

**CZECH TELECOMMUNICATION OFFICE
REPORT ON THE ACTIVITIES FOR 2003**

April 2004

1. Introduction

Based on Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts, the Czech Telecommunication Office was established, as of 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 Telecommunication Office (hereinafter also referred to as “the Office” or “the CTO”) are associated with the implementation of Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts, as amended (“the Telecommunications Act”) on the basis of which the Office carries out regulation in the telecommunications sector in accordance with its status as a regulatory body.

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

In compliance with the Telecommunications Act and other legal regulations, the Statute defines the position of the CTO, its main tasks, organization and 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.

One of the Office’s tasks, based on its Statute, is to submit to the Government an Annual Report on the Office’s activities for the previous calendar year.

2. The CTO's International Activities in 2003

In 2003, the CTO carried out activities based on the powers and responsibilities given to it by Act No. 151/2000 Coll., the Telecommunications Act. During the year, the Office maintained bilateral and multilateral contacts with telecommunication administration bodies in other countries – particularly the telecommunications regulators, international organizations and other institutions active in the telecommunications sector.

1. International Telecommunication Union (ITU)

In 2003, the most important events under the International Telecommunication Union (ITU) included: World Radiocommunication Conference (WRC-03), the Radiocommunication Assembly (RA-03), the World Summit on the Information Society (WSIS) and the World Symposium of Regulators (GSR). Within the framework of co-operation with the ITU, the CTO's activities primarily included preparation of positions to be held at meetings of the managing, advisory and working bodies, whose agenda was focused on those major international events. The CTO's representatives also took part in preparing the Regional Radiocommunication Conference (RRC-04/05), which is to take place in 2004/2005, and the World Telecommunication Standardization Assembly (WTSA) in 2004.

The results of meetings of the advisory and working bodies were reflected in the CTO's positions for the WRC-03 and RA-03 meetings and in preparations for RRC-04/05. They were also used in the CTO's technical work, particularly in the management of the frequency spectrum, numbering plans and other network-related plans.

ITU World Radiocommunication Conference

The World Radiocommunication Conference (WRC-03) was held in Geneva between 9 June and 4 July 2003 and was attended by 496 delegates from 123 International Telecommunication Union Member States. In accordance with the respective provisions of the ITU Convention and Constitution, the Conference discussed and adopted changes to the Radio Regulations, the basic regulatory tool for the utilization of the frequency spectrum on a global or regional scale. The Conference's deliberations were primarily focused on issues relating to frequency band sharing between radiocommunications services; comments on the Radio Regulations; the possibility of worldwide or regional allocations to radiocommunications services; and the technical, operating and administrative measures for the operation of radio stations. The results of the work done by the Radiocommunication Sector study groups were considered and the process of preparations for the future radiocommunication conferences was discussed.

From the point of view of the Czech Republic and other European countries – members of the EU or CEPT – the results of the Conference may be considered as positive, because many of the joint positions were used as a basis for the formulation of the Conference's concluding documents. The results of the WRC-03 will be reflected in the conceptual and strategic materials the CTO prepares in the area of the frequency spectrum utilization and frequency spectrum management in the Czech Republic. Analyses of WRC-03 results will serve as a basis for proposing changes to the National Table of Frequency Allocations.

The World Radiocommunication Conference was preceded by a meeting of the Radiocommunication Assembly (RA-03), which discussed the issues relating to the activities of the study groups of the Radiocommunication Sector (ITU-R) and the Radiocommunication Advisory Group (RAG). Attention was primarily focused on the study groups' and Advisory Commission's working methods, on the definition of priorities and urgency, and on approving the issues to be studied. The meeting also examined the issues submitted by the Plenipotentiary Conference, the ITU Council or the Radio Regulations Board, and adopted a report, which was submitted to the World Radiocommunication Conference.

