements on, the P-MP and FWA systems with the neighbouring states in respect of frequency co-ordination within the frequency bands of 3.5 GHz, 26 GHz and 28 GHz, and to consider other issues relating to the international frequency co-ordination process. The meeting took place in August in Bratislava and was attended by representatives of communications administration bodies from the Czech Republic and Slovakia and by representatives from Austria, Hungary, Germany, Poland, Slovenia and Ukraine;
- Visit to the CeBIT 2002 information and telecommunications technology Fair in Hannover,
- Visit to the SYSTEMS 2002 information and telecommunications technology Fair in Munich.

In 2002, CTO organised or co-organised several international meetings and other events held in the Czech Republic:

- Bilateral international meeting with representatives of the German Army to discuss the conditions and opportunities to use the frequencies beyond the 60th channel for digital broadcasting purposes;
- Quadrilateral international meeting of representatives of Poland, Slovakia, Germany and the Czech Republic on frequency co-ordination and the possibilities of using the frequencies beyond the 60th channel for digital broadcasting purposes;
- International seminar on the regulation of the telecommunications markets in the Czech Republic, Germany and EU Member States;
- Press conference given by the CTO Chairman on the occasion of finishing the twinning project. The conference was attended by the Spanish Ambassador, Head of the Delegation of the European Commission to the Czech Republic, the Spanish Pre-accession Adviser and the Project Manager.

3. Activities at the National Level

3.1 Economic Regulation

CTO's major activities in the area of **economic regulation** in 2002 are described below.

In the disputes relating to the price for interconnection, nine pricing decisions were made in respect of the prices for interconnection of the public networks, structured according to the telecommunication services on the basis of the detailed analyses of the proposals submitted by the individual public telecommunication network operators. The calculation of the interconnection prices was based on Section 78 of the Telecommunications Act, as amended.

Eighteen submissions were submitted to the CTO in 2002. In those submissions, telecommunications system operators and telecommunications service providers referred to the CTO their disputes relating to the interconnection of public telecommunication networks according to Section 78 of the Telecommunications Act. Eleven submissions were settled in 2002 by the issue of price decisions prescribing the method of calculation and the maximum, or minimum, interconnection prices. The remaining disputes relate to three major areas: number portability, interconnection to provide access to assistance services within the public mobile telecommunication networks and to the free calls. These disputes are to be addressed in 2003.

The LR(A)IC (Long Run Average Incremental Cost) model, based on the principle of long-run average increments costs, was used for the first time in 2002 to calculate the prices for public telecommunication networks interconnection in respect of the service of end-to end calls to the public fixed telecommunication networks. The joint project aiming at developing a methodology of pricing for interconnection at the local level via one transit and two transits on the basis of the "bottom-up" cost model was initiated under the auspices of the Association of Public Telecommunication networks Operators (APVTS). CTO agreed to participate in the project. The "bottom-up" cost model is available in electronic form on CTO's web pages (www.ctu.cz).

Experience gained from the disputes between the telecommunication networks operators, telecommunications service providers and Internet network service providers was reflected in the fact that regulation was imposed on the prices of the dial-up access to the Internet services through the public fixed telecommunication network of ČESKÝ TELECOM, a. s.

In January 2002, CTO issued – under its pricing decision in compliance with Act No. 256/1999 on Prices, as amended – a list of telecommunication services to which officially determined prices are applied. This pricing decision includes four annexes where the maximum prices are prescribed and where conditions are defined for the pricing of selected telephony services comprised in the universal service based on Section 77 of the Telecommunications Act, for the pricing of domestic (intra-state) radiocommunication services of radio and television transmitters and converters for radio and television broadcasters, and for the pricing of the leases of outside broadcasting vans for television and radio relays.

The Czech Telecommunications Office issued 11 pricing decisions in 2002:

Number	Name
01/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public telecommunication networks for the service of end-to-end calls to public fixed telecommunication networks
02/PROP/2002 cancelled by Decision 06/PROP/2002	Pricing decision laying down the maximum prices for interconnection of public telecommunication networks for the service of the end-to-end calls to public fixed telecommunication networks
03/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediating users' access to Internet network services via an interconnecting point, and the maximum price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediating users' access to Internet network services via the interconnecting point
04/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public fixed telecommunication networks for mediating access to the free calling service, and the maximum price for interconnection of public fixed telecommunication networks for mediating access to the free calling service
05/PROP/2002 cancelled by Decision 09/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediating subscribers' access to selected carrier's services through short individual dialling (carrier selection) for individual calls, and the maximum price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediating subscribers' access to selected provider's services through short individual dialling (carrier selection) for individual calls
06/PROP/2002	Pricing decision laying down the maximum prices for interconnection of public fixed telecommunication networks for the service of end-to-end calls to public fixed telecommunication networks
07/PROP/2002	Pricing decision amending Pricing Decisions of the Czech Telecommunications Office No. 03/PROP/2002 of 21 May 2002 and No. 04/PROP/2002 of 14 June 2002
08/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public fixed telecommunication networks for mediating access to special tariff services
09/PROP/2002	Pricing decision laying down the method of calculation of the price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediation of subscribers' access to selected carrier short individual dialling (carrier selection – "CS") and through pre-dialling the numbers (carrier pre-selection – "CPS"), and the maximum price for interconnection of public fixed telecommunication networks for the provision of the telecommunication services of mediation of subscribers' access to the CS and CPS services
01/2002	Pricing decision to issue a list of telecommunication services with regulated prices in force for selected sellers and purchasers (both natural and legal persons) of telecommunication services indicated in this Pricing Decision,

	as amended in Appendices No. 1 and No. 2
02/2002	Pricing decision laying down fixed prices for dial-up access to Internet network services through the public fixed telecommunications network of ČESKÝ TELECOM, a. s.

Four price inspections have been proceeded in ČESKÝ TELECOM, a. s., Eurotel, spol. s r. o., and RadioMobil, a. s. in 2002 in accordance with Act No. 526/1990 and with Decree No 580/1990 (implementing the Act).

In ČESKÝ TELECOM, a. s., the price inspection was closed in 2000. A breach of pricing regulations was identified. Administrative procedure will be initiated on the basis of the result of the inspection with a view of imposing a fine on ČESKÝ TELECOM, a. s. in accordance with Act No. 526/1990.

Statistical Surveys

CTO's activities in the statistical surveying area were dictated by the need to provide basic information and data about Czech telecommunications for use by the Czech Statistical Office, for the Regulator and for international telecommunications statistics. The key purpose was to prepare statistical surveying in the form of sector reports for 2003 and for the Statistical Surveying Programme.

The statistical survey reports in the telecommunications area for 2003 were approved by the Czech Statistical Office and included in the 2003 Statistical Surveying Programme, published in the Collection of Law official journal, Part 163/2002.

Data collection from about 1600 reporting entities active in the telecommunications business, continued during 2002. Questionnaires for international statistics, particularly for the OECD, ITU, EUROSTAT and the European Union, were completed on the basis of the data, which were continuously collected and subsequently summarised.

Economic Analyses

In the economic analyses area, 22 applicants for telecommunication licences were examined for financial capability (both its material and formal aspects), based on Section 17 of the Telecommunications Act. The Business Plan was subjected to financial analysis. Seventeen of the total number of companies that had applied for having their financial capability examined (to be eligible for telecommunication licence allocation) were found financially capable and another 5 applicants are still in the process of financial capability testing, as they failed to submit a complete set of documents and evidence (they are now complementing the missing materials step by step).

Proposals for maintaining separate records of the costs, sales and the capital invested began being evaluated in respect of 48 companies in 2002. These separate bookkeeping records will serve as a basis for cost analyses and for pricing purposes. Seven methodologies of separate cost, sales and capital recording were approved.

Administrative procedure was instituted in 2002 with Eurotel Praha, spol. s r. o., with RANN GLOBALNET, a. s. and with BT (Worldwide) Limited, Organisation Unit.

A fine was imposed on Eurotel Praha, spol. s r. o. for making it impossible to conclude an interconnection agreement according to Section 97 Subsection 1 Clause v) of the Telecommunications Act. The company appealed against that decision. As at 31 December 2002 the proceedings were still under way.

Administrative Proceedings were commenced with RANN GLOBALNET, a. s. in the matter of fulfilment of the telecommunication licence holder's duties of defined in Section 34 Subsection 1 Clause b) of the Telecommunications Act, according to which any

telecommunication licence holder must – if so requested by the Office – provide the information needed to verify whether the given licence holder is still financially capable to perform telecommunication activities; fines may be imposed for failure to provide the information and documents according to Section 97 Subsection 2 Clause b) of the Telecommunications Act. The administrative proceedings were discontinued in accordance with Section 30 of Act No. 71/1967 on Administrative Proceedings (Rules of Administrative Procedure), because of the lapse of the cause for the proceedings initiated upon the move of the administrative body.

Administrative Proceedings were commenced with BT (Worldwide) Limited, organisation unit, for failure to fulfil the duties defined in Section 79 Subsection 2 of the Telecommunication Act and to impose a fine for not maintaining separate records of costs, sales and revenues, including also the capital invested according to Section 97 Subsection 1 Clause q of the Telecommunications Act. The Administrative Proceedings were discontinued in accordance with Section 30 of Act No. 71/1967 on Administrative Proceedings (Rules of Administrative Procedure), because of the lapse of the cause for the proceedings initiated upon the move of the administrative body.

Checking the Inputs in the LRI(A)C Model

The inputs of ČESKÝ TELECOM, a.s. in the LRI(A)C pricing model (prescribed in the 01/PROP/2002 pricing decision as the method of determining interconnection price were examined during June and August 2002. The adjusted inputs were processed in the pricing model and the results of the calculation were used for the determination of interconnection prices in pricing decision 06/PROP/2002.

Definition of Incumbent Telecommunication Operators

Measure No. OÚ-1/S/2003 was also issued to determine the operators of telecommunication activities with a significant market power. The list of such incumbent operators was published in Part 1/2003 of Telecommunications Bulletin.

On the basis of the statistics submitted in 2002, calculations were performed to determine the powers of telecommunication service providers and telecommunication network operators having a significant market power.

List of Incumbent Licence Holders with Justification of such a Position:

- a) position of public fixed telephony network operator and public telephony service provider through the public fixed telephony network with a significant market power – ČESKÝ TELECOM, a. s. (market power of 95.95%);
- b) position of public mobile telephony network operator and public telephony service provider through the public mobile telephony network with a significant market power – Eurotel Praha, spol. s r. o. (market power of 47.86%) and RadioMobil a. s. (market power of 44.97%);
- c) position of public telephony network operator and public telephony service provider through the public telephony network with a significant market power – ČESKÝ TELECOM, a. s. (market power of 48.79%);
- d) position of provider of the telecommunication service of leasing telecommunication circuits with a significant market power – ČESKÝ TELECOM, a. s. (market power of 49.97%);

- e) position of the ISDN public telecommunication service provider with a significant market power – ČESKÝ TELECOM, a. s. (market power of 96.94%);
- f) position of provider of the telecommunication service of data transmission via the public data network – ČESKÝ TELECOM, a. s. (market power of 84.59%).

The calculation was performed on the basis of the following formulas:

Calculation of the Telephony Service Market Power

$$(V_{11} + V_{22}) - (N_{11} + N_{22}) / (V_1 + V_2) - (N_1 + N_2) \times 100 = \text{power in \%}$$

where

V_{11} = revenues and sales of an individual telecommunication licence holder as generated from the public telephony service, including income from foreign operators;

V_{22} = revenues of an individual telecommunication licence holder as generated from network interconnection within the public telephony service;

N_{11} = costs of an individual telecommunication licence holder as paid to other telecommunication licence holders for network interconnection within the public telephony service;

N_{22} = costs of an individual telecommunication licence holder as paid to foreign operators within the public telephony service;

V_1 = revenues and sales of all telecommunication service holders as generated from the public telecommunication service, including income from foreign operators within the public telephony service;

V_2 = revenues of all telecommunication licence holders as generated from network interconnection within the public telephony service;

N_1 = costs of all telecommunication licence holders, as paid to other telecommunication licence holders for network interconnection within the public telephony service;

N_2 = costs of all telecommunication licence holders as paid to foreign operators within the public telephony service.

Calculation of the Shares of the Telecommunication Circuit Lease Market, ISDN Public Telecommunication Service Market, and Public Data Network Services Market

$$V_{11}/V_1 * 100$$

where

V_{11} = revenues and sales generated from the services by the individual service provider;

V_1 = revenues and sales generated from the services on the telecommunication circuits in total.

Statistical data the authorisation holders, concession holders and licence holders submitted on a mandatory basis for 2001 were inserted in the formulas.

Universal Service

A form for the calculation of loss generated in the provision of universal service was prepared on the basis of Section 31 Subsection 4 of the Telecommunications Act and Section 2 Subsection 1 of Decree No. 235/2001, laying down the details of the calculation of and compensation for the provable loss from the provision of universal service by the licence

holder. The draft blank was sent to all licence holders for comments. Their comments were reflected in the form, which was then officially issued. The notification of the issue of the form was published in Part 5/2000 of Telecommunications Bulletin.

The process of verification of loss from the provision of universal services and the payment to the universal service account is described in the “Information on the Management of the Universal Service Account in 2002”, published in Part 1/2003 of Telecommunications Bulletin.

Administrative proceedings were instituted in six cases in the matter of imposition of fines in accordance with Section 97 Subsection 1 Clause p) for failure to fulfil the duties of telecommunication licence holders defined in Section 32 Subsection 1 of the Telecommunications Act, setting forth the duty for telecommunication licence holders to pay financial contributions to the universal service account.

Information on the Management of the Universal Service Account in 2002

On 28 June 2002, ČESKÝ TELECOM, a. s. submitted to the Czech Telecommunications Office its calculation of its loss it had generated from the provision of universal service, amounting to CZK 265,474,849.31, in accordance with Section 32 Subsection 3 of the Telecommunications Act and in accordance with Decree No. 235/2001, laying down the details of the calculation of and compensation for provable loss from the provision of universal service by the licence holder (“the Decree”). The calculation was so submitted in the prescribed format, as issued by the Office under Ref. No. 11812/2002-611 and published in Part 5/2002 of Telecommunications Bulletin.

In accordance with the Telecommunications Act and the Decree, the Office verified the calculated amount of the loss from universal service provision by the telecommunication licence holder. On that basis, ČESKÝ TELECOM, a. s. submitted a corrected calculation, amounting to CZK 264,657,721 on 25 July 2002. The complete package of documents requested for the verification of the loss from universal service provision was handed over on 1 August 2002.

The Office examined the corrected calculations and the underlying documents. On 30 August 2002 the Office determined, on the basis of Section 32 Subsection 3 of the Telecommunications Act and Section 5 Subsection 1 and Section 7 of the Decree, the levels of the payments to be made by the individual telecommunication licence holders to the universal service account. The verified level of the loss and the contributions of individual telecommunication licence holders were made public on the same day on the official notice board of the in the building of the Office and, afterwards, in Part 9/2002 of Telecommunications Bulletin.

Calls for payment of the contribution to the universal service account were sent at the same time to the individual telecommunication licence holders.

On the basis of Section 32 Subsection 6 of the Telecommunications Act, the Office is obliged to publish a report on the management of the universal service account for 2002.

Universal Service Account for 2002

Name of telecommunication licence holder	Contributions to universal service account	Loss from provision of universal service	Date of payment
ČESKÝ TELECOM's loss from universal service provision, as verified by the Office		264,657,721	

Deduction of ČESKÝ TELECOM's contribution	128,974,552		
Total contributions paid	5,038,756		
including:			
ALIATEL	787,614		18 Sep 2002
BT (Worldwide) Limited, organisation unit	226,937		11 Sep 2002
Dial Telecom	44,089		17 Sep 2002
Factcom	16,168		19 Sep 2002
GTS CZECH	3,446,118		16 Sep 2002
MBC TELECOM	801		10 Sep 2002
MobilKom	117,015		24 Sep 2002
TELECOM 21	10,445		19 Sep 2002
UPC Czech Republic	66,745		30 Sep 2002
Telia International Carrier Czech Republic	322,824		19 Dec 2002
Amount remaining to be paid	130,644,413		

The Office issued charging orders for payments from the universal service account for ČESKÝ TELECOM, a. s., broken down according to the amounts of the contributions paid.

Universal Service Account – balance at the end of 2002 and opening balance in 2003

Balance as at 31 December 2002	322,824 *
Balance as at 2 January 2003	0

* Owing to the Czech National Bank's financial statements date, the payment made by Telia International Carrier Czech Republic a. s. could be transferred to ČESKÝ TELECOM, a. s., only in 2003.

Note: Information on the management of the universal service account in 2002 was published in Part1/2003 of Telecommunications Bulletin.

3.2 Regulation of Telecommunication Networks and Services

The activities carried out by CTO in the regulation of telecommunication networks and services provision in 2002 were primarily focused on creating adequate conditions and defining appropriate conditions on the Czech telecommunications market to encourage and strengthen competition between the operators of public telecommunication networks and public telecommunication service providers. This will lead to creating a wide spectrum of services to end users in the corporate sphere as well as to individual customers.

CTO pursued various activities in this area in 2002, and the most significant of these activities were those that led to defining substantial measures such as:

- a) complete renumbering of the public telephony network (overnight 21/22 September 2002);
- b) introduction of the carrier selection service (“CS”, through a short individual pre-dial for each call) with deadline of 30 June 2002,
- c) introduction of the carrier pre-selection service (“CPS”, through fixed pre-dial) with deadline of 31 December 2002;
- d) introduction of the number portability service (“NP”) in fixed telecommunication networks with deadline of 31 December 2002.

CTO made use of all its legal powers, based on the Telecommunications Act, to achieve all these objectives and, thereby, to substantially improve competitive conditions on the Czech telecommunication market and catching up with the EU level.

However, it must be noted in this context that the definition of CTO’s powers in the current wording of the Telecommunications Act is not fully satisfactory and that many areas are not covered by adequate CTO powers at all. Hence, in preparing for carrying out these tasks, which were of vital importance for the evaluation of Czech telecommunications in the accession negotiations, CTO had to rely, first of all, on a maximum possible level of agreement with all the players concerned. However, although this itself provides ground for referring to the general consensus if there is any argument or dispute, but there is no firm legal basis for enforceability.

3.2.1 Renumbering the Public Telephony Network (creating a closed numbering system)

CTO defined the basic rules for the transition to a closed numbering system already in the Numbering Plan for public telephony network, published in Part 9/2000 of Telecommunications Bulletin and updated in 2002 through Change No. 1 (Part 7/2002 of Telecommunications Bulletin). The renumbering date was set at the night from 21 to 22 September 2002.

During preparations for the renumbering, CTO consulted all the operators concerned and representatives of the key services providing emergency calls, and prepared, on that basis, a “Time Re-specification and Technical Conditions of Transition to Closed Numbering”, and published it in Part 4/2002 of Telecommunications Bulletin. At the same time, CTO issued and published in Part 4/2000 of Telecommunications Bulletin its Change No. 1 to Measure No. OÚ-5/T/2000 on Delineating the Boundaries of the Public Telephony Network, with detailed distribution of urban and rural areas among the individual telephone circuits. Subsequently, CTO organised work meetings to check the progress of preparations for the renumbering exercise and took part in the working group responsible for providing organisational conditions for emergency calls during the re-numbering of the public telecommunication network of ČESKÝ TELECOM, a. s.

CTO representatives then took part in the renumbering exercise itself: during the night of 21/22 September 2002, they monitored the progress of the renumbering, working with the work staffs of ČESKÝ TELECOM, a. s. as the dominant operator and Eurotel Praha spol. s r. o. as transient provider of connections for emergency calls.

3.2.2 Introduction of the Carrier Selection Service (CS, CPS) and Number Portability (NP)

Owing to the absence of legal authorisation in the Telecommunications Act for issuing normative rules for the introduction of the carrier selection services (CS and CPS) and number portability service (NP), CTO initiated already in 2001 the rise of a Number Portability Forum. On that basis and under joint leadership of the CTO and the Association of Public Telecommunications Operators (“APVTS“), technical and economic models for the introduction of CS, CPS and NP were then discussed during the year 2002 in the Forum working groups in the presence of CTO representatives, and these models were then developed to the form of draft specification documents.