World Summit on the Information Society (WSIS)

On the basis of UN General Assembly Resolution No. 56/183 and under the auspices of UN Secretary General, the first part of the World Summit on the Information Society (WSIS) was held in Geneva on 10 - 12 December 2003. Heads of States and Governments and leading representatives of international organizations, institutions and the private sector attended the WSIS meeting. The event took the form of plenary meetings, round tables and panel discussions. The main documents adopted at the Summit include the *Declaration of Principles* and the *Action Plan*. The Declaration of Principles refers to the UN Charter, the Universal Declaration of Human Rights and the Millennium Declaration, and announces the obligation to develop a society model based on universal access to information and the use thereof to create, gather and disseminate knowledge specifically through communication and information technologies. The Action Plan, through which the Declaration's vision and objectives are to be made reality, specifies the individual actions, the level at which they are to be implemented, the timescales, and the co-operation and financing schemes.

The heads of the participating States agreed to include the development of digital technologies among the priorities of their national programmes. This process involves not only public institutions, but also the private sector and the civil society. Solutions to certain fundamental issues, such as Internet administration and financing, will continue being sought in the next stage of the Summit, which will be officially closed at the Tunis meeting in 2005.

The Global Symposium of Regulators (GSR)

The Global Symposium of Regulators was held in Geneva on 8-9 December 2003. Its objective was to give regulators in all regions of the world an opportunity to exchange views and experience from their work. With reference to the recommendations of the World Telecommunications Development Conference (WDTC, Istanbul 2002), this year's Symposium dealt with "Support to Universal Access to Information and Communications Technologies". Panel discussions and round tables were held to discuss the topical issues involved in the general theme of the Symposium. The document adopted in conclusion of the Symposium sums up the best experience and best practice in this specific area.

ITU Council

In 2003, the Council – besides addressing the issues relating to ITU's activities in the previous and next period – focused its attention on implementing the decisions of the Plenipotentiary Conference held in 2002 (PC-02) and on preparations for the conferences and meetings to be held in the near future, including Radiocommunication Assembly 2003, World Radiocommunication Conference 2003, World Summit on the Information Society 2003, and the Regional Radiocommunication Conference, which is to be held in 2004-2005. ITU Budget proposed for 2004-2005 was, of course, an important point on ITU Council's agenda.

The CTO will use the results of the Council's meetings for preparing its positions for the above meetings and conferences.

ITU Radiocommunication Advisory Group

The Radiocommunication Advisory Group expresses its opinions in respect of all issues of the ITU Radiocommunication Sector (ITU-R) and makes decisions on a number of issues relating to this Sector's activities between the meetings of the Radiocommunication Assemblies. In 2003, the Advisory Group's attention was primarily focused on the tasks imposed on the Radiocommunication Sector by the 2002 Plenipotentiary Conference, including, in particular, preparations for the forthcoming radiocommunication conferences (RA-03, WRC-03, RRC-04/05), review of the progress of the preparation work, as well as the course of those events. The Advisory Group also discussed the draft budget, ITU-R's activity plan, process of approving the output of ITU-R study groups, and co-operation with the Telecommunication Development Sector and Telecommunication Standardization Sector.

The Czech delegations for the 2003 World Radiocommunication Conference and the 2003 Radiocommunication Assembly used the results of the Advisory Group's meetings in preparing for the events they were to attend, and the CTO also used them for preparing its positions for the meetings of the ITU governing bodies.

ITU Telecommunication Standardization Advisory Group

The Telecommunication Standardization Advisory Group (TSAG) expresses its opinion in respect of all issues of the Telecommunication Standardization Sector (ITU-T) and makes decisions on certain issues relating to this Sector's activities between the meetings of the World Telecommunication Standardization Assembly (WTSA). At its meetings in 2003, TSAG examined issues relating to the implementation of ITU Plenipotentiary Conference in 2002, to preparation for the meetings of ITU Council and the World Telecommunication Standardization Assembly in 2004, and preparation for the World Summit on the Information Society. In addition, the Group dealt with the structure and methods of work of the Telecommunication Standardization Sector, with the publicity of the Sector's outputs, and with introduction of new ITU documents – technical specifications.

WSIS Preparatory Committee

The main task of the meeting of the Preparatory Committee (PrepCom) of the World Summit on the Information Society (WSIS) was to draw up a draft Declaration of the Principles of the Information Society and the draft Action Plan. The basic background material for preparing the documents included the results of the regional preparatory conferences (the WSIS Pan European Regional Conference was held in Bucharest in 2002) and conclusions from the round tables on issues relating to the development of the information society.

ITU Study Groups and Working Groups

The CTO employees took active part in the work of ITU-R study groups and working groups. In 2003 they attended the meetings of the Study Groups SG1 (Spectrum Management), SG6 (Broadcasting Service), SG8 (Mobile, Radio Determination, Amateur and Related Satellite Services), SG9 (Fixed Services) and other working groups established to prepare materials for the meetings of ITU governing bodies.

Co-operation with ITU Development Sector

ITU Development Sector (ITU-D) organized a number of seminars for participants from ITU Member States. Representatives of the competent CTO Departments took part in the regional seminars on “*Development of Telecommunications Network*” (Sofia), “*Co-operation in ITC Development*” (Bucharest) and “*IMT-2000*” (Lubljana). In September our representatives took part in the symposium on the issues of the “*Internet Protocol*”, held in Moscow.

ITU-D, with organization support from the CTO, held a seminar on “*Economic and Market Analyses*” in Prague in September. The Seminar was intended for representatives of the telecommunications administration bodies from countries of Central and Eastern Europe and the Baltic States. The theme of the Seminar had been included in the 2003 ITU-D activities plan on the CTO’s request.

To maintain the ITU database, the CTO regularly provides, on an annual basis, the latest data on the Czech telecommunications market and on the range and quality of services. The data serve as source material for studies on telecommunications development and for statistical surveys, used by international institutions such as the World Bank and others.

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

Within the range of its responsibilities, the CTO takes part in the work of the CEPT, including both its supreme body (CEPT Assembly) and its commissions and working groups, focusing on the co-ordination and harmonization of electronic communications in European countries.

The CTO’s main focus in 2003 was on the Electronic Communications Committee (ECC) and its working groups, particularly WG FM (Frequency management), WG SE (Spectrum Engineering) and WG RR (Radio Regulatory). The CTO representatives took part in the work of those bodies, including the preparation of the CEPT harmonization documents (Decisions, Recommendations, Reports) and the implementation of regulatory measures. Reflected in this work are the results of the studies relating to new technologies and the systems of frequency spectrum sharing by the radiocommunication services (also including the applications of those systems).

The adopted CEPT harmonization measures are then reflected in the CTO’s measures, e.g. in the Frequency Spectrum Utilization Plan. The Czech Republic is among the most active countries in Europe in terms of the number of measures taken, i.e. the implemented CEPT Decisions, and in terms of the information made available in the EFIS frequency information system. The information is accessible on the web pages of the European Radiocommunications Office (ERO): www.ero.dk.

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

The CTO representatives contributed to the work of the Conference Preparation Group (CPG), which was responsible for co-ordination of the preparation effort of European countries’ telecommunication administrations for the World Radiocommunication Conference (WRC-03). In CPG meetings, the CTO representatives took part in drawing up the European common proposals (ECPs) on the individual points of the WRC-3 agenda, and during the conference itself they supported the adoption of the ECPs with respect to the interests of spectrum users in the Czech Republic.

CEPT results are relevant not only for the electronic communications sector, but also other sectors, which use the frequency spectrum or electronic communications products.

3. The European Union

The CTO became more closely integrated in the EU structure within the context of the signature of the Treaty of Accession of the Czech Republic to the European Union during 2003. In the regulation area, the CTO people attended meetings of the European Regulators Group (ERG) and the Independent Regulators Group (IRG), the regular meetings of the European Commission's Communications Committee (COCOM), the Radio Spectrum Committee (RSC) and the Radio Spectrum Policy Group (RSPG), and they took part in the implementation of the conclusions adopted at those meetings.

A CTO representative also attended the meeting of the Telecommunication Conformity Assessment and Market Surveillance Committee (TCAM), which is the European Commission's advisory body for implementation of Directive No. 1999/5/EC on Radio Equipment and Telecommunications Terminal Equipment and the Mutual Recognition of their Conformity.

On the basis of the new institutional position of the Czech Republic in the European Union, a new "Committee on EU" was established, which includes the Sectoral Co-ordinating Group for Telecommunications and the Information Society (RKS [Czech abbreviation]). This Group prepares, for the Czech Republic, the framework positions or instructions in respect of the issues currently under review for meetings of the EU Council Working Group on Telecommunications and the Information Society. The CTO took part in RKS activities and co-sponsored the EU Council Working Groups.