The documents prepared in this way were then discussed in the Forum Steering Committee, led by CTO Chairman and APVTS Chairman. Once approved, these specification documents became the basic documents to describe the principles of co-operation between operators and their telecommunication networks in CS, CPS and NP implementation. Upon agreeing within the Forum Steering Committee, the approved documents were published on the CTO and APVTS web sites. CTO announced the adoption of each of these documents in Telecommunications Bulletin.

It should be reminded here that CTO finalised the specification documents to an appropriate form to ensure that when CTO obtains due legal authorisation for issuing the documents as normative material, e.g. under the amendment to the Telecommunications Act, which is currently being prepared, the documents can be prepared for issue without any substantial changes.

It can be stated that thanks to this co-operation between CTO and telecommunication network operators it was possible to meet the dates set out in the Telecommunications Act as deadlines for the introduction for the carrier selection service (31 July 2002), carrier pre-selection service (31 December 2002) and number portability in public fixed telecommunication networks (also 31 December 2002).

Besides the above substantial strategic tasks, CTO’s activities in the area of telecommunication network and service regulation were also focused during 2002 on the number of other important tasks, grouped below according to the major areas.

3.2.3. Telecommunication Networks and Services Licensing

Tender for Telecommunication Licences in the 3.5 GHz Band

In accordance with the conditions defined by the Telecommunications Acts a public tender was organised on 7 August 2002 for the award of telecommunication licences to establish and operate public telecommunication networks using fixed radio access networks of the P-MP type within the 3.5 GHz band. The tender was published as Part 8/2002 of Telecommunications Bulletin.

The purpose of the tender was – taking into account the available part of the frequency spectrum – to grant WTO licences (at the maximum), involving the obligation to provide public telephony services. The tender was opened in two separate parts, each for one frequency section at a width of 2 x 7 MHz; under the conditions of the tender, each applicant

could participate in both parts of the tender and win both frequency sections subject to the tender (total width of 2 x 14 MHz).

Three companies put their tenders within the required period of time, including Eurotel Praha, spol. s r. o., GTS CZECH, a. s. and Global-Tel a. s. Application for both parts of the tender was submitted only by one of them, Eurotel Praha spol. s r. o. The Steering Committee evaluated all the tenders for compliance with the conditions specified in the terms of reference, and considered the individual tenders' bids. On that basis, at its last session on 16 July 2002, the Steering Committee decided to recommend CTO to grant the telecommunications licences for both frequency bands to Eurotel Praha, spol. s r. o., whose bid was the best in both separate parts of the tender. CTO accepted that recommendation. Once Eurotel Praha, spol. s r. o. paid the required price of CZK 40 million (CZK 20 million for each of the two frequency bands), CTO issued for the winning tenderer on 12 December 2002 its decision on granting the telecommunication licence for establishing and operating a public telecommunication network and on granting the telecommunication licence for the provision of public telephony service.

Change No. 1 to General Licence No. GL-31/S/2001

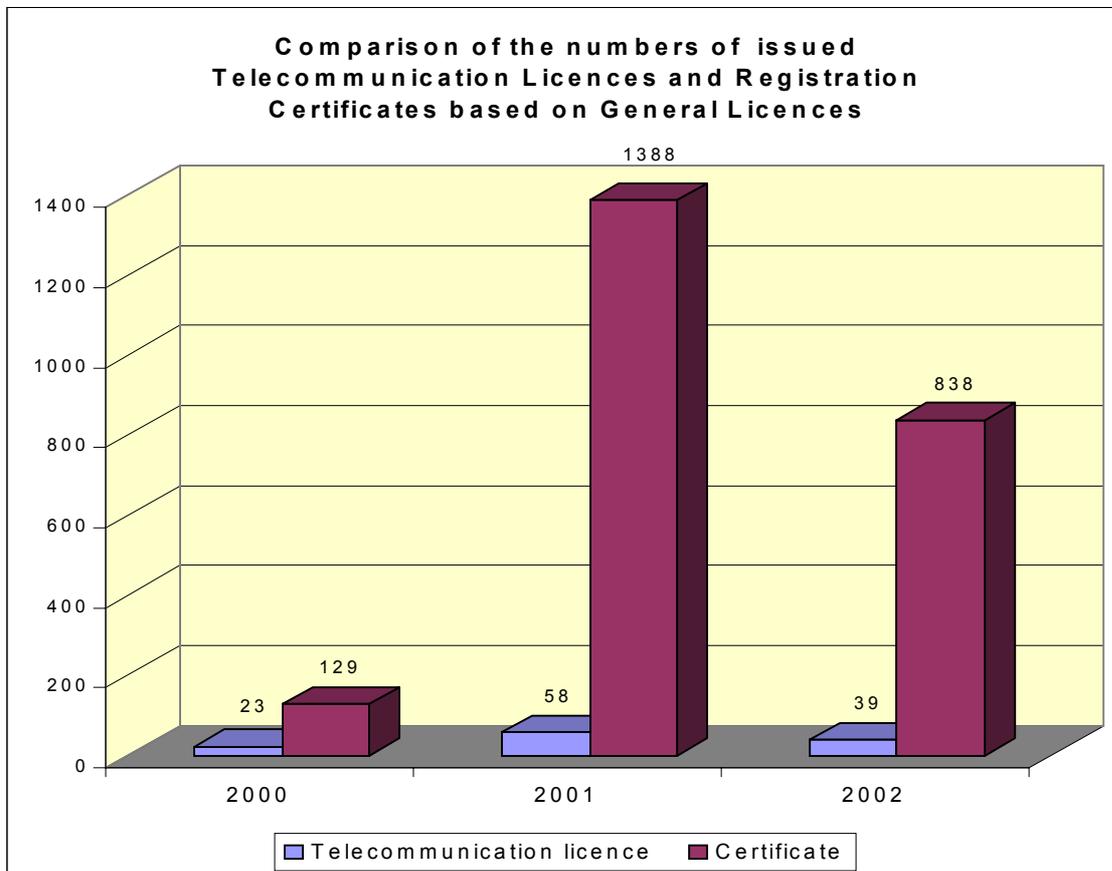
In accordance with the conditions set out in the Telecommunications Act, and having evaluated previous experience with the implementation of a package of general licences for provision of telecommunication services, CTO decided to modify General Licence No. GL-31/S/2001 to provide the telecommunication service of the transmission of data and other information via public and non-public fixed and mobile radio transmission networks. After a public discussion, the general licence was modified through Change No 1 to the Licence, published in Part 5/2002 of Telecommunications Bulletin.

The change in the general licence was a response to the need to make it possible under the specific statute of mass radio networks to provide also public voice services (as a certain analogy of public telephony service) whose provision is tied to the public telecommunication network. This enhanced the competitiveness of the networks concerned.

Other

In the area of public telecommunication networks and provision of public telephony service, 39 telecommunication licences were granted on the whole in 2002, based on Section 14 *et seq.* of the Telecommunications Act. Of this number, 29 licences applied to the establishment and operation of a public telecommunication networks, nine of which involved the specific category of the operators of the so-called mass radio networks within the 460 MHz band. The remaining ten cases included telecommunication licences for the provision of public telephony services via public fixed telecommunication network, and 1 licence was granted for the provision of public telephony service via public mobile telecommunication network.

In accordance with the provisions of Section 50 of the Telecommunications Act, 789 registrations had been made as at 31 December 2002 on the basis of the general licences for the provision of telecommunication services. Another 49 registrations were made on the basis of general licence No. GL-24/T/2000 to establish and operate public telecommunication networks designed exclusively for one-way dissemination of ration and television signals along lines.



The above-mentioned numbers of registrations based on the general licences reflect the fact that the so-called “re-registration” process was completed after the 2000–2001 period, based on the requirements and conditions of the Telecommunications Act. The numbers of registrations also testify to the on-going process of stabilisation of the range of entities providing telecommunication services for which general licences are required.

3.2.4 Administration of Numbers and Numbering Plans

Change No. 1 to the Public Telephony Network Numbering Plan

To meet the need to renumber the public telephony networks and thereby to switch to a closed numbering system, CTO prepared its Change No. 1 of the Public Telephony Networks Numbering Plan. The main purpose was to modify the numbering rules as a response to the new configuration of the public telephony (159 former nodal telephone circuits – UTOs – or delineated local networks – VMSs – had been abolished and, on the other hand, only 14 so-called telephony circuits – TOs – had arisen). It was first of all necessary to respond to the introduction of the unified nine-digit length of the subscriber numbers, the zero (“0”) character being eliminated. At the same time, the allocation of the national destination codes (NDCs) of TC type to the individual newly created telephone circuits (TOs) needed to be confirmed; these codes are currently integral parts of the subscriber number.

In addition, Change No. 1 of the Public Telephony Network defined more specifically the conditions of using the abbreviated number 10XX(X) for the introduction of advanced CS- and CPS-based services, added more precision to the rules for using numbers for additional services, and modified the distribution of the SAC codes for services, and also

access codes. The rules of numbering were thus defined for the conditions of the newly prepared introduction of number portability (NP).

CTO issued and made public Change No. 1 to the Numbering Plan for the public telephony networks in Part 7/2002 of Telecommunications Bulletin.

Numbering Plan of the Public Data Networks and Draft ADMD Numbering Plan

Owing to the absence of definitions for the number of public data networks, which was previously subject to Uniform Rule No. 8/T/1998 laying down the public data network numbering plan published in Part 6/1998 of Telecommunications Bulletin, CTO prepared a draft Numbering Plan for the public data networks. In addition to the rules for numbering for the public data networks, this numbering plan also contained rules for the numbering of private data networks. The draft plan was first published as exposure material (for discussion) in Part 7/2002 of Telecommunications Bulletin. On the basis of the comments from the discussion, CTO had worked out a final version of the Public Data Networks Numbering Plan and issued it in Part 10/2002 of Telecommunications Bulletin.

Work was at the same started on the replacement of the last rule of the former Uniform Rules system – Uniform Rule No. 7/T/1998 for the addressing and formation of management names for the Message Handling System (MHS), made public in Part 6/1998 of Telecommunications Bulletin, which had applied to the addressing and creation of names for the management areas within the MHS system according to the conditions of the former telecommunications legislation. CTO therefore prepared – and issued in Part 12/2002 of Telecommunications Bulletin – a new draft plan. After discussion on this draft, which continued until the end of the year 2002, the definitive version of the Numbering Plan of Addresses and Names of Management Domains for the Message Handling System has been prepared for issue in 2003.

Other

In 2002, in addition to the above activities in the number management and numbering plans area, CTO issued administrative decisions, responding (by the Telecommunications Act-based procedure) to 208 applications for allocation of names, codes and number series and 39 applications for withdrawal of previous allocations. In all cases specified by Government Order No. 181/2000 prescribing the fees for allocation of frequencies and numbers, the appropriate fees were assessed and collected (in addition to administrative charges). The collected fees amounted to CZK 104,546 thousand in total for the year.

The table below represents an overview of the decisions made:

Issued decisions on number allocation, decisions to change number allocation decisions, and decisions to withdraw numbers, relating to the numbers and codes:	
Type of number (destination)	Number of decisions
10 – Carrier selection or pre-selection (CS/CPS)	19
11 – European harmonised short codes and the so-called “mandatory services”	3
12 – Socially important operator services	9
13 – Access to the service equipment of telephony network operators	1
14 – Information provided by public telephony network operators. Commercial, offering, emergency and safety services	6
601 ÷ 608; 72X, 73X, 77X - National (meaning) numbers for mobile networks	11
70Y, 710 – Personal numbers (UPT)	2
71Y – Selective signalling services (ERMES, paging), national (meaning) network numbers of the “TETRA” standard	1
800 - Freephone services	34
81Y; 83Y; 84Y – Shared cost services	8
82Y – Virtual prepaid calling card services	2
84Y – Universal access number services	1
900; 906; 909 – Premium rate services (PRS)	67
93 - National answering service	1
95Y - Code for access to non-public networks, voice and data services	1
971 - Access to Internet	19
97Y - Access code to data networks and other telecommunication networks	4
Subscriber numbers in the nodal telephone circuits (UTOs)	44
Administration management domains (ADMD)	1
230 – Mobile network codes (MNC)	1
ISPC – Codes of international signalling points of the SS7 signalling network	5
SPC – Signalling points of the SS7 transition signalling network	7
Total number of decisions issued:	247

3.2.5 Interconnection and Network Plan Administration

Administrative Procedures in Respect of Changes to the Reference Interconnection Offers

Administrative decision-making based on Section 39 Subsection 7 of the Telecommunications Act was a specific action in 2002 in which CTO used its right to decide on changes to the reference interconnection offers ("RIOs"). It did so in the case of all three incumbent public mobile network operators. Administrative proceedings to change the RIO were first initiated with ČESKÝ TELECOM, a. s., then Eurotel Praha, spol. s r. o. and finally RadioMobil a. s. The purpose of these moves was an adjustment of the reference interconnection offers published by those companies in Telecommunications Bulletin, and the adjustment applied to those parts of the RIOs which – in CTO's view – did not meet the legal requirement for equal interconnection conditions.

CTO issued its decision about the changes that needed to be made in ČESKÝ TELECOM's RIO on 17 April 2002, in the RIO of RadioMobil a. s. on 28 May 2002 and in the RIO of Eurotel Praha, spol. s r. o. on 31 May 2002. All these companies made use of their right on appeal and challenged the first-instance decisions. At the end of the year 2002, the Administrative Procedure was already completed with Eurotel Praha, spol. s r. o. by the decision of the appellate body, which in fact confirmed the first-instance RIO-related decision made by CTO. As to the RIOs of ČESKÝ TELECOM, a. s. and RadioMobil a. s., the Administrative Procedures were still under way as at the end of 2002.

It can be stated in the context of the procedures relating to changes in the RIOs that – although it was impossible (because of the complexity of the issues and because of the need to apply procedural rules based on Act No. 71/1967 on Administrative procedure, as later amended) to close all the administrative procedures still in 2002 – the partial conclusions and views held by CTO in those procedures were also applied by CTO in the individual administrative proceedings in interconnection disputes.

Settlement of Disputes Relating to Public Telecommunication Network Interconnection Contracts

Administrative decision-making relating to disputes among public telecommunication network operators in respect of interconnection contracts is among CTO's key activities in the interconnection area. CTO applies in such cases the rules of "open access to networks", which are defined mainly in Part 6 of the Telecommunications Act, including, but not limited to, Section 37 *et seq.*

Over the period under review (2002), CTO held 46 administrative proceedings, addressing the operators' disputes over concluding interconnection contracts, or annexes to already existing contracts. This number of disputes (compared with only 15 disputes in 2001) is yet another proof of the importance of this area of CTO's activities for the development of competition in the telecommunications market. In those administrative proceedings conducted by CTO in 2002:

- a) CTO issued 14 administrative decisions in respect of telecommunication networks interconnection;
- b) CTO issued 22 administrative decisions on suspending the administrative proceedings mainly in those cases where CTO's entry in the interconnection contract negotiations contributed to "boosting" the negotiating efforts of both parties, which then reached agreement without CTO's official decision;
- c) In 4 cases, CTO replaced the annex to the already existing interconnection contracts.

In spite of the great number of decisions issued by CTO in the network interconnection administrative proceedings, it must be stated again that CTO does not have sufficient legal support for rationally intervening in the disputes. Findings from the decision-making practice indicate that in many cases the negotiation on the interconnection contracts is lengthy and ineffective, mainly owing to the lack of interest on the side of large operators. Of course, incumbents with a dominant position in each particular part of the telecommunications market enjoy – and make use of – their specific position. The reasons why it is so include the following:

- a) non-existence of sanctions for failure to respect the methods and meet the terms relating to negotiations on interconnection agreements;
- b) non-existence of a definition on the regulator's (CTO's) authorisation to enter on its own initiative in the interconnection negotiations to speed them up (although such an authorisation is defined in both Directive No. 97/33/EC and the new Directive No. 002/19/EC;
- c) non-existence of conditions that would enable CTO to publish the complete contents of the interconnection contracts, as required by Directive No. 97/33/EC,
- d) the possibility, existing until the end of the year 2000, to block the effective application of any CTO decision by bringing the case to a court (based on Section 10 Subsection 3 of the Telecommunications Act).

The above mentioned limitations, resulting from the drawbacks in the existing legislation, make it very difficult for CTO to intervene effectively in various matters (not only in the interconnection disputes). Hence, CTO also focused its efforts on defining the conditions of the newly prepared legal regulations so as to adequately reflect (also in the area of the regulator's authorisation to regulate telecommunication networks and services) the requirements of the new EU Directives as well as the experience from CTO's decision-making practice.

Administrative Proceedings in the Matter of ADSL

Upon the basis of submissions from alternative public telecommunication networks operators ("AOs") and upon thorough assessment of the current situation on the telecommunications market, CTO decided to intervene in the dispute between the AOs and ČESKÝ TELECOM, a. s. The cause was that ČESKÝ TELECOM, a. s., or its subsidiary IOL, began offering connection for end users, using the ADSL technology (ADSL allows providing high-speed and large-capacity data transmissions on adequately equipped subscriber lines (i.e., for example, high-speed Internet access. ČESKÝ TELECOM, a.s. did not make such a possibility available to the AOs, for example in the form of a wholesale offer; hence, there was a danger of breach of the competitive conditions on the market and achievement of a considerable competitive advantage for ČESKÝ TELECOM, a. s.

CTO commenced administrative proceedings in this matter on 12 June 2002 and issued a preliminary ruling on 27 June 2002, imposing the duty on ČESKÝ TELECOM, a.s. to stop offering and providing the telecommunication service under that brand name IOL Platinum, which included broadband access using the xDSL (ADSL) technology. The final verdict was issued by CTO on 12 August 2002. ČESKÝ TELECOM, a.s. challenged that verdict and once CTO President made the decision, ČESKÝ TELECOM, a.s. brought an action before the court (before the end of the year) for remedying the administrative decision, doing so on the basis of Section 102 Subsection 3 of the Telecommunications Act. Bringing an action before the court means that the issued effective decision loses effect.

Administrative Proceedings in the Matter of the Dial-up access to Internet

On 5 September 2002, upon the initiative of the AOs, CTO commenced administrative proceedings in the matter of the conduct of a public fixed telephony network operator with a significant telecommunications market share in respect of an interruption, termination, significant change or reduced accessibility of services to other telecommunication networks operators or service providers. The actual cause of the dispute was that ČESKÝ TELECOM, a. s. terminated unilaterally all contracts for the provision of the dial-up Internet access service. This act made by ČESKÝ TELECOM, a. s. threatened again to break the balance of competitive conditions on the dial-up Internet access market in favour of the dominant operator providing service to a decisive percentage of Internet end users.

On 22 September 2002, CTO issued a preliminary ruling to maintain the situation that had existed prior to the termination of the contracts for Internet service provision pending the entry into force of a final decision. At the same time, CTO issued its pricing decision 2/2002 to include in the regulation scheme the end prices for the Internet dial-up access service, contained in the pricing plans of ČESKÝ TELECOM, a. s. The final decision was issued by CTO on 9 January 2003. Again, ČESKÝ TELECOM, a. s. challenged this decision.

CTO's effort to settle this dispute between the dominant public fixed telecommunication service operator and the AOs, or ISPs, led to the formation of a public Forum for New Dial-up Internet Models on 1 November 2002. Technical models of dial-up Internet, with adequate economic solutions, are being sought and defined on the basis of a wide consensus, involving APVTS representatives, telecommunication service users, all network operators and service providers, as well as the CTO.

3.3 Certification

In the certification area, CTO made decisions in 2002 on the basis of Section 95 Clause 2 of the Telecommunications Act. Those decisions concerned type approvals, acknowledgement of technical capability of the individual facilities, and the use of radio equipment for test purposes whose type was neither approved, nor acknowledged. CTO also defined regulations to apply to the approval of telecommunication equipment. In addition, it carried out tasks as authorised body for the assessment of conformity of radio and telecommunication equipment on the basis of Section 10 Subsection 2 of Government Order No. (NV) 426/2000, laying down the technical requirements for radio and telecommunication terminal equipment, as amended by Government Order No. 483/2002 ("NV 426").

3.3.1 Issuing Decisions on Type Approval, Approval of Selected and Individually Produced Telecommunication Facilities and Decisions on the Use of Radio Equipment for Testing Purposes

In 2002, as many as 482 decisions were issued, including 457 decisions on type approval, 19 decisions on approval of individually produced equipment and 6 decisions on the use of radio equipment for testing purposes. The proceeds from those activities amounted to CZK 1,363,000.

The structure of the decisions issued in 2002, as to the type of equipment, is shown in the following review:

Overview of the Numbers of Decisions on the Approval of Telecommunication Equipment in 2002¹⁾

	Type of Decision	Numbers of decisions issued ²⁾		
		in		
		2000	2001	2002
1. A	Approval of the type of terminal equipment	283	273	286⁴⁾
	<i>Of this:</i>			
	a) Telephones	26	24	45
	b) Coin and card payphones	4	3	2
	c) Cordless telephones	13	17	25
	d) Answering and recording machines	15	10	16
	e) Security equipment	9	19	16
	f) Faxes, fax modem cards	104	111	118
	g) Modems, modem cards	14	16	14
	h) Direction finders	0	11	1
	i) Private branch exchanges, switching equipment	24	21	34
	j) Teleprint equipment	0	0	0
	k) Equipment with digital interfaces, ISDN	59	37	4
	l) Auxiliary passive equipment	15	4	11
1. B	Approval of the type of radio equipment	322	193	171⁵⁾
	<i>Of this:</i>			
	a) Radio and TV transmitters, converters	14	19	11
	b) Radio relay equipment	77	53	61
	c) Equipment for special services (radars, amateur rigs)	2	3	0
	d) PPS radio stations, including data transmission	76	45	67
	e) Citizen band radios	5	8	0
	f) Radio telephones	33	12	20
	g) Command and security equipment	83	50	3
	h) Paging	5	0	3
	i) Other radio equipment	2	2	0
	j) Satellite Communication equipment ³⁾	25	1	6
2. A	Approval of technical capability of individually produced terminal equipment	2	2	1
2. B	Approval of technical capability of individually produced radio equipment	14	8	18
3.	Decision on using for test purposes radio equipment whose type was neither approved nor acknowledged	21	8	6
	T o t a l	642	484	482⁶⁾

- ¹⁾ *On 1 May 2001, part of the radio and telecommunication terminal equipment was exempted from the approval regime based on the Act on Telecommunications and on Amendment to Other Acts. From the same date, this equipment has been subject to conformity assessment on the basis of Government Order (NV) No. 426/2000.*
- ²⁾ *What is reported is the number of decisions that have entered into force;*
- ³⁾ *until 30 June 2002, this also includes decisions on approval of cable and SAT TV elements;*
- ⁴⁾ *of this, 103 decisions issued on the basis of Section 10 Subsection 1 of NV No. 426;*
- ⁵⁾ *of this, 58 decisions issued on the basis of Section 10 Subsection 1 of NV No. 426;*
- ⁶⁾ *of this, 161 decisions issued on the basis of Section 10 Subsection 1 of NV No. 426.*

Commentary on the Table:

The overview of the terminal telecommunication equipment approved in 2002 suggests that there is a relation with the development of Internet services, which is reflected, in particular, in the number of PC-inbuilt fax modem and modem cards. The transition from the CT 1, CT 1+ a CT 2 cordless telephone bands to the DECT band (and possibly also CT 0) led to an increased number of cordless telephones being approved. The increasing interest in ISDN services was not reflected in the overview of approved equipment, because this equipment category was exempted from the approval process thanks to full harmonisation with European standardisation requirements. A certain growth of the volume of approved traditional analogue terminal equipment (telephone sets, answering machines, private branch exchanges, switching equipment) is due, in particular, to the extension of the decisions whose validity expired on the basis of the provisions of Section 10 of Government Order (NV) No. 426.

In the area of radio equipment, the greatest number of approval decisions (67) were issued for the radio stations of the terrestrial mobile service. This is due, in particular, to the extension of the decisions whose validity expired on 30 June 2002 according to Section 10 Subsection 1 of NV 426. The majority of the approvals continued applying to radio relay communications, TV and R transmitters and GSM base radio stations – all these are categories for which CTO is expected to be involved in the conformity assessment process after the end of the approving work as at 31 March 2003. The rapid decline of the number of approvals for command and security equipment was primarily due to the completion of the process of approving most of the equipment of this category and their transfer to the conformity assessment regime based on NV No. 426. The growth of the decisions to approve the technical capability of individually produced radio equipment was mainly due to the fact that in 2002, CTO made the operation of (also) the older radio and television transmitters clearly conditional on compliance with the approvals in force: České radiokomunikace therefore asked for additional approval for a greater number of equipment types which had been put in operation before 1992 and for which no documents on technical capability were available.

3.3.2 Telecommunication Equipment Conformity Assessment Based on NV No. 426/2000

As at 1 May 2001, CTO began acting as authorised body for radio and telecommunication terminal equipment conformity assessment in accordance with Section 10 Subsection 2 of NV No. 426. On the basis of Notice No. 34/01 of the ÚNMZ* (Věstník ÚNMZ, No.7 of 13 July 2001), CTO has been entitled to use the identification number AO 260 in procedures based on the above NV.

* Institute for Standardisation, Metrology and State testing

Fulfilling its tasks based on NV No. 426, the Office issued standpoints which must be respected by telecommunication equipment manufacturers and importers as decisive evidence for the Conformity Statement. Another two assessments were started 2002 and were not closed as at the end of the year.

The Certification Department also provided advice to manufacturers and importers on a daily basis, relating to the issuance of Conformity Statements and completion of the related evidence, test protocols, production documentation etc.

3.3.3 Harmonisation of the Approval Procedures Used by CTO with those used in the EU

Harmonisation of the Approval Procedures Used by CTO with those used in the EU is an essential condition for the preparation of the Czech Republic for accession to the EU.

Provisions of Title II of the Telecommunications Act, containing a reference to Act No. 22/1997 on Technical Requirements for Products and Amendment to Certain Other Acts, created prerequisites for conformity assessment according to Parliament and Council Directive No. 99/5/EC on Radio Equipment and Telecommunication Terminal Equipment and Mutual Recognition of their Conformity (the "RTTE Directive").

NV No. 426, laying down the technical requirements for radio and telecommunication terminal equipment, came into effect on 1 May 2001.

In that context, the CTO evaluated the *List of Selected Types of Telecommunication Equipment and Applicable Regulations*, made public in Telecommunications Bulletin Part 2 of 26 February 2001. An Annex to that List was published in Telecommunications Bulletin Part 4 of 24 April 2001, by which 55 items were exempted from the approval system. These included telecommunication terminal equipment without linkage to analogue interfaces of public telecommunication networks, and radio equipment made according to European harmonised standards and working on frequencies whose use is harmonised in the EU and specified in the Czech Republic by the respective General Licence.

Only the telecommunication terminal equipment connected to the terminal points of public telecommunication networks through analogue interfaces, and the radio equipment subject to the regime of individual permissions or licences, was the only terminal equipment to remain in the approval regime. The safety and electromagnetic compatibility of the equipment being approved had already been subject to the conformity assessment regime based on the applicable Government Orders (NVs): NV No. 168/1997 and NV No. 169/1997, as amended.

It is required for the transition of all telecommunication terminal equipment to the conformity assessment regime that the parameters of the interfaces offered by public telecommunication network operators at the network terminal points must be transparent and that these parameters must be notified. The Telecommunications Act had lacked provisions on the notification duty. CTO therefore initiated (through amendment to Act No. 22/1997) the extension of the Telecommunications Act so that the Act could fully correspond with the RTTE Directive in respect of the interfaces. Act No. 22/1997 was amended through Act No. 205/2002, and a new Section 36a was added to the Telecommunications Act through Part Three of that Act (No. 205/2002). The Act came into effect on 1 October 2002.

To achieve a full harmonisation of the telecommunication equipment approval process or conformity assessment with EU procedures and to create conditions for closing the Sector Supplement "Radio Equipment and Telecommunication Terminal Equipment to PECA" (Protocol to Europe Agreement on Conformity Assessment), CTO co-operated on changing and amending the relevant parts of NV No. 426. The change was made through Government

Order NV No. 483/2002, which came into effect on 15 November 2002. Thus conditions were created for closing the above Sector Supplement.

3.3.4 Harmonisation of Czech Approval Process Technical Standards and Regulations with Foreign Standards and Regulations

During 2002, the standards issued by CEN, CENELEC and ETSI were taken over in accordance with the technical standardisation plan of the Czech Standardisation Institute, after discussion with CTO. Once adopted and issued in the Czech Republic as the Czech Standards (ČSN), the applicable standards began being used in the approval process. They were also added to the rules base and made public on CTO's Internet pages.

Technical specifications reflecting the persisting diversity of connection systems in the public telecommunication networks (which is due to the fact that the digitalisation of public exchanges is still under way) continued being used in 2000 for approving the equipment designed for connection to the analogue interfaces of the public telecommunication networks. However, these specifications already complied with certain harmonisation documents that served as a basis for implementing the EU Directives applicable to the approval process or conformity assessment process for radio and telecommunication terminal equipment. These included, in particular, the TBR 21 document (Technical Basis for Regulation), ensuring the basic local harmonisation of the European telecommunication networks analogue interfaces together with some essential national complements. This also applies to the TBR 37 (EN 300 437) and TBR 38 documents.

All the technical standards and technical specifications applicable to the given type of equipment ("selected equipment", as the wording of the Telecommunications Act has it) were published as the so-called "rules base" and are available on CTO's Internet site.

As to the telecommunication equipment conformity assessment, CTO's web site contains a complete listing of the harmonised standards according to which the assessment is performed. The listing is based on the lists published in the Official Journal of European Communities (OJ EC) regarding the RTTE Directive in the EU) and NV No. 426 in the Czech Republic; it also contains a complete and up-to-date overview of European harmonised standards and the respective Czech technical standards.

3.3.5 Inspection Work on the Issued Decisions on Approvals and Conformity Statements

Inspections for compliance with the conditions, under which the decision was issued, and for compliance with the provisions of NV No. 426, were carried out in 2002 on the basis of Agreement on Co-operation between CTO and the Czech Trade Inspection, dated 29 March 2001.

3.3.6 Relations with the Public and the Media

A complete list of the telecommunication equipment that had been approved since 1992 was accessible to the broad public in 2002 on the Internet (www.ctu.cz) and was updated on a regular basis. In addition, it was available to anybody for inspection or extraction in the Certification Department.

Complete practical information and procedures concerning the approval process based on the Telecommunications Act are accessible to manufacturers and importers on CTO's web site. The web site also contains the List of Selected Types of Telecommunication Equipment, the rules base, an informative list of the harmonised standards, conformity statement sample copies and other information. The most important information is also available in the English language.

Members of the Certification Department took active part in a number of seminars, expositions and trade fairs of telecommunication equipment, held in the Czech Republic.

3.4 Frequency Spectrum Administration

In the scope of its authority, CTO is responsible for frequency planning within the selected frequency bands. It is also responsible for co-ordination of the frequencies at the national and international level, for decisions on issuing permissions to operate radio transmission equipment and for the collection of the charges for the frequencies allocated.

As to frequency planning for the radio and TV transmitters, 57 requests for new frequency allocations and modifications for analogue television transmitters were prepared and sent for international co-ordination in 2002, and so were 44 requests for frequency allocations for DVB-T and 33 requests for frequency allocations and modifications for analogue FM transmitters.

On the other hand, CTO evaluated 35 foreign requests for co-ordination of frequency allocations for TV, 134 requests for frequency allocations for DVB-T, 146 foreign requests for co-ordination of frequencies for FM radio transmitters and 1 request for frequency co-ordination for AM radio. Several hundred transmitters located in neighbouring countries and listed in ERO circulars were examined for T-DAB transmission, as to the possible impact on the transmitters or networks operating in the Czech Republic. Three foreign co-ordination requests were also considered.

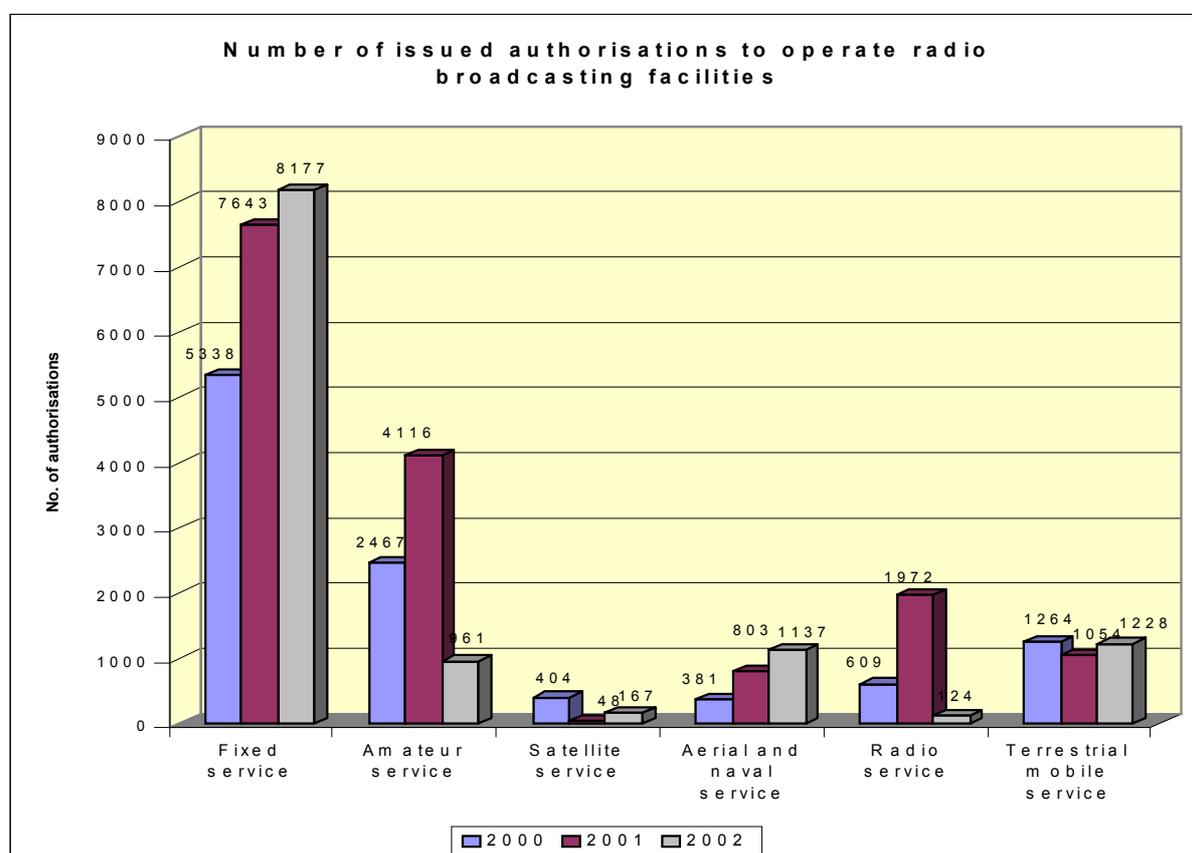
Within the context of the issues of making the 12th TV channel free for T-DAB (to apply the conclusions of the international agreement reached in Wiesbaden 1995 and co-signed by the Czech Republic), another 22 substitute frequencies were prepared for the TV converters currently working on the 12th TV channel, including the measurements needed for selection of such frequencies. Following up with the work done in 2001, CTO succeeded to ensure co-ordination for the majority of television converter frequencies and prepare conditions for starting the process of "clearing" that channel.

As many as 1,252 permissions for the operation of radio transmission equipment were issued to ensure the terrestrial mobile service. Changes to already existing permissions represented 105 of these cases, 926 permissions were put in harmony with the new Telecommunications Act, and 24 new short-term permissions were issued. Validity of 1,067 permissions was suspended in 2002, and 22 of this number were withdrawn for failure to comply with the conditions (failure to pay the assessed charges), whereas the remaining permissions were withdrawn upon the holders' request. Permissions for data networks in the bands up to 1 GHz are also included among those permissions: although they belong to the fixed service, they are planned and co-ordinated (because of their character) in the same way as the terrestrial mobile service networks.

As to the spectrum planning for the terrestrial mobile service, 416 co-ordination requests were sent in 2002 to the administrations of the neighbouring countries and, on the other hand, 1,300 foreign co-ordination requests were assessed – see the table below.

	State	GER	POL	SVK	AUT	Total
Co-ordination of Czech stations with foreign stations	1999	380	620	176	220	1396
	2000	99	162	72	127	460
	2001	154	200	73	36	463
	2002	70	219	60	67	416
Co-ordination of foreign stations with Czech stations	1999	2886	4611	194	214	7905
	2000	1227	2011	151	720	4109
	2001	354	424	104	271	1153
	2002	679	253	98	270	1300

Within the range of permissions granted for ship radio stations, 11 ATIS codes, 7 MMSI identification codes and 54 ship station answer back codes were allocated in 2002. For amateur radio operation, 885 permissions were issued for individuals, 39 permissions for club stations, and 16 for amateur converters. 21 permissions were issued for foreigners' amateur radio operation in the Czech territory. CTO considered 410 requests for co-ordination of RR communications received from foreign administrations and 2013 co-ordination request for RR communications were sent for consideration abroad. 24 request required national co-ordination with the Ministry of Defence a 44 requests sent by foreign administrations were evaluated with respect to co-ordination of terrestrial stations of satellite services. On the whole, 8177 permissions were issued for the fixed service communications.



Civil and military radio-communication services were co-ordinated on a continuous basis. Any conflicts of interests or interference were addressed by direct negotiation between CTO and the Czech Army's frequency Office – NARFA CZ. Activities were focused primarily on the continuous process of harmonisation of frequency spectrum utilisation and on the process of “clearing” selected frequency bands, which must be fully transferred to the Czech Army by the end of 2004 as a result of the accession of the Czech Republic to the NATO. CTO also addressed the issues of securing new frequencies, now considered necessary as a result of a change in NATO tasks. CTO was also involved in the assessment of the Ministerial and other materials and documents, and evaluated ITU weekly frequency circulars and their special annexes.

In compliance with the tasks resulting from the Telecommunications Act, CTO prepared technical documents for parts of the Plan for the Use of the Frequency Bands of 70 MHz, 900 MHz, 2 GHz, 3.5 GHz, 15 GHz, 38 GHz and 42 GHz, which were then published in Telecommunications Bulletin.

General licences for the operation of radio transmitting equipment were issued in order to simplify the administrative processes. This is so in the case of equipment that:

- is part of the terrestrial terminals of the satellite terrestrial mobile service in the Globalstar system,
- is part of the terminals of the UMTS Universal Mobile Telecommunication System.

All the already existing general licences for the operation of radio transmission equipment to which Government Order (NV) No. 426/2000 applied were changed in 2002. The change was made in the licences' parts relating to the approval of the equipment.

CTO was actively involved in the meetings of working groups for frequency planning, for system engineering, and for CEPT/ERC/ECC regulation. Members of the Frequency spectrum Administration Department took part in some of the meetings of the individuals working groups within the CEPT/ERC/ECC Frequency Planning Group. They joined the members of the Czech Army Frequency Office at regular civil/military meetings of the NATO Frequency Management Subcommittee (FMSC). Background material was prepared for the Regional Radio-communication Conference at Maastricht, addressing the issues of frequencies for transmission of the T-DAB for seven additional blocks in the L-band. CTO employees also attended the 5th multilateral international co-ordination meetings, discussing the issues of the utilisation of television channels above Channel 60 for the purposes of digital television broadcasting system. They themselves organised two of those meetings. However, the meetings provided only limited results because of the specific conditions and needs of the neighbouring countries.

3.4.1 Inter-ministerial Co-operation

In accordance with the Telecommunications Act, the issues of the use of the frequency spectrum and the questions of effective frequency spectrum management were primarily discussed with the Ministry of Defence, which was represented at the respective meetings by the NARFA CZ Frequency Office of the Czech Army. The key issues discussed at the joint meetings are those relating to the split of the frequency bands between civil and Army users.