The CTO's participation at European regulators' meetings contributed to enhancement of our contacts with regulators in European countries. These events included meetings of the following bodies:

The ***European Regulators Group for Electronic Communications Networks and Services*** – the ERG (European Regulators Group) – an advisory body to the European Commission in the area of electronic communications, acting as a link between the EU Member States' national regulators and the European Commission. The ERG contributes to the development of EU's internal market and to consistent implementation of European legislation in the Member States. ERG members include representatives of the national regulators and representatives of the European Commission. As at the accession date, i.e. 1 May 2004, the status of the CTO and regulators of other new Member States is to change from that of observers to regular ERG members.

The ***Independent Regulators Group*** – the IRG is not a part of EU structures. It associates the national regulators both in the "old" and "new" EU Member States, as well as the candidate countries. Its primary activity is to share experience and views relating to issues of common interest to support the development of the European telecommunications market. The main benefit of IRG membership therefore is that it provides opportunities to gain experience and information about the state, methods and problems of implementation of the new telecommunications acquis in the Member States and to use that experience in the regulation of the Czech telecommunications market, including also the drafting of future legislative measures.

Both the ERG and IRG define a joint programme of work, in which emphasis is primarily laid on the implementation of a new regulatory framework including, in particular,

the definition of relevant markets, analysis of the markets, the concept of significant market power, corrective measures, issues of supranational markets and a number of other issues.

The CTO actively co-operated with the Office of the Czech Government and with the Ministry of Foreign Affairs on providing materials for evaluation of the implementation and updating of the Summary of the Remaining Legislative and Non-legislative Tasks for the Accession of the Czech Republic to the EU (the Act on Electronic Communications, the numbering plans, the automated system for frequency spectrum monitoring).

In 2003 we continued in our work on the project of Monitoring of the Telecommunications Sector of the EU Candidate Countries, which represented part of the enlargement preparations of the EU. The CTO provided most of the information and co-operated with those who were responsible for the preparation of the project. The objective of the project was to monitor the state of the telecommunication sector in the candidate countries in the period of 2002-2003; a summarising report was prepared for every half-year period, documenting individual progress of each candidate country towards integration in the EU market.

Phare

In spring 2003, concluding reports were submitted to the CTO and to the Delegation of the European Commission, regarding projects CZ 00-04-03-02, CZ 00-04-03-03 and CZ 00-04-03-04, initiated in 2002, following up with the completed Phare twinning programme "Strengthening Regulation / Enforcement of the Acquis in Telecommunications". The objective of the projects was to analyse number management in the CTO under the condition of number portability, and to propose software and hardware support.

To meet the increasing requirements for frequency spectrum management and with respect to changes in Czech legal regulations in the context of the accession of the Czech Republic to the EU, the CTO began building an automated frequency spectrum monitoring system. The CTO used the offered Phare financial support for implementing the first stage of the system, and it submitted a draft project, which was approved by the European Commission under the reference number and name "Phare Project 2002/000-282.04.01 Introduction and Management of a Global Automated System for Frequency Spectrum Monitoring – GASFSM" within the Financial Memorandum for the National Phare Programme of 24 May 2002. Its ESFSM part, "Extension of the software for frequency spectrum management", was implemented in 2003, and five contracts for technical equipment for the newly built automated system GASFSM were signed on the basis of tenders. The implementation of the project is scheduled for the end of the year 2004.

4. NATO

In 2003, the CTO was actively involved in the activities of the Civil Communications Planning Committee (CCPC NATO) and in the work of the subcommittees and specific groups. A number of meetings and seminars took place within the planned NATO activities.

The CTO's representatives participated in the plenary meetings of NATO Subcommittee on Civil Communications, which were held in Kiev (May 2003) and Brussels (November 2003). The important points on the agenda of the meetings included, in particular, presentation of the conclusions of NATO Summit (Prague 2002), the tasks resulting therefrom for the work of the CCPC, and information about the reconstruction of NATO Committees.