Ten joint meetings and consultations were held in 2002, focusing on preparing the Czech positions in relation to the proposals or requirements of NATO frequency bodies or to the completion of the required questionnaires.

The major issues discussed during the course of 2002 include:

- Refining the timetable of clearing the frequency bands for the Army;

- Preparing a joint position towards the individual particular points of the agenda of the WRC-03 World Radio-communications Conference;
- Clearing frequency sections within the radio service bands for the introduction of digital television broadcasting, and/or termination of the operation of certain Czech Army facilities that are using those bands until now;
- Issues of interference with the local access network systems by the Czech Army Radiolocation Service;
- Issues of the use of frequency bands by Czech Army facilities that do not comply with the EU-harmonised frequency utilisation scheme, which is now under preparation;
- Issues relating to the use of frequencies in the crisis situations.

During preparations for the NATO 2000 Summit in Prague, CTO closely co-operated with the Ministry of Foreign Affairs on ensuring the security of the foreign delegations attending the Summit. Working together with the specialised departments of the Ministry of Interior and Ministry of Defence, CTO prepared all the background materials and documents concerning the use of the frequencies needed for the work of the bodies responsible for security and undisturbed course of the Summit sessions. On the whole, 34 short-term permits for frequencies use were issued upon request.

3.4.2 Co-operation with the Radio and Television Broadcasting Council

In accordance with the Telecommunications Act, the issues of the use of the frequency spectrum reserved for the radio service must be discussed with the Radio and Television Broadcasting Council. CTO and the Radio and Television Broadcasting Council co-operated in 2002 in compliance with the Telecommunications Act and the Broadcasting Act. CTO submits to the Radio and Television Broadcasting Council the co-ordinated frequencies upon the Council's request, including the technical parameters, and provides the Council with the operating transmitters database, including their parameters, on a regular (monthly) basis. Partial problems were addressed during the ordinary course of work.

CTO representatives took part in the activities of the Digital Broadcasting Group, which (under the Radio and Television Broadcasting Council) contributed to the preparations of the amendment to the Broadcasting Act. The purpose of the amendment is to provide a basis for starting digital television broadcasting, as the current wording of the Broadcasting Act does adequately reflect the conditions of digital broadcasting.

3.5 Exercising State Telecommunications Inspection

State inspection in the telecommunications area, based on Section 96 of the Telecommunications Act, is performed by authorised CTO employees – members of CTO State Inspection Department and CTO Areas Department.

Fifty-five inspections had been carried out in 2002 under the state telecommunication inspection scheme, focusing on compliance with the conditions defined in the telecommunications licence for establishing and operating public telecommunication network, on compliance with the conditions of the telecommunications licence for the provision of the public telephony service through the fixed network and on compliance with the conditions of the telecommunications licence for the provision of the public telephony service through the mobile network. Five fines, totalling CZK 1,120 thousand, were imposed in administrative procedures for faults detected during those inspections.

For failures to comply with the conditions of the general telecommunication service licence, which failures were detected during 21 inspections, CTO imposed 5 fines totalling CZK 102 thousand. For failures to comply with the conditions of the general licence for radio transmission facilities operation, as detected during 83 inspections, CTO imposed 65 fines totalling CZK 606 thousand. For failure to comply with the conditions of the general licence for establishing and operating public telecommunications network exclusively designed for one-way dissemination of TV or radio signals, which failure was detected during 31 inspections, one fine amounting to CZK 100 thousand was imposed. For failures to comply with the conditions governing the operation of radio transmission equipment, as detected during 496 inspections, 44 fines were imposed, totalling CZK 2,561.1 thousand.

On the basis of the 21 inspections of compliance with the conditions for displaying terminal telecommunications equipment and radio equipment and for launching them on the market, 7 fines were imposed, totalling CZK 216 thousand. For failure to comply with the conditions of connection of terminal telecommunication equipment to the public telecommunication network, as detected in 24 inspections, 24 fines were imposed, totalling about CZK 354 thousand.

For unauthorised performance of telecommunication activities (performance of telecommunication activities without telecommunication licence, without permit or authorisation, or certificate of registration for service provision according to the general licence) as detected during 641 inspections, 224 fines were imposed, totalling about CZK 6,120.5 thousand.

Within investigations of objections to how complaints in respect of telecommunication price settlement were handled in 2002, CTO made 733 searches of premises (on-the-spot examinations).

Within the framework of state telecommunications inspections performed in 2002 on the basis of reports by telecommunication network operators and telecommunication service providers, CTO conducted 597 administrative procedures, which resulted in the award of a decision in respect of detected and proved interruption of telecommunication service or any other intervention in the service. As many as 372 fines were imposed as a result of the proceedings, totalling about CZK 3,504 thousand.

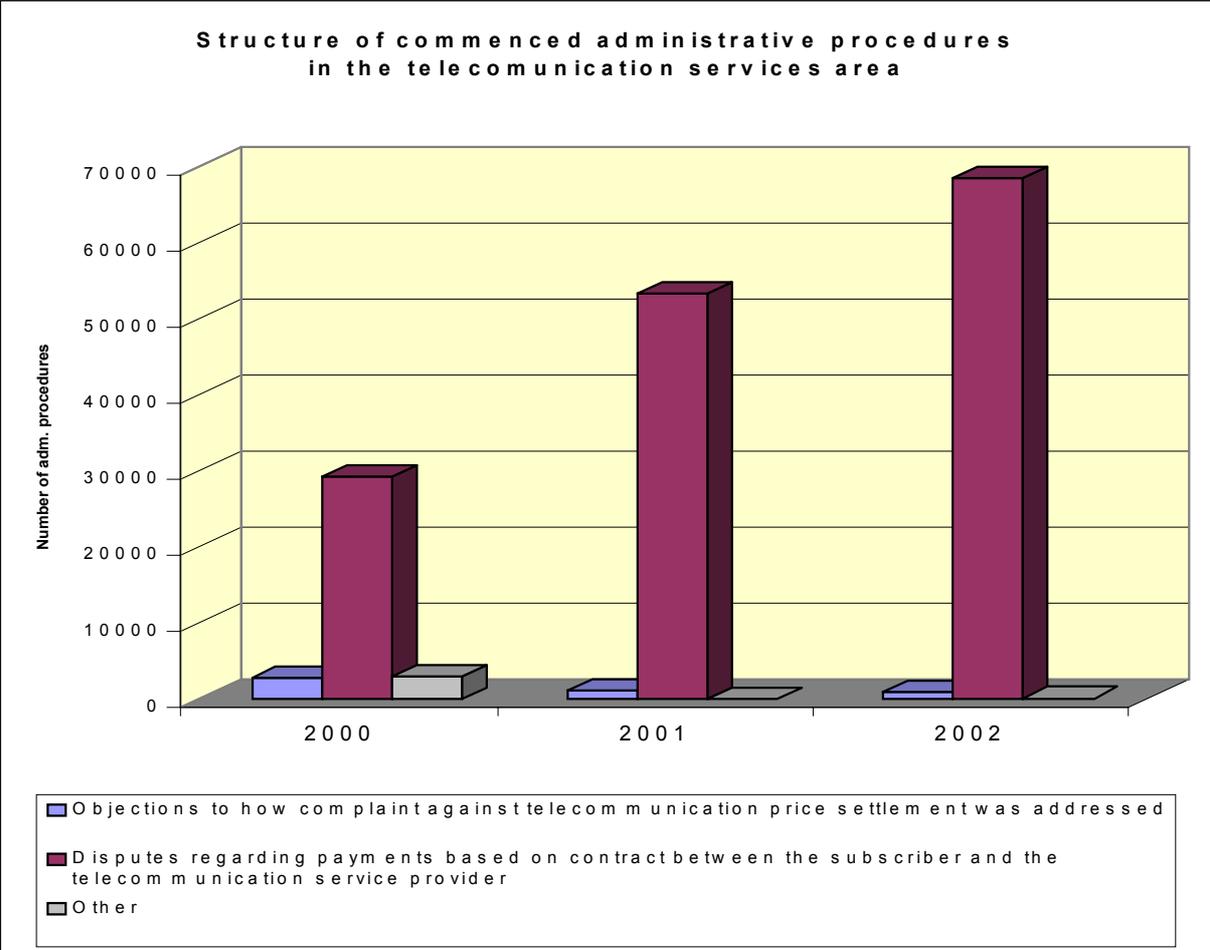
Further, CTO performed 1560 investigations and examinations of the sources of interference with radio and television reception. 68 fines amounting to CZK 535 in total were imposed on the operators of the interfering facilities. For interference in the operation of radio equipment and networks, as detected in 71 investigations, CTO imposed 6 fines totalling about CZK 33 thousand. For interference in the public telecommunication network designed exclusively for one-way dissemination of television or radio signals along lines, which interference was detected during 150 investigations, three fines were imposed, totalling CZK 8.5 thousand.

As to the decisions made in disputes in telecommunication services, a decline was recorded in 2002 in the number of filed objections to the way in which complaints regarding the settlement of telecommunication service prices were handled. This decline is primarily due to the effect of the new digital exchange technology (in 2002, ČESKÝ TELECOM, a. s. announced the completion of the process of digitalisation of the public telephony network), which allows to give the subscriber a copy of the list of calls from the given telephone station already in the complaint procedure. In 2001, as many as 1,222 administrative procedures were commenced in the matter of objections against the way in which complaints regarding settlement of prices for telecommunication services were handled. In 2002 the number of such procedures was only 959. Solution to these cases, including all the relevant discussions and

negotiations, is a lengthy process, requiring high professional skills, because most of those cases relate to disagreement with the price for the additional and complementary telecommunication services such as INTERNET or ISDN.

There were only a minimum number of other disputes between the telephone subscribers, or users, and the telecommunication service providers, addressed in administrative proceedings in 2002 (such as, for example, disputes concerning subscription transfers, changes to telephone station connection etc.).

A considerable increase was recorded in 2002 in the number of submissions relating to decisions on disputes concerning subscribers' duty to make payments on the basis of telecommunication service provision contracts between the public telecommunication network operator and a subscriber: as many as 68,537 administrative proceedings in these matters were commenced in 2002, whereas in 2001 the number of such proceedings was only 53,256. It can be stated that the numbers of these submissions have been growing since the entry into effect of the Telecommunications Act. It is believed that this growth is (at least partly) due to the increase in the number of telecommunication service providers who file proposals for settling these disputes with the Czech Telecommunications Office. Cases concerning unpaid prices from earlier periods where the debtors do not exist any longer, or are in bankruptcy, are particularly challenging and require considerable expertise. Similar issues are encountered in cases involving natural persons to whom it is difficult to serve official documents (the postal service returns the letters with a note that the addressee does



not stay at the given address).

State Inspection in the Telecommunications area

The activities of State inspection in the telecommunications area in 2002 were primarily focused on:

- Inspection of submitted assessments of how the universal service parameters and indicators in the fixed telecommunication network were fulfilled by the public telephony service providers upon whom the fulfilment of such parameters and indicators was imposed by the telecommunication licence or by authorisation to provide public telephony services in 2001;
- Verification of the report on compliance with the minimum requirement for network development, as defined by the population coverage with the GSM signal of the holders of Authorisations to establish and operate the GSM-standard public mobile telephony network;
- Assessment and treatment of comments on the draft General Conditions Public Telecommunication Service, as submitted by the operators to CTO;
- Considering and discussing the draft General Conditions of ČESKÝ TELECOM, a. s., for universal service provision. On 10 June CTO issued decision to approve those General Conditions, including the changes and modifications and including the added part of “Access to the Service of Another Operator through Short Individual Pre-dial for Each Call – Carrier Selection”. Issuance of the decision was preceded by a number of meetings between the authorised representatives of ČESKÝ TELECOM, a. s. and CTO;
- Handling the submissions concerning the quality of the services provided, as far as such submissions were subject to administrative procedure;
- Inspection of how the numbers of the “12” and “14” groups are used (numbers allocated in the Numbering Plan for the provision of non-commercial and public-interest services);
- Inspection of how the numbers of the “900” code are used (code for the provision of the Freephone service);
- Inspection of compliance with the conditions defined for ensuring the accessibility of the public payphone service, provided within the universal service in selected areas for which the individual Region Departments of the CTO are responsible;
- I- Inspections of compliance with the telecommunication networks interconnection contracts, or inspections of compliance with CTO’s decisions replacing such a contract. During these activities, CTO addressed – in administrative proceedings – disputes between ČESKÝ TELECOM, a. s., and the public telecommunication networks operators (GTS CZECH, a. s., KIWWI, s. r. o., TELECOM 21, spol. s r. o., Contactel s. r. o., Aliatel a. s.), as well as operators of public mobile telecommunication networks (Český Mobil a. s., RadioMobil, a. s., Eurotel Praha, spol. s r. o.). In three cases of disputes resulting from the network interconnection contracts, CTO issued as a preliminary ruling to ensure that the networks were interconnected and in two cases CTO issued a decision to suspend the proceedings;
- Inspection of how the quality parameters and indicators of services provided within the universal service in the fixed telecommunication networks are fulfilled by the telecommunication licence holders upon whom those parameters and indicators were imposed by the telecommunication licence or by an authorisation to provide public telephony services in 2001.

2002 was a landmark year from the point of view of telecommunication service quality assessment. According to the provisions of Section 107 Subsection 4 of the

Telecommunications Act, the public telecommunication network operators and public telecommunication service providers, who performed telecommunication activities on the basis of a valid authorisation or permission issued in accordance with regulations in force prior to the entry into effect of the Telecommunications Act, were required by law to communicate pertinent information to the Office, and support the information by the documents required for issuing a telecommunication licence, the deadline being one year after entry into effect of the Telecommunications Act. In the event of an operator's failure to fulfil this duty, the existing authorisation or permission will lapse with the expiry of the last day of the period of validity of the authorisation/permission. The authorisation holders' basic development obligations and telecommunication service quality indicators were set out with their validity until the end of the year 2000. The telecommunication licences for the provision of public telephony service, issued in accordance with the Telecommunications Act, imposed the duty on the holders of the licence to create a system to monitor, record and inspect the quality indicators of service provision according to Decree No. 196/2000, laying down the quality characteristics, parameters and indicators of the services provided under the universal service by telecommunication licence holders. For that purpose, the licence holders were required to do the following: submit to the CTO for approval a draft methodology for the quality indicators recording and inspection system within 60 days of the coming into effect of the licence; to start making assessments of the quality indicators within 90 days of the coming into effect of the licence; and to submit to the Office an evaluation of how the quality indicators were fulfilled during the past calendar year by 31 March of the following year. The duty to monitor, assess and submit to the Office the results of the evaluations, as resulting from the telecommunication licence, therefore commences about 5 or 6 months after the coming into effect of the issued licence – hence it commences at certain times in 2001, depending on the date of coming into effect individual holders' telecommunication licence. For this reason, a more consistent and summarised evaluation of how quality parameters were fulfilled in 2001 could not be made for all holders of telecommunication licences for provision of public telephone services through the public fixed telecommunication network: the evaluation could therefore only be made for ČESKÝ TELECOM, a. s., on which the duty to provide the universal service was imposed by CTO Decision Ref. No. 8805/2001-603 of 4 April 2001, turning down the Company's appeal against the decision on the 3rd Annex to the Authorisation for establishing and operating the uniform telecommunication network and provision of telecommunication services (the mentioned Decision entered into force as at 5 April 2001). Owing to the fact that the decision entered into effect in the second quarter of 2001, CTO requested that ČESKÝ TELECOM, a.s. should submit an assessing report for the period of 1 July 2001 to 31 December 2001. CTO raised this request in its letter Ref. No. 14860/2001-620 of 11 June 2001, in which the “Methodology for Monitoring and Evaluating the Quality Parameters of Universal Services to Ensure Universal Service by ČESKÝ TELECOM, a. s.” was approved.

As follows from the submitted evaluation report, ČESKÝ TELECOM, a. s. failed to fulfil during the period under review the indicator of “Time Needed to Establish Telephone Service” (with an about 2,5% underperformance) (this indicator was part of the complex of the universal service quality indicators within the fixed telecommunications network, as defined for the year 2001 in Appendix no. 1 to Transport and Communications Ministry Decree No. 196/2000, laying down the quality characteristics, parameters and indicators of the services provided under the universal service by telecommunication licence holders). Explaining the reasons for failure to fulfil that quality indicator, the Company ascribed it, in particular, to the considerable growth of administrative obstacles hindering the construction of the public telecommunications network under the legislation currently in force. Chief among these obstacles is the lengthiness of the process of gaining an effective zoning and planning

decision from the Building Office concerned. Such a decision is essential for starting the construction of a public telecommunication network. The Company stressed that it had no means to speed up the planning procedure.

Rann Globalnet a. s. sent a letter dated 17 October 2002 to CTO, informing that it had decided to initiate the process of terminating the operation of the delineated local networks taken over from the related companies TELECOM 21, spol. s r. o., and FACTCOM, a. s. As found, the termination of the operation of delineated local networks, i.e. termination of the provision of public telephony services, affects the subscribers in the localities former UTOs (nodal circuits) of Horšovský Týn and Česká Lípa. On the basis of the above letter, CTO investigates whether this conduct constitutes a breach of the Telecommunications Act and the implementing regulations thereto, as well as the conditions specified in the telecommunications licence or in other related regulations.

In the respective authorisations for establishing and operating public mobile telecommunication services based on the GSM standard and for the provision of mobile telecommunication services, pertaining to that network, it was imposed on the companies for 2001 to ensure an at least 91% coverage of the population, and Český Mobil a. s. was required to achieve a 98.1% coverage. Evaluation of the results obtained in 2002 will be performed in the second quarter of 2003. As to 2001, all the companies fulfilled this duty as at 31 December 2001.

State Inspection in the Radio-Communication Area

State inspection in the radio-communication area had the following key focuses in 2002:

- Monitor the frequency spectrum for the purpose of determination of the occupation of the frequency bands and utilisation of the allocated frequencies and bands. Further, CTO performed other measurements as required by the frequency spectrum administration, as needed for frequency allocation – in particular, it monitored the 1.6 - 860 MHz bands in Praha for selecting suitable frequencies for the delegations of the NATO Summit. CTO also measured the occupation rate of the TV bands in selected towns and villages in order to find a free channel to replace the 12th channel, affected by interference from the broadcasting of the TDAB digital radio, and monitored the operation of the radio broadcasting facilities operated without permission. In addition, CTO measured the performance of FM transmitters for the purposes of co-ordination with the aerial radio navigation service, and performed a range of other measurements of the radio-communication service signals at the boundaries with neighbouring states for co-ordination purposes;
- Detect unauthorised radio broadcasting stations and stations operating in contradiction with national and international regulations;
- Monitor the use of frequencies and inspect compliance with the conditions of telecommunication licences and permissions for the operation of radio broadcasting facilities in the bands of fixed access networks (26 GHz a 3,5 GHz);
- inspect compliance with the frequency allocation technical parameters defined in the general licence for the operation of radio broadcasting facilities, particularly in the RLAN 2.4 GHz band.

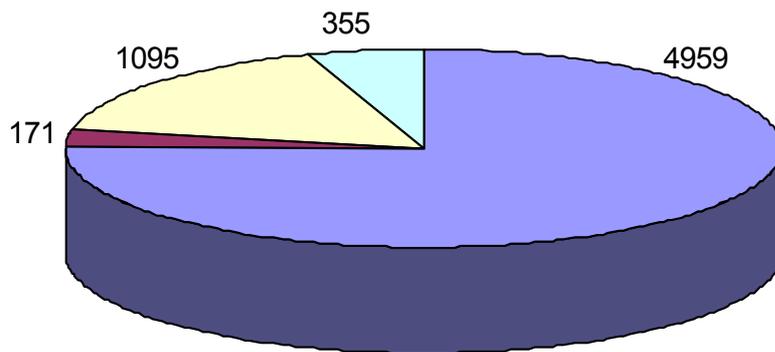
With the development of new telecommunication services, the interest of the providers of those services is being shifted to the microwave frequency bands, particularly the bands of 1800 MHz (GSM, DECT), 3.5 and 26 GHz (fixed access networks) and to the bands used on

the basis of the general licences, including 2.4 and 10.5 GHz (local radio networks and directional communications for ensuring Internet access). As a result, the focus of State Inspection's work in the area of radio-communications and in the cases of interference is now concentrating on the bands above 1 GHz.

As to international activities, the Department is actively involved in the monitoring work organised by the ITU and CEPT. Upon request, the controlling and measuring centres at Karlovice and Tehov performed measurements in the radio medium and short wave bands and in the mobile aerial service and amateur service short wave bands.

**Activities of the state telecommunication
inspection's controlling
and measuring centres in 2002**

number of inspections



- Monitoring the frequency spectrum
- Detecting the sources of interference with the operation of telecommunication equipment and networks or with the provision of radio-communication services
- Inspection for compliance with the statutory conditions, implementing regulations and CTO decisions
- Detecting unauthorised radio stations

Activities to implement PHARE Project No. 2002/000-282.04.01.01 “Construction of Automated System of Frequency Spectrum Monitoring in the Czech Republic” were fully evolved in 2002. The requested data and documents were prepared and submitted to the Ministry of Finance as background material for developing the definitive project design documentation. The Ministry of Finance had sent the complete package of project documents for approval to Brussels. Selection and evaluation of suitable sites to locate (build) stable unattended monitoring stations continued at the same time. Alongside this activity, the

“Concept of CTO Automated Frequency Spectrum Monitoring System” was developed, addressing in a comprehensive way the methodical issues of frequency spectrum monitoring in the Czech Republic.

3.6 Legislative and Legal Activities

In the external legislation area, CTO commented on the draft legal regulations with focus on the telecommunications area. It repeatedly raised comments on the draft amendment to the Telecommunications Act, which is to be reflected in the legal system the provisions of EU Regulation EC 2887/2000, and these comments were primarily focused on ensuring that the draft legislation complied with the EU Regulation and that it strongly reflected the principles of making the subscriber lines accessible in accordance with the procedures used in the European Union.

CTO also raised comments on the draft legislation relating to CTO’s authority including, but not limited to, the draft amendment to the Czech Television Act, the draft amendment to the Broadcasting Act, the draft Taxation Rules, the draft Act to define conditions for the appointment and recalling of internal audit department heads, draft government order to define the method of recognition of professional qualifications, and the draft Decree on budget structure.

It is necessary to point out in the context of the legislative activities that CTO has an insufficient legal basis for its position within the system of State administration bodies and that it also has an inadequate definition as an appropriate reference authority (to which comments can be addressed). In addition, since its establishment, CTO has always been neglected within the interministerial discussion procedure, including cases in which draft legislation relating to CTO’s sphere of authority is being submitted.

As to the definition of its position as regulator in the telecommunications area, the CTO repeatedly submitted proposals to the respective Ministries and other central offices, drawing their attention to the need to harmonise CTO’s position with that of other regulators, especially those for the utilities such as the Energy Regulation Office. CTO welcomed the initiative of the Czech government to put regulation in the Czech Republic on a unified basis. It takes part in the efforts to create a general regulator model on whose basis the positions of Czech regulators would be clearly defined (and unified), especially in relation to the Czech Parliament, to partner Ministries and to the Czech government.

Within the context of drawing up new legislation on electronic communications, CTO started work on the background material for preparing the paragraphed wording of an electronic communications act immediately after the issue of the package of regulations of the new European legal framework for electronic communications. CTO co-operated in this area with the Ministry of Transport and Communications, to which it also submitted its expert opinions in 2002. (The Ministry of Transport and Communications had been the bearer of standard setting initiative before the related responsibilities were transferred to the Ministry of Informatics).

In the internal legislation area, CTO prepared a binding instruction to regulate CTO’s united procedure of handling the receivables of the State and of the collection and recovery of charges and fines. In addition, a binding instruction for exercising State inspection in the telecommunications area was prepared. Addressing the duty to introduce a financial control system, a binding regulation was issued to regulate internal audit in the Czech Telecommunications Office CTO).

In the area of complaints, reports and suggestions, CTO received 56 submissions during the year 2002. Four of them were transferred to the administration procedures file in

accordance with Section 2 Clause a) of Act No. 71/1967 on Administrative Procedure (Administrative Rules), as amended.

Two of the remaining 52 submissions, denoted as complaints according to their nature, were referred to another authority upon consideration of their nature and contents. The rest of the submissions (except two, which were rolled over to 2003) were examined by CTO during 2002 with the result that 9 complaints were legitimate and 39 were unjustified.

The contents of the legitimate complaints criticising ČESKÝ TELECOM, a. s. included, in particular, the following: forfeiture of unused units on the payphone cards; non-establishment of value-added telecommunication service; wrong data used by the operator, relating mainly to the confusion of the subscriber's first name; faults during the establishment of a telephone station; failure to respond to request for establishing a DEL; unjustified charging for service that had not been provided. CTO also addressed a complaint regarding improper conduct of CTO's employees performing State telecommunications inspection. All the legitimate complaints were thoroughly investigated and remedying measures were taken where any fault was identified.

The unjustified complaints (one filed repeatedly) criticising ČESKÝ TELECOM, a. s., applied primarily to the following: billing for local calls; the HOME MINI and HOME SPECIÁL programmes; failure to provide information in the case of cutting off a DEL; changes to the telecommunication service tariff rates; new tariffs for Internet connection; renumbering of the telephone stations; pricing changes in the universal service; monopoly conduct; billing system; incorrect MEMOBOX connection; removal of a two-party line without warning; and increase of SMS prices by Český Mobil. No breach of legal regulations and no fault in the application of the Telecommunications Act, the related implementing regulations and other related legal rules were identified in any of the above cases. For this reason those complaints were denoted as unjustified, requiring no remedying measures.

The conclusions from the legitimate complaints were discussed and addressed at the staff meetings of the Departments that investigated each of the complaints.

3.7 CTO's Annual Report for the Year 2000 on the Provision of Information in Accordance with Act No. 106/1999 on Free Access to Information

The Czech Telecommunications Office "CTO") hereby makes public this Annual Report for the Year 2000 on the Provision of Information, which was prepared in accordance with Section 18 of Act No. 106/1999 on Free Access to Information, as later amended (the "Act").

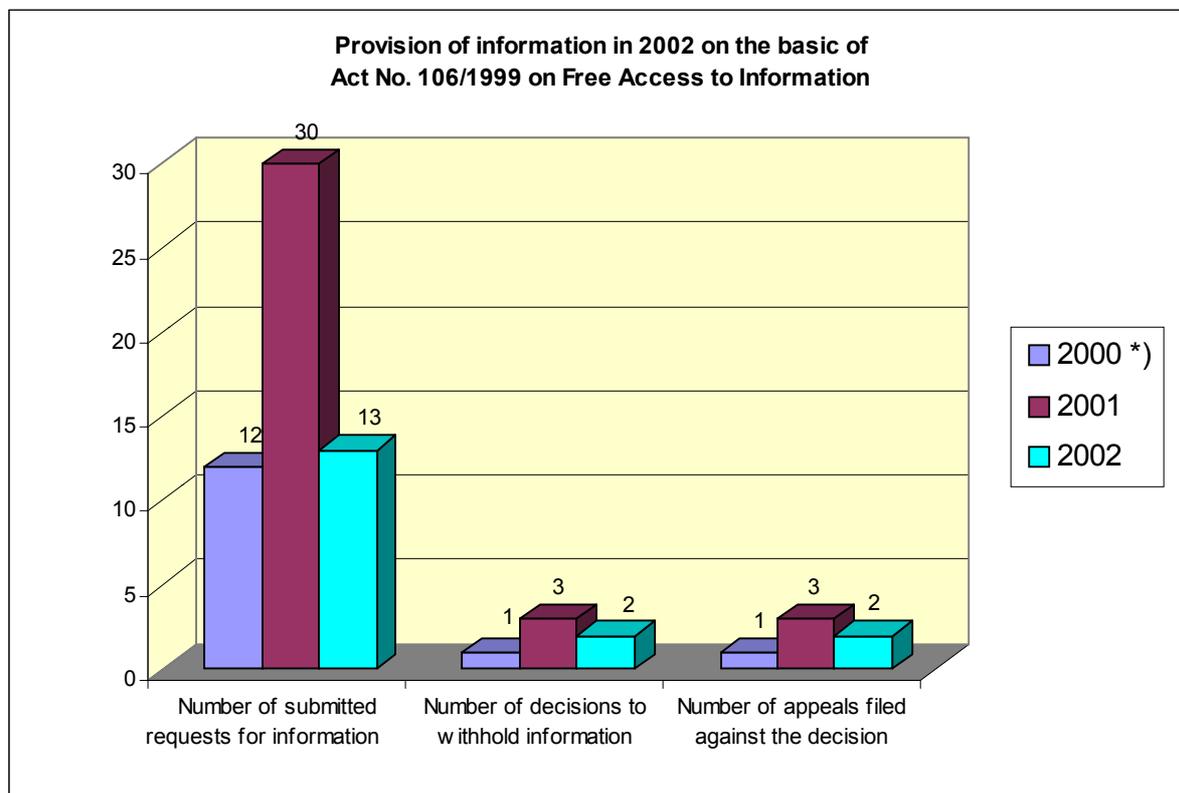
In accordance with Section 3 Subsection 2 of the Act, the basic information on CTO's structure and activities is made accessible to the general public in the information kiosk located in the entrance hall of CTO's Head Office and is published in the brochure "Český telekomunikační úřad", issued by CTO (the last issue appeared in October 2002) and at the CTO web site (www.ctu.cz).

a) The number of the submitted applications for information:

Thirteen written requests for information relating to the telecommunications area (6) and the radio-communications area (4) were submitted to the Office in 2002. The remaining three requests were of a general nature (e.g. for taking minutes of meetings with citizens).

The requests concerned, for example, the absolute values of all inputs in the LRAIC model (to calculate interconnection prices), information about the call tariff impulse counters, information about the inspections of the P-MP radio equipment within the 3.5 GHz band, and information about the number of base stations in the frequency spectrum bands of 3,5 GHz,

26 GHz, or 900 and 1800 MHz. The written applications for information, included in the 2002 records, were met in compliance with the Act. Applications for information were rejected in three cases. A great number of other requests for information were delivered on the telephone, and CTO recorded neither the telephone requests, nor the prompt responses to them. The Annual Report also comprises a table (see Table No. 17), containing an overview of the settled written applications for information since 2000.



**) Until 30 June 2000, CTO had been part of the Ministry of Transport and Communications*

- b) The number of the filed appeals against the decisions:
In 2 cases, CTO decided to turn down the appeals against decisions to withhold information.
- c) Copy of substantial part of every court ruling:
Courts did not make any decision in respect of rejection of requests for information in 2002.
- d) Results of proceedings on sanctions for breach of law
In 2002, CTO did not apply any sanctions because there was no failure to comply with statutory proceedings.
- e) Further information
In 2 cases of requests for information, CTO collected charges, which the persons requesting information paid. The total amount of the charges was CZK 1,801.- Kč,

Note: This Report was made public on 28 February 2003 in a manner allowing for distant access, i.e. at CTO's web site (www.ctu.cz).

3.8 CTO Chairman's Decision on Remedies Filed against Decisions Issued by CTO

CTO President acts as an appellate body (Instance II administrative body), making decisions in the administrative procedure on the appeals against the first-instance decision of the Czech Telecommunications Office. The advisory body created by the Prezident considers the cases that were returned by the High Court in Prague, cases of decisions based on extraordinary remedies, or those that are challenging either technically or legally. In such cases, the President makes his decision upon considering the matter according to the recommendation of the advisory body. These and other cases, which represent a majority of cases addressed, are examined for the President and his decisions are prepared by the Decision Reviewing Department.

In 2002, the Decision Reviewing Department recorded 3,210 received appeals and other submissions and 693 cases had remained outstanding from the previous period (2001). On the whole, 3,903 cases were recorded as cases to be addressed. For the year 2002, the President of the Office settled 3,166 cases and left 737 cases open. An overview of the structure of the cases is shown in Table No. 11.

The cases addressed, for which only numerical data are available, need to be generally considered as a basis for certain general findings relating to the telecommunications Act, which had come into effect on 1 July 2000. The Act substantially changed, as distinct from the previous legal regulations, the structure of the cases on which decisions are made. Most of the cases being decided apply to the determination of the obligation to make payments on the basis of contracts between telecommunication network operators and subscribers. A substantial growth is recorded in the number of cases brought in by a mobile operator against subscribers who fail to pay the charges. There are also a growing number of decisions issued in the area of telecommunication activities regulation and growing number of sanctions imposed by the State Inspection for breach of the duties defined by the Telecommunications Act. On the other hand, a significant decline is observed in the number of decisions issued in respect of objections against how the complaints relating to telecommunication service price settlement were handled.

The continuous growth of the number of administrative procedures in the first instance (2001 – about 55 thousand; 2002 – 69.5 thousand) and in the second instance (2001 – about 3200; 2002 about 3900) is due, as mentioned above, mainly to the increasing number of submissions concerning decisions on subscribers' obligation to make payments on the basis of the service provision contracts between the public telecommunications network operators and the subscribers to the service. Introduction of an administrative fee (for example, 4% of the amount being dunned for), which the telecommunication service provider trying to recover the debt from the user of the service would have to pay before commencement of the first instance administrative procedure (analogy to Part XI – TELECOMMUNICATION CHARGES, Section 114 Item 155 of Act No. 368/1992 on Administrative Fees, as amended) might provide a partial solution conducive to curbing such administrative procedures.

3.9 Crisis Management

CTO's main tasks in this area are focused on ensuring that telecommunication support is provided to all bodies and units of State administration, as well as to the public, in crisis situations and in emergency cases. Co-ordination and the fulfilment of tasks were carried out by the Crisis Management Department, particularly in the telecommunications-related aspects of civil emergency planning, defence planning and economic measures for crisis situations. A number of other tasks included the protection of confidential information and activities on the international scale at the international meetings of the NATO Civil Communications Planning Committee (CCPC-NATO).

In the above areas, CTO co-ordinated and ensured telecommunication support and the provision of services during the floods that affected the Czech Republic in August 2002 and during the period of the NATO and EAPC summit meetings in November 2002.

During the floods, the Crisis Management Department co-operated primarily with public telecommunication networks operators and the State Material Reserves Administration, and it is best to adequate conditions for the operators in order to cope with the crisis situations. Telecommunication support to crisis management bodies and the Integrated Rescue System bodies was provided at a satisfactory level. Problems occurred in providing mobile power generators from State resources. On the basis of this experience, negotiations to solve these problems are being held with the administrative bodies concerned.

Upon the basis of a request from the Ministry of Interior, co-operation was started in June 2002 between CTO and the representatives of the Ministry of Interior, Ministry of Defence and Ministry of Foreign Affairs with a view to maintaining the security of telecommunications during the NATO Summit in Prague. The Crisis Management Department played the co-ordinating role and the various tasks were fulfilled by members of

the Frequency Spectrum Management Department and State Telecommunications Inspection Department. The radio spectrum was monitored more intensively during the NATO Summit. No greater faults were recorded as to compliance with the defined radio operation rules in force.

CTO employees took part, on a regular basis, in the meetings of the Defence Planning Committee and contributed to the elaboration and assessment of concept documents for the meetings of the State Security Council and the Czech government. In the first half of the year 2002, members of the Crisis Management Department took part in the preparations for, and performance of, the international training exercise CMX-2002 and the Czech Army's exercise Hradba (Wall) 2002.

Through appointed representatives, CTO was actively involved in the work of the Civil Communications Planning Committee (CCPC-NATO) and its subcommittees and working groups. CTO was represented on work meetings, seminars, workshops and training sessions, whose main benefits include the gaining of information and material for conceptual and legislative documents and the international co-operation and support in preparations for crisis situations in the telecommunications area. The information gained from those seminars and workshops were used in the negotiations with representatives of the Czech Ministry of Transport and Communication on drawing up the draft "Government Order for Implementation of Regulatory Measures in Telecommunications for Crisis Situations."

During 2002, CTO developed the Information System Security Policy of the Czech Telecommunications Office and ensured that CTO employees were subject to security checking on a continuous basis. Confidential material was recorded and handled in accordance with Act No. 148/1998 on Confidentiality and on Amendment to Certain Acts, as amended. No confidential documents were lost and no confidential information leaked during the period under review.

Upon request from the National Security Authority Regulations (NBÚ), CTO performed an inventory check of the confidential NATO and WEU documents for 2002, which were sent to the CTO through the NBÚ's Central Register and are registered and held in CTO's Confidential Matters Register. The inventory check did not reveal and faults. The result of the exercise was sent to the NBÚ.

During the NATO and EAPC summit meetings in Prague, CTO took high-level security measures to guard the CTO premises in accordance with Resolution of State Security Council No. 260 of 22 January 2002. The measures were focused on the checking of the entry of persons and vehicles, the luggage carried, precautions in relation to vehicles parking near the premises and the occurrence of suspicious objects, left packets etc. These measures were applied in addition to "Binding Instruction No. 30/2002/CTO, laying down the duties of Czech Telecommunication Office's employees and visitors, other persons and the security guards in the building at Sokolovská 219, Prague 9".

4. Securing CTO's Activities

4.1 Economic Results

The breakdown of the 2002 budget, which CTO received with letter from the Minister of Finance, Ref. No. 191/114307/2001 of 27 December 2001 – compared with the 2001 budget – envisaged total costs greater by CZK 8,701 thousand more than expected of the extraordinary expense for the work of the advisory firm, amounting to CZK 29,584 thousand in 2001. The above total increase included CZK 5,701 thousand for current expenses and CZK 3,000 thousand for capital expenditures. However, this was only an apparent growth, because CTO had to reduce the other material expenses by CZK 4,557 thousand in order to be

able to support the growth of salaries (including the mandatory transfer to the Welfare Fund), amounting CZK 10,258 thousand.

This budget did not fully cover the expenses CTO needed to ensure its operation. For this reason, a budget reserve was created in the budget breakdown, applying mainly to the expenses whose level the Office is able at least partly influence, including, in particular, the expenses for addressing special tasks normally provided by external contractors. The budget reserve funds were primarily intended for the payment of the continuously growing postal charges and the telecommunication charges.

This tight budgetary situation was even worsened by the increase in the salaries of employees in public administration with effect from 1 March 2002. Department 601 calculated that CTO would need another CZK 2.000 thousand to cover the mandatory growth of salaries. The Office therefore asked the Ministry of Finance (“MF”) for permission to increase the funds available for salaries and to save those funds in the “other material expenses” and “other personnel costs” categories. It was necessary at the same time to cover (on the basis of the material expenses) the increased payments for mandatory insurance and mandatory allocation to the Welfare Fund, representing another CZK 565 thousand.

Alongside this adjustment, CTO asked MF for permission to increase service expenses by CZK 6,600 thousand for the provision of post-guarantee services and other services relating to the maintenance of the special software of the frequency spectrum management IT system: CTO was unable to save this amount by cutting the costs of other tasks, or by delaying the performance of such tasks. Taking into account the importance of the IT system and with respect to the fact that the Frequency Spectrum Management Department contributed about 50% to CTO’s total income, the Ministry met CTO’s request for these additional funds.

During the course of the year, two budgetary measures (“BMs”) were approved by the MF upon CTO’s request, resulting in an increase in the Office’s current expenses by a total of CZK 6,988 thousand, as compared with the initially approved budget. One of these BMs, taken on the basis of MF letter Ref. No. 191/43323/2002, dated 7 June 2002, increased the current expenses by CZK 6,600 thousand for the above reasons. The MF at the same time expressed its consent with increasing the funds for employee salaries by CZK 2,000 thousand, on condition that this increase would be covered by a saving of Kč 1,500 thousand in other current expenses and by saving another CZK 500 thousand by transfer from the “other personnel costs” category. In this way, CTO solved one of its most pressing budgetary problem in 2002, which, as said, was primarily due to the mandatory increase of salaries in public administration with effect from 1 March 2002.

The other BM, based on MF letter Ref. No. 191/100575/2002 of 18 October 2002, was taken to increase CTO’s current expenses by CZK 388 thousand as a result of the transfer of three workplaces (positions) and related funds from Chapter 307 – Ministry of Defence, to our budget head.