The meetings treated the issues of the vulnerability of communication systems and critical infrastructure towards weapons of mass destruction, and specified the Subcommittee's activities for 2003-2004 and the draft plan of activities for 2005-2006. Particular attention was paid to the issues of civil-military co-operation, issues of the national preference scheme, and crisis communication legislation. Efforts were started for preparation of the CCPC 2004 exercise and of the seminar for the new NATO members, for which the Czech delegation prepared a draft agenda; the seminar was held in Bucharest in November 2003.

The information obtained from the meetings was used as source material for activities in the CTO's crisis management bodies and the entities subject to economic mobilization in telecommunications in crisis situations; in addition, the information served for preparing the draft Government Order for regulatory measures for crisis situations and the Electronic Communications Act.

Meetings of the Working Group for Telecommunications under the Civil Communications Subcommittee (WGT CCPC NATO) paid special attention to the activities of CCPC and CEP (Civil Emergency Planning), leading to finalization of the work on the issues relating to the international preference scheme, the issue of national emergency networks, the status, role and nomination of telecommunications and postal experts, and the agenda of the seminar for new NATO members. The important point for the Czech delegation is that its member was elected as Vice-chairman of the Working Group on Telecommunications.

The Working Group produced, as its main output, supporting materials for the completion of the tasks of preparing the draft Government Order for implementation of regulatory measures in crisis situations and the draft Electronic Communications Act.

The spring session of NATO's joint civil-military Frequency Modulation Subcommittee Political Working Group (FMSC PWF), attended by a CTO representative, focused on preparing NATO's common document for the World Radiocommunication Conference (WRC-03), on the issues of change in the organization and structure of the Frequency Modulation Subcommittee, and on the issues of an annex to the NATO frequency allocation table for crisis situations under the NATO Joint Frequency Agreement (NATO NJFA). The autumn meetings evaluated the WRC-03 conclusions in respect of the individual points of the Conference's agenda from the viewpoint of the impact of the conclusions on NATO's military interests, and addressed the issues of the planned extension of the number of NATO Member States. Information was gained from these meetings, as to the preparation of a joint NATO military position on the individual points of WRC-07 agenda (or more specifically, those points NATO considers important).

An employee of the CTO took part in the seminar on "Advanced Security Technologies in Communications Networks", organized by the Slovenian Security Technology Competence Centre (SETCCE) under NATO auspices.

5. Organization for Economic Co-operation and Development (OECD)

As for co-operation with the OECD, the CTO is represented on the Working Group on Telecommunications and Information Service Policy (WG TISP), which has the primary tasks of encouraging exchange of experience among the Member States, monitoring the current developments in the telecommunications and information service policy area, contributing to the development of the information infrastructure and analysing the economic and social

aspects of the telecommunication networks of OECD countries. Attention was focused to the continuing OECD reform, analysis of the regulatory reform in Germany and France (the last countries in the sequence) and discussion to the draft documents relating to the currently topical questions such as expansion of broadband technologies, control of spam (unsolicited electronic messages), development of third-generation mobile networks, current trends in the determination of tariffs for international calls, and reflections on, and search for, new opportunities in the strategy of development of telecommunications and information technologies for the years to come.

6. European Telecommunications Standards Institute (ETSI)

The European Telecommunications Standards Institute, whose member the CTO is, issues standards, standard-setting documents and technical specifications in the electronic communications area. The General Assembly as ETSI's supreme body meets twice annually. It makes decisions on the substantial issues of ETSI activities, management and membership. At its meeting in 2003 the General Assembly discussed the report on ETSI's activities for the previous period, financing of projects, activities of working groups and technical commissions, co-operation with EU/EFTA and with the European Committee for Standardization (CEN) and European Committee for Electrotechnical Standardization. Much attention was also paid to ETSI's future activities; to the search for new ETSI financing opportunities; to changes in ETSI's Rules of Procedure to reflect the new system of weights assigned to the national votes; and to the changes relating to ETSI membership and the level of ETSI membership fees.