Further, CTO took another 7 BMs within the range of its own authority, causing no change in the mandatory parameters.

Budgetary Compliance in 2002: Head 328 CTO

An overview of the budgetary compliance with breakdown based on the individual mandatory indicators prescribed for CTO for 2002 is shown in Table No. 12.

The following explanation can be added to the individual figures in the overview:

4.1.1 Total Income

The total income of the Office for 2002 was overfulfilled to 443.84%. It amounted to CZK 1,997,301 thousand and this which means that the income in the approved budget was exceeded by CZK 1,547,301 thousand. However, the income was lower by CZK 860,805 thousand than in 2001.

Fees for the issue of licences and allocation of numbers contributed more than 50% to this high income performance. Income from frequency allocation contributed another 49%. Overfulfilment of the income level prescribed by Government Order No. 181/2000, laying down the level of the charges for allocated frequencies and allocated numbers, is primarily due to the high instalments paid for the granting of the UMTS licence in 2001 by RadioMobil, a. s. and Eurotel Praha, spol. s r. o., totalling CZK 539 600 thousand and the interest on these instalments, amounting to CZK 329,156 thousand. In addition, an extraordinary amount of CZK 40,000 thousand was obtained in 2002 from Eurotel Praha, spol. s r. o., for the licence in the 3.5 GHz band (on tender basis).

The level of the income in 2002 for the allocation of frequencies was influenced by a number of factors, including:

- The collection of charges from operators who did not have to pay such charges before the entry into effect of the Telecommunications Act and Government Order No. 181/2000, laying down the level of charges for allocated frequencies and allocated numbers;
- Continuing extension of the GSM network and, in particular, extension of network capacity;
- Extension of the capacity of all transmission networks where narrow-band communications are replaced by broadband communications, resulting in a corresponding increase in the charges;
- Extension of the FWA radio access systems.

Stagnation prevails in the budgetary income from the remaining CTO activities, especially in the areas where administrative fees and fines in administrative procedures are the prevailing sources of income.

As to the structure of the budget,

- 99.90% of all income is maintained in Item 2111 – Income generated from own activities;
- The remaining insubstantial part of the incomes is represented by: income from the lease of one flat in the building of the Office's Controlling and Measuring Station at Vestec near Prague; by interest income; income from sale of non-FA assets disposed of; income from received non-capital contributions and compensations resulting first of all from the credit notes in respect of previous years' expenses; income from the charges collected from participants of tenders for the telecommunication licences in the 3.5 GHz band; income from the provision of information within the meaning of Act No. 106/1999 on Free Access to Information; income from fixed assets disposed of; and income from transfer of unused funds from the deposit account, amounting to CZK 1,009.60 thousand, which had remained on that account after settlement of salaries for December 2001.

A detailed breakdown of incomes is shown in Table No. 13.

4.1.2 Total Expenses

CTO's total expenses for 2002 were drawn at 99.63% of the adjusted budget: CZK 959.21 thousand remained undrawn. This level of drawing is smaller by 0.30% than in 2001 (in absolute value the difference is CZK 14,658.83 thousand). This lower drawing level is also ascribed to the fact that the adjusted budget for 2001 was greater by CZK 13,895 thousand than in 2002.

Funds for current expenses were drawn at 99.60% of the adjusted budget, with CZK 955.61 thousand remaining undrawn.

Capital expenditures were drawn at 99.98% of the adjusted budget, with CZK of the adjusted budget, with CZK 3.6 thousand remaining undrawn.

CTO transferred to the statutory Reserve Fund (RF) an amount of CZK 1,180 thousand, which it had saved from the 2002 expenses including:

- Section 2461: CZK 200 thousand;
- Section 2491: CZK 930 thousand;
- Section 2549: CZK 50 thousand.

A detailed breakdown of the current expense drawings is shown in Table No. 14 and of capital expenditures in Table No. 15.

Employee Salaries and Other Payments for Work Done

These expenses were drawn at 100% of the adjusted budget, because the transfer to the deposit account for salary settlement for December 2002 was performed at the total level of the adjusted budget. The amount remaining undrawn on the deposit account was as small as CZK 316,- , including CZK 61,- in the account for salaries and CZK 255.- in the other personnel expenses account. Within the meaning of the MF instructions, this saving was transferred in 2003 to CTO's income account. A detailed commentary is given in Part 4.2 of the Human Resources Area.

Mandatory Insurance Paid by the Employer

During 2002, this indicator was increased twice within the context of the BMs taken in the employee salary area. Another BM was taken (within the range of authority of CTO itself) with effect from 12 December 2002, transferring an amount of CZK 28 thousand from health insurance and crediting it as social security insurance and contribution to the employment policy, with no impact on the over-all volume of this mandatory indicator.

Like in the case of the above indicator, these expense funds were also drawn at 100% of the adjusted budget, because the transfer to the deposit account for mandatory insurance payment, as resulting from the salary settlement for December 2002, was performed at the total level of the adjusted budget. The amount remaining undrawn on the deposit account was CZK 82,437.- and that amount was also transferred to CTO's income account in January 2003.

Transfer to the Welfare Fund

This is another indicator that was increased twice during 2002, also in relation to the increase in the funds for employee salaries. It was drawn at 100%. An advance allocation was transferred to the Welfare Fund in four instalments, totalling CZK 2,225 thousand. There was no need to adjust the advance allocation because of the almost 100% drawing on the salary funds.

Programme Financing Expenses

In 2002, there was one programme registered for CTO in the ISPROFIN Register. Its registration number and name are 328 010 – Replacement of Assets Maintained by CTO in a total capital expenditure volume of CZK 23,000 thousand. This money was drawn from the account with the prefix 916 as system-related expenditures. An amount of CZK 15,500 thousand (out of this money) was monitored and disclosed in the expenses for implementation of the National Programme of Preparation of the Czech Republic to EU Membership.

In 2002, these expense funds were drawn at 99.98 %, which was 0.01% less than in 2001 (including the transfer of the saving to the RF).

As to the budgetary structure, the money was used as follows:

- 9, 474.28 thousand for Item 6111 – purchase of software.

The software purchased includes: upgrades of SW MS Exchange server 2000 for the e-mail servers; upgrade for the ASPI sw and the sw for the numbering plan; 480 licences of the anti-virus programme; 300 licences of the ZENworks upgrade; adjustment of the software system for the support of frequency spectrum management with extension of the system by inclusion new services. An analysis was performed and a project was developed for CTO's information system security policy. Also purchased were 2 licences for the PC network security policy and 1 CD ROM Justis Celex English licence, and the PERGAM personnel information system was acquired.

- CZK 2, 151.46 thousand for Item 6122 – purchase of machines, instruments and equipment
Under the office machines acquisition programme, CTO bought 1 fireproof strongbox; 1 Hitachi CPX 430 data projector and the projection screen for the small meeting room and 1 Hitachi CPX 275 for CTO's building in the Sokolovská Street for CTO training and presentations; 3 Sharp AR 163 copiers with an accessory paper tray; 1 Sharp AR 206 copier with a paper feeder; 1 Sharp AR 235 copier with a finisher, feeder and a table; 1 Panasonic KX-TD 1232 private branch exchange for the regional workplace of the Office in Plzeň. To refurbish the measuring equipment, two sets of microwave antennae, designed for radio monitoring, were bought for the Controlling and Measuring Stations at Vestec and in Brno. In addition, 4 ICOM communication receivers and 1 Prolink 3C measuring TV receiver were bought.

- CZK 2,518.65 thousand for Item 123 – purchase of means of transport

3 Škoda Fabia Combi Classic cars were bought to serve as technological vehicles for the performance of measurements (to replace older vehicles disposed of); and 1 Škoda Superb car to replace the worn-out Tatra 613. A Peugeot measuring vehicle was refurbished for the Karlovice Controlling and Measuring Station.

- CZK 8,85231 thousand for Item 6125 – purchase of information technology

Under the project of addressing the issues of numbering and number management, new servers were bought to replace the outdated ones at the regional departments; notebooks and PCs were bought for controlling activities to inspect number portability; and special PCs were bought to manage the numbering plans. The total number of PCs bought was 37, including 10 PCs for new employees, 22 notebooks, 8 servers (including two for Sokolovská ul.) and 5 printers.

An overview of the drawings on the funds for programme financing – capital expenditures – is shown in Table No. 25.

Non-CAPEX Transfers to International Organisations

These expenses were drawn in 2002, including the transfer of the saving to the Reserve Fund) at 65.07% of the approved or adjusted budget (upon deduction of the saving of CZK 100 thousand transferred to the Reserve Fund the drawing was at 60.07%). In comparison with 2001, the drawing was lower by 6.61%, and it was influenced by the contribution to CEPT – European Commission of Postal and Telecommunication Administrations, which was not paid in 2002, because the invoice had not been received by the end of that year. In 2002, CTO paid a contribution to ETO – European Telecommunications Office, and to ETSI – European Telecommunications Standards Institute. Draw-downs on this expense area depends on invoicing from the international organisations and on the level of the membership fee, which is determined according to the country category (ETO) or according to the country's GDP (ETSI).

Expenses for Implementation of the National Programme of Preparations of the Czech Republic for EU Membership

For 2002, CTO allocated an amount of CZK 17,700 thousand from its budget to the payment of the expenses relating to the implementation of the National Programme of Preparation of the Czech Republic to EU Membership. CZK 15,500 thousand of that amount was allocated to capital expenditures and CZK 2,200 thousand was put aside for current expenses. During 2002, these expenses were drawn at 99.75% of the approved or adjusted budget.

The capital expenditure funds were primarily used for the following purposes:

- Adjustment of the software system to support frequency spectrum management and to expand the system by including new services – total amount of CZK 5.500 thousand;
- Purchase of licences for anti-virus protection for CTO's regional Departments, purchase of upgrades for existing software, e.g. the numbering plan, ZENworks licences and other related applications, preparing an analysis of CTO's information system security policy and designing a project thereof – total amount of about CZK 1,968 thousand;
- Purchase of new servers for the regional Departments, purchase of an Oracle server, notebooks, PCs for the control of number portability, special PCs for work with the number allocation database, and printers to those PCs – total amount of CZK 7,992 thousand.

The current expense funds were primarily used for the following purposes:

- Translation of the documents needed for harmonisation with the *acquis communautaire* within the range of preparations of the Czech Republic for EU membership;
- For business trips abroad with focus on fulfilling the tasks relating to the EU, particularly on participation in the European Commission's Working Groups and on ensuring that CTO participates at the planning events within the CZ2000/IB/ET/01 twinning project;
- For the purchase of services – analysis of EC *acquis* documents in the telecommunications area.

Expenses for the CZ2000/IB/ET/01 Twinning Project

CTO continued in 2002 in co-financing the twinning project on the basis of

- The agreement concluded between CTO and the Spanish government, approved by the European Commission on 10 August 2001. The Project was launched on 3 September 2001 and closed on 30 September 2002.

The expenses paid by CTO from its own budget in 2000, amounting to CZK 634.39 thousand, were used, first of all, for the purchase of office equipment and material, for paying the costs relating to the lease of non-residential space and to utilities consumption, postal charges, telecommunication charges, interpreting service and travel expenses. A number of training courses and workshops were organised during the year, attended by representatives of both parties, and there was study trip to Spain (the travel expenses were partly paid by the Spanish side).

The Project was closed on 30 September 2002 by submission of the final wording of the Model of Future Operating Activities – CTO Action Plan. It was sent to the concerned Czech Ministries to familiarise with it and commenting on it. The final version was then submitted to the European Commission.

4.2 The Human Resources Area

Fifty-nine new employees joined CTO and 57 employees left CTO during the course of the year 2002. Of the latter, two employees went to their maternity leave and six retired (as old-age pensioners or disability pensioners).

As at 31 December 2002, CTO had 481 employees, the average full-time equivalents being 474.

IDNICATOR / PERIOD	2000	2001	2002
Number of employees (positions)	480	481	486
Average number of employees as full-time equivalents	468	465	474
Number of new hires	54	104	59
Number of those who left CTO	74	81	57
Number of employees in productive age as at 31 December	58	50	52
- of this, women:	35	30	31

To provide information and encourage co-operation in the implementation of the Public Service Act, adopted on 28 May 2002, selective representatives of the public administration bodies took part in 2002 in the working groups established at the Office of the Czech Government and contributed to the preparation of materials in the areas of organisation, human resources and employee education in administrative authorities. To ensure that the Public Service Act was implemented in time, CTO started working on the new systemisation of the Office and developed new internal rules regulating the system of defining the requirements for language skills and for qualifications within a selected ranges of positions in CTO in accordance with Government Resolution No. 1088/2002. It also updated its internal regulation addressing the issues of CTO employees' qualification improvement. Employee education continued as scheduled in the Plan of Education of CTO Employees for 2002, which had been developed according to the general requirements for employee qualification in administrative authorities as defined in Government Resolution No. 1028/2001. CTO also has its representative in the Government Office working group that has addressed the issues of improving regulation in the Czech Republic in dependence on the requirements of the government as set out in its Resolution No. 650/2002 and in OECD and EU recommendations and standards; the same working group has also undertaken the development of a Czech universal independent regulator model.

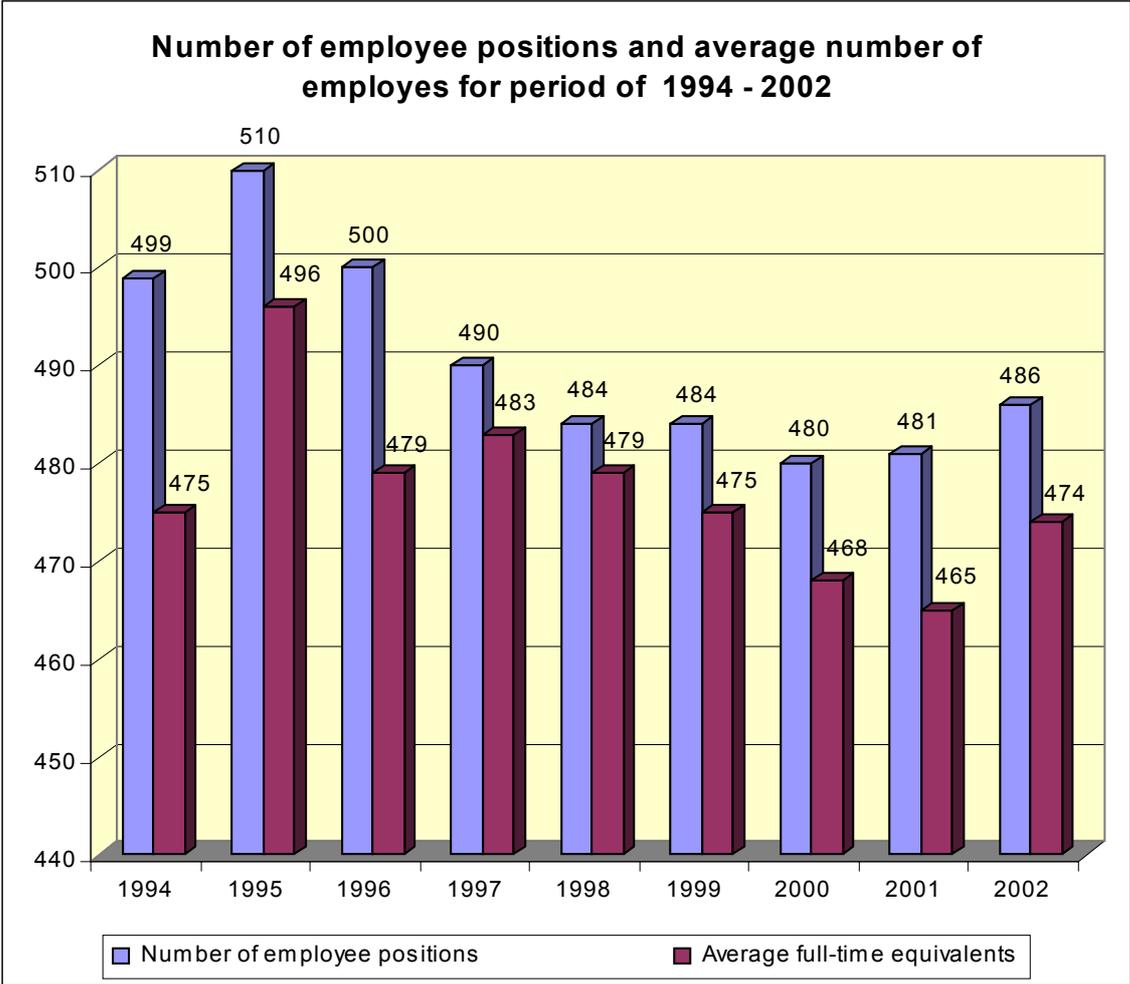
With effect from 1 May 2002, a separate Internal Audit Department was established at CTO, responsible for internal audit activities in accordance with Act No. 320/2001 on Financial Control in Public Administration and on Amendments to Certain Other Acts.

In the second half of 2002, CTO started preparatory work on the introduction of a personnel information system to meet requirements resulting from Government Resolution No. 1027/2001.

The statutory adjustment of salaries of employees in public service positions by 11% from 1 March 2002 affected CTO's 2002 budget, which did not have sufficient funds to cover the salary increase (lacking some CZK 5,500 thousand). The Office had to ask the Czech Ministry of Finance to endorse a budgetary measure (BM) to shift funds (CZK 2,000 thousand) from the category of Other Payments for Work Done and from the category of Other Current Expenses. At the same time, however, CTO applied strict cost cutting

measures. The salary adjustments were carried out only at the levels required by legislation. There was little scope (like in the previous year) for appreciating extraordinary performance of CTO employees. The persistent lack of funds for salaries complicated CTO's efforts in the employee retention area: as a result, again, many qualified employees left CTO, particularly lawyers, whom CTO was unable to offer adequate salaries.

Three positions (involving defence-related responsibilities) were transferred from the Ministry of Defence to the Czech Telecommunications Office in accordance with Government Order No. 258/1999 on the basis of a Delimitation Protocol. The Ministry of Finance approved a budgetary measure (BM) relating to the transfer of the three positions. The BM applies to binding employment regulation limits and associated indicators. The number of employees increased by 3 and the funds for employee salaries increased by CZK 283 thousand.



Comparison of the limit of funds for salaries for 2002 (CZK 111,256 thousand) with the actual situation in 2001 (CZK 101,570 thousand) shows an increase by CZK 9,689 thousand. The 2000 budget provided a growth of the average salary only at the level of the mandatory adjustment required by law. The average salary of CTO employees in 2002 (CZK 19,560.-) increased by CZK 1,358 in comparison with 2001 (CZK 18,202.-). The salary gap between CTO and the telecommunication companies, and even between CTO and other regulators, continues widening

4.2.1 Other Payments for Work Done

The budget for other payments for work done (“OPPP”) was CZK 1,353 thousand in 2002. Budgetary measure of the Ministry of Finance Ref. No. 191/43323/2002 of 7 June 2002 transferred an amount of CZK 500 thousand from the OPPP funds limit to the salaries funds limit.

The OPPP fund was only used for activities that could not be provided in-house. These included, in particular, activities associated with the work of CTO Chairman, examiners for radio operator tests, and expert lecturers in the courses and seminars organised for the employees of the Office.

4.2.2 Employee Education

In 2000, CTO employee education followed the Employee Education Plan, like in the previous years. All categories of CTO employees are comprised in the education system. An amount of CZK 1,300 thousand was allocated in the 2002 budget for the training and education services.

The majority of educational activities were organised specifically for CTO employees, thus allowing to tailor the courses and sessions to CTO’s actual needs, to include a larger number of employees in the training, and to use more effectively the budgetary funds allocated for education and for the related travel expenses. Part of the employees attended courses on the premises of selected educational agencies.

Educational projects were focused on the following major areas:

- Entry education;
- Enhancing knowledge in the telecommunications area;
- Enhancing knowledge in the legal area;
- Improving computer technology work;
- Education in European affairs;
- Enhancing language skills;
- Development of managerial skills.

New hires went through the Entry Education Programme. They familiarised with the basic legal regulations, internal by-laws and rules, specific CTO issues, professional ethics, public information sources, Czech public administration etc.

In the first half of 2002, selected employees took part in courses focused on telecommunication technology, organised by the Transport Faculty of the Czech Technical University in Prague and the Electrical Engineering and Communication Technology Faculty of the Technical University in Brno.

Lectures on telecommunication technology and legal issues were included in the professional training courses for employees of the State Telecommunications Inspection Department and State Radio-communications Inspection Department and in the courses for the various other CTO departments.

For example, a seminar on Electronic Signature and Electronic Mailroom was organised for all managers and specialists, and a training course for the special BANK and RTS Programme was prepared for selected employees.

Eight cycles of the Basic Education Module on the European Union were carried out in accordance with Government Resolution No. 46/2000.

English language courses continued in CTO's Prague premises throughout the school year. In addition, some employees (especially those from the Regions Departments) attended language courses organised by language schools.

A seminar on Social Intercourse and Diplomatic Protocol was organised for managers.

As at 31 December 2002 the costs reflected the Training and Education Services account amounted to CZK 1,269 thousand.

Overview of Selected Educational Events for CTO Employees 2002:

- Seminar on the entry education programme - 35 participants (1 day)
- Universal education block for the entry education - 12 participants (7 days)
- Training course on new technology in telecommunications V. - 35 participants (7 days)
- Course on development factors and convergence in telecommunications - 39 participants (9 days)
- Professional training for employees of the Department of State Inspection in Telecommunications - 133 participants (3 days)
- Professional training for employees of the Department of State Inspection in Radio-communications - 51 participants (3 days)
- Professional training for employees of the Frequency Spectrum Management Department - 23 participants (3 days)
- Professional training for employees of the controlling and measuring centres - 25 participants (3 days)
- Training on the issues of ISDN and Internet - 23 participants (1 day)
- Conference on radio-communications 2002 - 12 participants (2 days)
- Seminar on the Implementation Decree for the Act on Financial Control in Public Administration - 4 participants (1 day)
- Seminar on new administration judiciary and its impact on the state administration and self-government bodies - 4 participants (1 day)
- Seminar on administration judiciary in the Czech Republic after the reform carried out as at 1 January 2003 - 10 participants (1 day)
- Seminar on transposition and implementation of EC Directives in EU countries and the Czech Republic - 6 participants (1 day)
- Training course on the Entrust Solo product - 12 participants (1 day)
- Seminar on electronic signature and electronic mailroom - 59 participants (1 day)
- Training for the BANK and RTS software - 34 participants (3 days)
- Basic module for education on the EU - 364 participants (2 days)
- Language courses - 107 participants (2 – 4 hours a week)
- Seminar on social intercourse and diplomatic protocol 73 participants (1 day)
- Seminar on the determination of interconnection costs by the LRIC method - 23 participants (1 day)
- Seminar on the annual financial statements for the organisation units of the State for the year 2002 - 3 participants (1 day).

Qualifications improvement – total numbers of employees

Type	1998	1999	2000	2001	2002
Professional courses, seminars, conferences	466	626	706	715	454
Professional training for employees of State Inspections (telecoms, radio-coms)	274	213	241	206	184
Computer technology courses	208	113	81	134	114
Training course about the European Union	4	2	38	37	364
Language courses	65	62	75	55	107
Costs of education, in CZK '000	1,157	1,218	1,205	1,341	1,269

Qualifications improvement – total numbers of employees

Schools	1998	1999	2000	2001	2002
Universities	2	2	2	5	4
Secondary schools	2	2	0	1	0

4.3 Information Technology

In 2002, CTO continued in the process of gradual introduction of a modern electronic CTO IS. It ensured the planned development of the system and the concept and strategy of network interconnection.

During the course of the year, CTO undertook a substantial transformation of the structure of its computer network. Fixed 64 Kbit/s lines were installed to replace the existing ISDN lines interconnecting 7 workplaces. Another three workplaces of the controlling and measuring centres were connected.

Transition to the new Windows 2000 operating system was carried out all over the network structure. The Windows 2000 system is used on the new servers of the Compaq ProLiant ML350 type located at all regional departments. All mail servers were at the same time upgraded to the Exchange 2000 release. Efforts were taken during the implementation of the project to ensure that the mail and file servers were exposed to the least possible limitations (the implementation was carried out while the PC network continued operating). A new network domain model was created to address future needs of uniform administration of the whole WAN structure. The new system is based on the sole domain ctu.cz, managed by means of a controller located in Prague.

Following this substantial technical change, another major task was addressed: the process of ensuring the security policy for the whole IS CTO and minimising the possibilities for unauthorised access and leakage of sensitive information. The first thing to be done was to complete the installation of the new unified Norton Antivirus protection system all over the existing WAN network, i.e. on all the so-called file servers and all workstations. The last step of the installation of direct protection of all servers was made towards the end of the year, including the completion of the configuration of the central administration of the security system (to continue in 2003).

In December 2002, the Head Office in Prague began being prepared for using the system of ZENworks desktop administration and for unifying the Novell Account Management within the scope of addressing the CTO network operating security strategy. Transition was carried out from Novell NDS release 7.57 to e-directory 8.7 on both servers with Netware 5. The server part of ZENworks for Desktops 4 was installed. Stepwise efforts were started to import the individual varied workstations W9x. WNT W2000 to the Console One environment for ZENworks application administration.

The new Compaq ProLiant ML570 server was commissioned. It is equipped with the OS Win2000 with an Oracle 8.1.7 database server, to which the operation of the SPEKTRA+ application for frequency spectrum management has been transferred.

In 2002, CTO also carried out the following activities: software audit as required by Government Resolution No. 624/2001; introduction of the e-mailroom; purchase of a new software application for the Unified Public Administration Personnel System (the tender was organised by the Institute for Public Information Systems); upgrade of the SW applications in use, for example, the Unified Modular Frequency Spectrum Administration System, the number allocation database in relation to number portability, etc.

Another substantial change was that of the CTO web site as at 31 December 2002, including transfer to the new editing system with fulltext search.

It should also be mentioned that a process of innovation of outdated equipment is under way as a response to the increasing requirements for HW, to the extensive communication with the public and to the development of extensive database system where it is necessary to process documents promptly and effectively in the procedure of issuing permissions for telecommunication service permissions.

4.4 INTERNAL AUDIT ACTIVITIES

On the basis of Section 32 Subsection 3 of Act No. 320/2001 on Financial Control in public administration and on Amendment to Certain Acts ("Financial Control Act"), as amended, the leading officials of all public administration authority had the duty to introduce a financial control system in accordance with the Financial Control Act within 6 months of entry into effect of that Act, i.e. by 30 June 2002. According to Section 8 of the Financial Control Act, CTO – as a budget head holder having no unit reporting to it and no financial support recipient, must create a financial control system containing management control and internal audit (See Section 3 Subsection 1 Clause c) of the Financial Control Act).

A separate Internal Audit Department was established as part of the internal controlling system as at 1 May 2002 and three system positions (and employees) were allocated to it within CTO's organisation structure. A binding regulation was issued, defining the position and mission of internal audit in CTO, the duties, responsibilities and rights of internal auditors and CTO employees in relation to internal audit, and describing the details of the work procedures to be followed by internal auditors (from the preparation of plans and programmes up to reporting the results of the audit exercises).

To ensure that financial control is performed throughout CTO in a unified manner, a binding instruction was prepared and issued in co-operation with all CTO departments, defining the structure of CTO's internal control system, specifying the detailed duties of CTO's managers relating to the internal control system, and determining the management control process in CTO and the sending of information about the results of the financial inspections to the Czech Ministry of Finance.

In June 2002 a medium-term plan was approved (comprising the basic objectives of internal audit for the period up to the year 2005), including proposals for the audit exercises.

A plan for the second half of 2002 was also approved with two audits planned: “Mapping Selected Internal Control and Management Mechanisms by the Correspondence Method” (July – September 2002) and “Audit of the Financial Statements for 2001” (October-December 2002).

Internal audit employees had an opportunity in 2002 to take part in several training course in the internal audit and financial control areas (two employees successfully completed a re-training course entitled “Unified System of Preparing Public Administration Employees to Positions in the Areas of Financial Control and Internal Audit”, organised by the Czech Internal Auditors Institute in co-operation with the Czech Ministry of Finance. CTO also organised meetings with directors of selected CTO Departments, addressing the problems and mission of internal audit and procedures of its performance.

CTO met the requirement contained in the Financial Control Act to establish an Internal Audit Department. The duties specified in the Financial Control Act were reflected in CTO’s by-laws (including, but not limited to, the Organisation Rules and the newly prepared basic documents needed for the functioning of internal audit and management control). Internal audit recommendations, resulting from the reports submitted by the Internal Audit Department, were accepted and appropriate measures were taken on their basis. It can be stated that no significant or unexpected problems did occur during the introduction of internal audit and that CTO employees have a pro-active approach to internal audit work. In the years to come, internal auditors will focus on appropriate understanding of the management control principles, implementation of management control in CTO’s practice, and thorough verification of the effectiveness of the management and control mechanisms in the individual Departments.

Tables
to the Report of the Czech Telecommunications
Office on its Activities
in 2002

**Overview of issued licences, authorisations and decisions
on number allocation*) for 2002**

Telecommunication licence

Telecommunication activities		Number of decisions to **)					
		grant	withdraw	grant	withdraw	grant	withdraw
		telecommunications licence					
		2000		2001		2002	
1.	Provision of public telephone service through fixed public telecommunication network	9	0	17	0	9	0
2.	Provision of public telephone service through mobile public telecommunication network	0	0	2	1	1	0
3.	Establishment and operation of public telecommunication network except telecom. networks exclusively designed for one-way dissemination of TV or radio signals along lines	14	0	39	1	29	1
Total		23	0	58	2	39	1

Authorisations to provide new telecommunication services

Name of new telecoms service	Number of decisions to **)					
	issue	cancel	issue	cancel	issue	cancel
	the authorisation					
	2000		2001		2002	
Shared cost services	0	0	2	2	0	0

Number allocation

Number allocation	Number of decisions to **)					
	allocate	withdraw	allocate	withdraw	allocate	withdraw
	the numbers					
	2000		2001		2002	
	32	0	231	40	208	39

*) Reported since the date of entry into force of Act No. 151/2000 on Telecommunications and Amendments to Other Acts (1 July 2000).

***) The number of decisions that have become effective is disclosed.

**Overview of the number of registration certificates based on general licences^{*)}
for 2002**

General licence number and name		Number of registration certificates					
		issued	cancelled	issued	cancelled	issued	cancelled
		2000		2001		2002	
GL-24/T/2000	to establish and operate public telecommunication networks intended exclusively for one-way dissemination of TV or radio signals along the lines	27	0	117	1	49	0
GL-25/S/2000	to provide value-added and other telecommunication services based on voice transmission	7	2	150	7	110	2
GL-26/S/2000	to provide value-added & other telecom services based on data transmission	7	2	71	2	57	1
GL-27/S/2000	to provide data transmission telecommunication services	7	2	113	2	48	2
GL-28/S/2000	to provide the telecommunication services of: a) mediating user access to INTERNET services b) voice communication through the INTERNET	69	4	743	7	477	4
GL-29/S/2000	to provide the telecom services of leased telecommunication loops	12	1	119	5	38	0
GL-31/S/2001	to provide telecom services of data transmission and other information transmission via public, non-public fixed and mobile radio networks	0	0	41	3	48	3
GL-32/S/2001	to provide the public telecommunication services of public paging	0	0	2	0	0	0
GL-33/S/2001	to provide the telecom services of radio and TV signals dissemination via terrestrial transmitters	0	0	16	1	6	0
GL-34/S/2001	to provide the telecom services of data transmission and other information transmission via satellite connection	0	0	12	0	4	0
GL-35/S/2001	to provide the telecom services of radio and TV signal transmission via satellite connection	0	0	4	0	1	0
T o t a l		129	11	1388	28	838	12

*) Reported since the date of entry into force of Act No. 151/2000 on Telecommunications and Amendments to Other Acts (1 July 2000)

**Overview of the number of authorisations
to operate radio broadcasting facilities
for 2002**

Type of authorisation		Number of decisions to ⁴⁾					
		grant			withdraw		
		authorisations in:					
		2000	2001	2002	2000	2001	2002
1.	Fixed service						
	total	5338	7643	8177	1882	316	556
	of this, <u>point to point</u>	5338	7349	7867	1882	281	498
point to multipoint	294		310	35		58	
2.	Amateur service						
	total	2467	4116	961	0	1	2
	of this, <u>individuals</u>	2467	3912	885	0	0	0
	club stations		142	39		0	0
	foreigners ¹⁾		26	21		0	0
converters & packet a. 2)	36		16	1		2	
3.	Satellite service						
	total	404	48	167	330	1534	498
	of this, <u>VSAT</u>	361	36	135	328	1531	496
	SNG	43	12	32	2	3	2
4.	Aerial service						
	total	381	639	968	168	207	987
	of this, <u>stations aboard planes</u>	381	618	862	168	205	945
aerial stations ³⁾	21		106	2		42	
5.	Marine service						
	total		164	169		71	85
6.	Radio service						
	total	609	1972	124	72	1763	32
	of this, <u>television facilities</u>	497	1608	62	62	1556	21
	radio facilities	112	364	62	10	207	11
7.	Terrestrial mobile service						
	total	1264	1054	1228	931	1341	1064
	of this, <u>radiotelephony networks</u>	1264	384	442	931	750	587
	data and telemetric netw's		635	718		581	436
paging	35		68	10		41	
8.	Short-term authorisations						
	total	11	73	83	0	0	0
	of this, <u>fixed service</u>	2	12	56	0	0	0
	terrestrial mobile service	4	51	24	0	0	0
	radio service	5	10	3	0	0	0

1) Foreign citizens authorised to broadcast in the Czech Republic under the Czech call code

2) Packet assemblers

3) Terrestrial stations for aerial service

4) The number of decisions that have become effective is disclosed.

Abbreviations:

VSAT - very small aperture terminal

SNG - satellite news gathering

**Testing special qualifications to operate
radio transmission stations
in 2002**

Types of Special Competence Certificate ^{*)}		Number of certificates issued on the basis of examination		No. of persons applying for the exam	No. of certificates issued upon:	
		2000	2001		exam	application f. extension or as duplicate copies
				2000	2001	2002
1.	General certificate of aerial mobile service radiotelephonist	109	230	170	151	249
2.	Limited certificate of aerial mobile service radiotelephonist	614	920	585	597	612
3.	General certificate of marine mobile service radiotelephonist	115	90	196	150	32
4.	Limited certificate of marine mobile service radiotelephonist	129	223	650	628	118
5.	General certificate of marine mobile service operator	0	0	0	0	11
6.	Limited certificate of marine mobile service operator	0	0	0	0	0
7.	Terrestrial radio telegraphist's certificate	0	0	0	0	0
8.	Amateur stations operator's certificate (HAREC Certificate) ^{**)}	310	101	104	94	0
Total		1277	1564	1705	1620	1022

^{*)} Decree No. 202/2000 on the Requisites of the Application for Admission to Examination to Prove Special Compet. to Operate Radio Transmission Facilities, on the Extent of Knowledge Required for Different Types of Spec. Competence, on the Methods of the Examinations, and on the Types of Special Competence Certificates and the Period of Validity Thereof.

^{**)} Replacement of the HAREC certificates was carried out in 2000. On the whole, 1443 certificates were replaced.

**Overview of the number of decisions to approve telecommunication facilities
in 2002¹⁾**

Type of decision		Number of decisions issued ²⁾ in		
		2000	2001	2002
1. A	Approval of terminal equipment	283	273	286 ⁴⁾
	<i>of this:</i>			
	a) telephone sets	26	24	45
	b) payphones - coins, cards	4	3	2
	c) wireless telephones	13	17	25
	d) answering machines, recorders	15	10	16
	e) security equipment	9	19	16
	f) faxes, fax modems, fax modem cards	104	111	118
	g) modems, modem cards	14	16	14
	h) direction finders	0	11	1
	i) private branch exchanges, switching equipment	24	21	34
	j) teleprinters	0	0	0
	k) equipment with digital interface, ISDN	59	37	4
	l) auxiliary passive equipment	15	4	11
1. B	Approval of the type of radio equipment	322	193	171 ⁵⁾
	<i>of this:</i>			
	a) radio and TV transmitters, converters	14	19	11
	b) radio relay equipment	77	53	61
	c) eqpmt. for special service types (radars, amateur stations)	2	3	0
	d) PPS radio station, including data transmission	76	45	67
	e) citizen band radio stations	5	8	0
	f) radiotelephones	33	12	20
	g) command and control equipment, security equipment	83	50	3
	h) pagings	5	0	3
	i) other radio equipment	2	2	0
	j) satellite communication equipment ³⁾	25	1	6
2. A	Approval of the technical adequacy of individually produced terminal equipment	2	2	1
2. B	Approval of the technical adequacy of individually produced radio equipment	14	8	18
3.	Decision to use radio equipment whose type has been neither approved nor recognised for testing purposes	21	8	6
T o t a l		642	484	482 ⁶⁾

¹⁾ As at 1 May 2001, part of the radio and telecommunication terminal equipment was exempted from the requirement for approval according to Act No. 151/2000, on Telecommunications and on Amendment to Other Acts. That equipment is now (after 1 May 2001) subject to conformity assessment according to Government Order No. 426/2000 Defining the Technical Requirements for Radio and Telecommunication Terminal Equipment (NV 426 Order).

²⁾ The number of decisions that have become effective is reported.

³⁾ Up to 30 June 2000, this also includes decisions on approval of TV cable distribution systems and SAT systems.

⁴⁾ of this, 103 decisions issued on the basis of Section 10 Subsection 1 of NV 426 Order.

⁵⁾ of this 58 decisions issued on the basis of Section 10 Subsection 1 of NV 426 Order.

⁶⁾ of this, 161 decisions issued on the basis of Section 10 Subsection 1 of NV 426 Order.

Assessment of conformity of radio and telecommunications terminal equipment

As an authorised entity under Section 10 Subsection 1 of the NV 426 Order, the Office issued 2 standpoints, which serve radio equip.manufacturers/importers as decisive doc. for the issue of the Declaration of Conform.

**Overview of the key activities
of the State Telecommunications Inspection - Part I
for 2002**

Inspecting activities

Inspection focus		No. of complt'd inspects ²⁾	Number of decisions issued ¹⁾	Fines imposed		No. of complt'd inspects ²⁾	Number of adm. proc's frm prev. per's	Number of adm. proc's initiated	Number of decisions issued ¹⁾	Other ³⁾	Fines imposed		Adm. procs passing to next period
				No.	amt. - CZK						No.	amt. - CZK	
		year 2001					year 2002						
1.	Compliance with conditions of telecommunications licence (authorisation)												
	a) to establish and operate public telecommunication network	4	4	4	6 050 000	1	2	4	5	0	2	800 000	1
	b) to provide public telephony service through public fixed network	33	2	2	725 000	45	0	2	2	0	2	220 000	0
	c) to provide public telephony service through public mobile network	27	0	0	0	9	0	2	1	0	1	100 000	1
2.	Compliance with the conditions of:												
	a) gen. licence or authorisation to provide telecommunication services	12	1	0	0	21	2	5	5	0	5	102 000	2
	b) gen. licence to provide the telecommunication service of telecommunication loop leasing	0	0	0	0	0	0	0	0	0	0	0	0
	c) gen. licence to establish and operate public telecom networks designed exclusively for one-way dissemination of TV or radio signals along lines	65	16	9	3 000	31	2	1	3	0	1	100 000	0
	d) gen. licence to operate radio transmission equipment	102	31	27	1 028 000	83	2	72	73	1	65	606 000	0
	e) authorisation to operate radio transmission equipment	249	61	54	3 102 250	496	3	55	54	0	44	2 561 100	4
3.	Compliance with the conditions for displaying telecommunication equipment and radio equipment and for the launching thereof on the market	41	6	8	3 380 000	21	3	5	7	0	7	216 000	1
4.	Compliance with the conditions for connecting terminal telecommunication equipment to the public telecommunication network	326	184	176	1 561 320	24	4	21	24	0	24	353 900	1
5.	Unauthorised telecoms activities (performing such activities without telecoms licence, permission, authorisation, or registration certificate)	90	25	25	1 922 950	641	42	222	241	3	224	6 120 450	20
6.	Investigation within the claims procedure in respect of complaints against the price charged for telecommunication services	1174	0	0	0	737	0	0	0	0	0	0	0
7.	Other	884	28	16	66500	469	2	8	6	0	3	27 000	4
T o t a l		3007	358	321	17 839 020	2578	62	397	421	4	378	11 206 450	34

¹⁾ The number of decisions is disclosed, as issued at the 1st level of the administrative procedure (irrespective of the date of entry into effect).

²⁾ The inspection is considered as completed with the expiry of the period determined for raising objections against the protocol, or with the termination of objections based on Act No. 552/1991 on State Inspection, as later amended.

³⁾ Cases of termination of administrative procedure without decision are indicated, i.e. cases of death of the person-party to the procedure, winding up of the firm, termination of the procedure on the basis of law (bankruptcy), incompetence etc.

**Overview of the key activities
of the State Telecommunications Inspection - Part II
for 2002**

Decisions and sanctions

Sanctions / disputes		Number of decisions issued ¹⁾	Fines imposed		Number of adm. proc's frm prev.per's	Number of adm. proc's initiated	Number of decisions issued ¹⁾	Other ³⁾	Fines imposed		Adm. procs passing to next period
			No.	amt. - CZK					No.	amt. - CZK	
		year 2001			year 2002						
1.	Fines										
	a) imposed for faults revealed during the inspection activities (according to Table No. 6)	358	321	17 839 020	62	397	421	4	378	11 206 450	34
	b) for prohibited activities in the protected band	2	0	0	2	1	1	2	0	0	0
	c) for unauthorised reception, use or interruption of telecom service or any other intervention in the service	597	527	5 194 700	80	457	413	18	372	3 503 700	106
	d) for hindering state telecommunication inspections	1	1	30 000	0	1	1	0	1	50 000	0
	e) other (including also values from Table No. 8)	94	43	1 151 250	16	103	115	1	92	1 125 850	3
2.	Disputes between public telecom networks operators	3	0	0	19	20	26	0	1	250 000	13
T o t a l		1055	892	24 214 970	179	979	977	25	844	16 136 000	156

¹⁾ The number of decisions is disclosed, as issued at the 1st level of the administrative procedure (irrespective of the date of entry into effect).

²⁾ Cases of termination of administrative procedure without decision are indicated, i.e. cases of death of the person-party to the procedure, termination on the basis of law (bankruptcy), incompetence etc .

Table newly included since 2001.

**Overview of the key activities
of the State Telecommunications Inspection - Part III
for 2002**

Identification of the sources of interference in the operation of telecommunication equipment and networks, in the provision of telecommunication services or radiocommunication services, and the respective sanctions

Focus on		No. of completed investigs ²⁾	Number of decisions issued ¹⁾	Fines imposed		No. of completed investigs ²⁾	Number of adm. proc's frm prev.per's	Number of adm. proc's initiated	Number of decisions issued ¹⁾	Fines imposed		Adm. procs passing to next period
				No.	amt. - CZK					No.	amt. - CZK	
				year 2001						year 2002		
1.	Radio and television reception	1535	44	11	442 250	1560	8	82	88	68	534 750	2
2.	Radio equipment and networks	67	29	18	307 000	71	3	3	6	6	32 700	0
3.	Public telecom networks designed exclusively for 1-way dissemination of TV or radio signals along lines	197	10	5	141 000	150	1	3	4	3	8 500	0
4.	Other	32	1	0	0	22	0	3	3	2	115 000	0
Total		1831	84	34	890 250	1803	12	91	101	79	690 950	2

¹⁾ . The number of decisions is disclosed, as issued at the 1st level of the administrative procedure (irrespective of the date of entry into effect).

²⁾ The investigation is conducted on the basis of a notification or own finding

Table newly included since 2001.

**Overview of the activities of
controlling and monitoring centres
in 2002**

Focus of the activities		No. of inspections in year		
		2000	2001	2002
1.	Frequency spectrum (FS) monitoring			
	a) for purposes of frequency spectrum administration	3514	4639	4898
	b) under the international FS monitoring system ^{*)}	14	15	61
2.	Identification of the sources of interference in the operation of telecommunication equipment and networks, in the provision of telecommunication services or radiocommunication services			
	a) radio (R) and television (TV) reception	80	71	53
	b) radio equipment and networks	187	151	89
	c) public telecom networks serving exclusively for one-way dissemination of TV or R signals along lines	4	12	5
	d) other	36	44	24
3.	Checking compliance with statutory conditions, implementing regulations and CTO's decisions			
	a) radio equipment and networks	64	386	1043
	b) terminal equipment	0	17	2
	c) public telecom networks serving exclusively for one-way dissemination of TV or R signals along lines	29	3	2
	d) other	36	22	48
4.	Detection and identification of unauthorised radio transmission stations			
	Number of unauthorised stations identified	240	288	355

^{*)} Co-operation with Administrations in other countries based on the Radiocommunications Rules (Geneva 1998), Article S16 - international monitoring.

**Overview of the numbers of administrative procedures where decisions are made
in the area of the provision of telecommunications services
in 2002⁴⁾**

Matters	Number of administr. procedures initiated	Number of administr. procedures completed ⁵⁾	Number of cases from previous period	Number of administr. procedures initiated	Number of administr. procedures completed	of this number of decisions issued ¹⁾				Number of administrative procedures passing to the next period
						in favour of subscriber	in favour of provider	suspended	other ²⁾	
1. Breach of general conditions	6	4	2	1	3	3	0	0	0	0
2. Dispute between user/subscriber and telecom service provider ³⁾	73	62	25	119	108	32	52	20	4	36
3. Objections to how a complaint as to service price settlement was handled	1222	1388	191	959	951	220	493	185	53	199
4. Disputes as to financial obligations under contract between a subscriber and telecoms service provider	53256	46000	16215	68537	68172	4138	61278	1113	1643	16580
5. Other disputes	2	1	1	0	1	1	0	0	0	0
T o t a l	54559	47455	16434	69616	69235	4394	61823	1318	1700	16815

¹⁾ The number of decisions is disclosed, as issued at the 1st level of the administrative procedure (irrespective of the date of entry into effect)

²⁾ Cases of termination of administrative procedure without decision are indicated, i.e. cases of death of the person-party to the procedure, termination on the basis of law (bankruptcy), incompetence etc.

³⁾ Not including disputes referred to under points 3 and 4.

⁴⁾ Only the telephony service was disclosed before 2001

⁵⁾ Including submissions from previous period.

**Overview of the number of administrative decisions issued by the Chairperson of the Office
and other submissions attended to by the Decision Reviewing Department
in 2002**

	Administrative procedure	Section ^{*)}	Subm's received	Settled ^{**)}	Outstanding from previous period	Subm's received	Total to settle	Settled	Passing to next period
			in 2001		in 2002				
1.	Objections to how claims were settled	§ 95/8 c	338	628	60	166	226	164	62
2.	Financial obligations - ČESKÝ TELECOM, a. s.	§ 95/8 d	702	897	196	464	660	525	135
	- Eurotel Praha, spol. s r. o.		145	107	79	496	575	411	164
	- RadioMobil, a. s.		589	471	141	673	814	634	180
	- Český Mobil a. s.		3	2	1	3	4	4	0
	- other service providers		3	3	0	6	6	5	1
3.	Other disputes in respect of general conditions	§ 95/8 a,b,e,f	11	39	5	6	11	8	3
4.	Regulation of telecommunication activities	§ 13 - 54, 68 - 76	12	8	6	32	38	38	0
5.	Frequency spectrum administration	§ 56 - 67	36	41	6	7	13	7	6
6.	Telecommunication equipment	§ 4 - 12	0	1	1	1	2	2	0
7.	Sanctions imposed on businesses	§ 97/1,2 (except 1 s)	94	61	36	106	142	128	14
	repeatedly imposed on businesses	§ 98	1	1	0	0	0	0	0
	imposed on natural persons	§ 97/3 (except f)	32	23	10	26	36	29	7
	repeatedly imposed on natural persons	§ 98	0	0	0	0	0	0	0
	for failure to pay charges - businesses	§ 97/1 s	0	0	0	4	4	4	0
	for failure to pay ch's - natural persons	§ 97/3 f	0	0	0	2	2	2	0
8.	Other decisions in administrative procedure	§ 95	34	33	5	55	60	45	15
9.	Decision on failure to pay administrative charge		22	23	1	12	13	8	5
10.	Administrative submissions (extension of time etc.)		1357	1350	33	1067	1100	1086	14
11.	Competence-related disputes		92	155	112	84	196	65	131
12.	Cases that do not need to be finalised	§ 107 - temporary p.	1	18	1	0	1	1	0
T o t a l			3472	3861	693	3210	3903	3166	737

^{*)} Act No. 151/2000 on Telecommunications and on Amendment to Other Acts.

^{**)} Including submissions from previous period..

Overview of mandatory budget indicators as at 31 December 2002
(in CZK '000)

Indicator		Actual 2000	Actual 2001	Approved budget 2002	Adjusted budget 2002	Actual 2002	% Compli- ance	Diff 'ce: Columns 5 - 2
		1	2	3	4	5	6	7
I.	Total income	1 003 628	2 858 106	450 000	450 000	1 997 301	443,84	-860 805
II.	Total expenditures of this:	628 895	276 450	255 762	262 750	261 790	99,63	-14 660
	1. Current expenses including:	209 099	256 487	232 762	239 750	238 794	99,60	-17 693
	a) employee salaries and other payments for work done	94 652	102 837	110 326	112 109	112 109	100,00	9 272
	b) statutory insurance paid by employer	32 758	35 993	38 614	39 238	39 238	100,00	3 245
	c) allocation to Welfare Fund	1 869	2 031	2 179	2 225	2 225	100,00	194
	d) non-investment transfers to International organisations	1 754	1 334	2 000	2 000	1 201	60,05	-133
	e) expenditures for preparing the NP for EU membership	0	2 199	2 200	2 200	2 196	99,82	-3
	f) other specified costs	78 066	112 093	77 443	81 978	81 825	99,81	-30 268
	2. Capital expenditures including:	419 796	19 963	23 000	23 000	22 996	99,98	3 033
	system (general) subsidies for capital expenditures	29 994	19 963	23 000	23 000	22 996	99,98	3 033
	of this: for preparing the NP for EU membership	0	0	15 500	15 500	15 459	99,74	15 459
	individual subsidies for capital expenditures	389 802	0	0	0	0		0
III.	Limit number of staff (average full time equivalents)	468	465	483	486	474	97,53	9

Overview of income as at 31 December 2002
(CZK '000)

Budget structure	Item	Indicator	Actual 2000	Actual 2001	Approved budget 2002	Adjusted budget 2002	Actual 2002	% Compliance	Diff 'ce: Columns 5 - 2
			1	2	3	4	5	6	7
		Total income:	1 003 628	2 858 106	450 000	450 000	1 997 301	443,84	-860 805
		of this:							
§ 2462	2111	Income for the provision of services	999 898	2 857 117	449 980	449 980	1 995 332	443,43	-861 785
§ 2461 ^{*)}	2132	Income from leasing other property and parts thereof	21	68	20	20	73	365,00	5
	2141	Interest income	5	57	0	0	12		-45
	2310	Income from sale of assets other than FA	58	66	0	0	53		-13
	2322	Insurance payments received	56	18	0	0	0		-18
	2324	Non-cap.contributions & compenss.received	184	269	0	0	250		-19
	2329	Other non-tax income <i>j.n.**</i>	3 042	361	0	0	122		-239
	3119	Income from sale of fixed assets <i>j.n.**</i>	364	150	0	0	449		299
	4132	Transfers from other own funds and accounts not being of public budget nature	0	0	0	0	1 010		1 010

* From 1 January. 2001

** Income that cannot be included in other items

Overview of current expenses as at 31 December 2002

(CZK '000)

Budget structure	Item	Indicator	Actual 2000	Actual 2001	Approved budget 2002	Adjusted budget 2002	Actual 2002	% Compliance	Diff 'ce: Columns 5 - 2
			1	2	3	4	5	6	7
		Current expenses, total: of this:	209 099	256 487	232 762	239 750	238 794	99,60	-17 693
§ 2462 § 2461 ¹⁾		Activities of other state bodies in the communications area: of this:	189 190	235 412	209 920	222 270	221 584	99,69	-13 828
		Employee salaries and other payments for work done: including:	94 652	102 837	110 326	112 109	112 109	100,00	9 272
	5111	Employee salaries	93 440	101 570	108 973	111 256	111 256	100,00	9 686
	5112	Other staff costs	683	1 111	1 353	813	813	100,00	-298
	5114	Severance payments	529	156	0	40	40	100,00	-116
		Mandatory insurance paid by employer including:	32 758	35 993	38 614	39 238	39 238	100,00	3 245
	5121	Mandatory social insurance and contribution to employment policy	24 400	26 738	28 685	29 176	29 176	100,00	2 438
	5122	Mandatory health insurance	8 358	9 255	9 929	10 062	10 062	100,00	807
	5132	Protective and safety devices	42	59	60	74	74	100,00	15
	5134	Clothes and shoes	21	13	15	15	0	0,00	-13
	5136	Books, learning aids, print	783	448	700	854	854	100,00	406
	5137	Low-value long-term tangible FA	5 227	12 875	3 595	4 224	4 223	99,98	-8 652
	5139	Material purchased j.n.**	4 183	4 510	4 500	6 754	6 571	97,29	2 061
	5151	Water	67	117	180	180	171	95,00	54
	5152	Payments for district heating	112	658	890	911	910	99,89	252
	5153	Gas	300	373	370	429	428	99,77	55
	5154	Electricity	415	1 584	1 800	1 823	1 822	99,95	238
	5156	Fuels and lubricants	2 021	2 016	2 050	1 796	1 795	99,94	-221
	5161	Postal service	4 111	5 529	5 500	7 422	7 422	100,00	1 893
	5162	Telecom. and radiocom. services	1 222	5 434	6 000	7 663	7 662	99,99	2 228
	5163	Financial institutions' services	238	251	285	286	263	91,96	12
	5164	Rent	23 088	7 995	7 275	6 884	6 882	99,97	-1 113
	5166	Consulting, advisory, legal services	1 565	31 657	2 087	1 947	1 722	88,44	-29 935
	5167	Training and education services	1 204	1 341	1 300	1 300	1 269	97,62	-72
	5168	Data processing services	34	5	10	10	6	60,00	1
	5169	Purchase of services j. n.**	7 772	12 055	14 304	19 290	19 068	98,85	7 013
	5171	Repairs and maintenance	4 323	4 381	4 500	3 693	3 689	99,89	-692
	5172	Software	296	898	650	820	819	99,88	-79
	5173	Travel expenses (inside Czech Rep.)	2 466	1 967	2 250	1 838	1 838	100,00	-129
	5175	Refreshment	162	151	200	200	138	69,00	-13
	5182	Advances provided to own Cash Dept.	0	0	0	0	0		0
	5192	Expenses - non-CAPEX c. & c***	77	33	107	107	21	19,63	-12
	5195	Levies for breach of the duty to employ disabled persons	0	84	78	78	78	100,00	-6
	5342	Transfer to Welfare Fund	1 869	2 031	2 179	2 225	2 225	100,00	194
	5346	Transfers to OSS funds - Reserve F.	0	36	0	0	200		164
	5361	Purchase of duty stamps	1	2	0	1	1	100,00	-1
	5362	Payment of taxes and fees	48	60	50	54	53	98,15	-7
	5363	Sanction payments to other budgets	5	4	0	0	0		-4
	5429	Compensations to citizens j. n.**	128	15	45	45	33	73,33	18
§ 2491		Intl. co-operation in communications of this:	8 130	8 752	9 842	9 045	8 921	98,63	169
	5136	Books, learning aids, print	0	104	100	123	122	99,19	18
	5167	Training and education services	0	17	0	0	0		-17
	5169	Purchase of services j. n.**	458	47	500	127	13	10,24	-34
	5173	Travel expenses (outside Czech Rep.)	5 729	6 320	6 972	6 573	6 572	99,98	252
	5175	Refreshment	173	194	200	200	62	31,00	-132
	5179	Other purchases j. n.**	7	39	50	2	2	100,00	-37
	5194	Gifts in kind	9	32	20	20	19	95,00	-13
	5346	Transfers to OSS funds - Reserve F.	0	665	0	0	930		265
	5511	Non-CAPEX transfers to international organisat's in the communications area	1 754	1 334	2 000	2 000	1 201	60,05	-133
§ 2549		General economic services j. n.**: including:	11 779	12 323	13 000	8 435	8 289	98,27	-4 034
	5166	Consulting, advisory, legal services	11 779	12 323	13 000	8 435	8 239	97,68	-4 084
	5346	Transfers to OSS funds - Reserve F.	0	0	0	0	50		50

¹⁾ From 1 January 2001

** Expenses that cannot be included in other items

*** Contributions and compensations

Overview of capital expenditures
(CZK '000)

Budget structure	Item	Indicator	Actual 2000	Actual 2001	Approved budget 2002	Adjusted budget 2002	Actual 2002	% Compliance	Diff 'ce: Columns 5 - 2
			1	2	3	4	5	6	7
§ 2462 § 2461 ^{*)}		Capital expenditures, total of this:	419 796	19 963	23 000	23 000	22 996	99,98	3 033
	6111	Software	16 074	9 604	17 500	9 475	9 474	99,99	-130
	6121	Buildings and structures	390 094	207	0	0	0		-207
	6122	Plant and equipment	6 174	6 387	2 150	2 153	2 151	99,91	-4 236
	6123	Means of transport	2 602	600	2 550	2 519	2 519	100,00	1 919
	6125	Computers	4 758	3 165	800	8 853	8 852	99,99	5 687
	6126	Project design documentation	94	0	0	0	0		0

^{*)} from 1 January 2001

Overview of limits under employment regulation as at 31 December 2002
(CZK '000)

Indicator	Actual 2000	Actual 2001	Approved budget 2002	Adjusted budget 2002	Actual 2002	% Compli- ance	Diff 'ce: Column s 5 - 2
	1	2	3	4	5	6	7
Limit of funds for salaries and other payments for work done:	94 652	102 230	110 326	112 109	112 109	100,00	9 879
of this:							
limit of funds for salaries	93 440	101 570	108 973	111 256	111 256	100,00	9 686
limit of other payments for work done	1 212	660	1 353	853	853	100,00	193
Limit on the number of staff (average FTE)	468	465	483	486	474	97,53	9
Registered as at 31 December	457	478	483	486	481	98,97	3

**Provision of information on the basis of Act No. 106/1999,
on free access to information,
for 2002**

	2000 ^{*)}	2001	2002
1. Number of filed applications for the provision of inf.	12	30	13
2. Number of decision to withhold information ^{*)}	1	3	2
3. Number of filed appeals against the decision ^{*)}	1	3	2

^{*)} *Until 30 June 2000, CTO had been part of the Czech Ministry of Transport and Communications*

**Decisions made in the area of interconnection of public telecommunication networks
in 2002**

		Number of administr. procedures from prev. per.	Number of administr. procedures started	Number of administr. procedures suspended	Number of decisions issued		Number of administr. procedures passing to next period
					on preliminary ruling	on merits	
1.	Netw.interc.or access to networks ¹⁾	13	29	22	1	14	16
2.	Changes to agreement on network interconnection or access to netw. ²⁾	0	4	0	0	4	2
3.	Disputes after concluding interconnection agreement ³⁾	2	8	2	1	4	4
4.	Other ⁴⁾	0	4	0	0	3	1

		No.of outstand. pric. decisions from prev. per.	Pric. decisions being made in current year	No. of pricing decisions issued	No. of outstanding pricing decisions passing to next period
5.	Disputes in the area of interconnection pricing ⁵⁾	0	12	9	3

1) Section 40 Subsections 2, 5 of Act No. 151/2000, on Telecommunications and on Amendments to Other Acts, as amended ("TA")

2) Section 39 Subsection 3 TA

3) Section 40 Subsection 4 TA

4) Section 40 Subsection 3 TA

5) Section 78 Subsection 5 TA