7. Bilateral and Multilateral International Contacts

The CTO delegates took part also in many bilateral and multilateral international meetings, seminars and discussions with representatives of the telecommunications administration bodies from other countries, focusing primarily to the exchange of experience applicable to the performance of the tasks of the specialized departments of the CTO, to issues associated with the accession of the Czech Republic to the EU and on gaining information about new telecommunications technologies in the world. Among the most important events that took place in the Czech Republic during 2003 were:

- Meeting of the RAINWAT Committee (Regional Arrangement Concerning Radiotelephone Services on Inland Waterways);
- Co-ordinating negotiations between Austria, Czech Republic, Germany, Hungary, Slovakia and Slovenia to define the preferential frequencies for the railway connection system GSM-R in border regions;
- Specialized international seminar on the presentation of experience of the MIER company (Spain) with DVB-T implementation and extension in Spain;
- Participation in the meeting of the Steering Committee for using the joint satellite allocation for the national administrations in the Czech Republic, Croatia, Hungary and Slovakia;
- Participation in ad-hoc meetings of the commission established upon the initiative of major telecommunications equipment manufacturers to prepare a document, which would contain all the essential requirements for selected telecommunications terminal equipment and ensure the possibility of unlimited use of such equipment in the countries where the document is implemented in their national legislation. This initiative, inspired by Directive 1999/5/EC on Radio and Telecommunications Terminal Equipment, was developed with UN support;

- Participation in the regional forum of the Visegrád Group, which took place in Budapest and dealt with regulation in telecommunications;
- Visit to the CeBIT 2003 information and telecommunications technology show in Hanover;
- Bilateral co-ordination meeting of representatives of the telecommunications administration bodies of the Czech Republic and Austria, held in Vienna and dealing with co-ordination of frequencies for DVB-T frequencies;
- Trilateral co-ordination meeting of representatives of Germany, Poland and Czech Republic, held upon invitation of the telecommunications administration in Germany. This meeting examined the issues of common approach to the redesigning of frequencies for radio and television broadcasting and the issues relating to the preparation to the Regional Radiocommunication Conference;
- Participation at the International Symposium, held at Metz, concerning convergence of radiocommunications and telecommunications services as a result of new technologies.

In 2003, the CTO organized or co-organized several major international meetings and other events held in the Czech Republic. These included:

- Meetings of two working groups of the European Electronic Communications Committee (ECC) under the European Conference of Postal and Telecommunications Administrations (CEPT), at which the delegates discussed on the economic and technical aspects of interconnection, access prices, dispute settlement and access;
- Meeting of the RAINWAT Committee (Regional Arrangement concerning radiotelephony services on inland waterways);
- Seminar on economic analysis and market analysis, organized in co-operation with ITU for representatives of the telecommunications administrations of the countries of Central and Eastern Europe and the Baltic States. The seminar was attended by 56 people from 15 countries of the region;
- Meeting of the CEPT RR11 Working Group, dealing with the legal framework and legal aspects of supervision of radio and telecommunications terminal equipment in EU Member States with focus on the Netherlands and Sweden;
- Working meeting of the CTO employees with representatives of the Telecommunication Office of Slovakia. The main points on the agenda of the meeting included discussion on the issues of frequency spectrum control, the State supervision activities in telecommunications and radiocommunications, and preparation of electronic communications legislation.

3. Activities at the National Level

3.1 Economic Regulation

The CTO's major activities in the area of **economic regulation** in 2003 are described below.

In the disputes relating to the price for interconnection, seven pricing decisions were made in respect of the prices for interconnection of the public networks, structured according to the telecommunications services on the basis of the detailed analyses of the proposals submitted by the individual public telecommunications network operators. The calculation of the interconnection prices was based on Article 78 of Act No. 151/2000 Coll., on Telecommunications and Amendments to Other Acts, as amended. Amendments were adopted in respect of another two pricing decisions (09/PROP/2002 and 05/PROP/2003) as well.

Two pricing decisions relating to universal service prices were issued in the second half of 2003. Through its pricing decision No. 01/US/2003, the CTO defined the procedure of preparing proposals for maximum prices for universal service for 2004. On the basis of its pricing decision No. 02/US/2003, the Office permitted reflecting the change in the VAT rate (from 5% to 22%) into the maximum prices determined by pricing decision No. 01/2002.

In December 2003, the CTO issued pricing decision No. 02/2003 to cancel pricing decision No. 02/2002 and Annex No. 1 to pricing decision No. 02/2002: in this way, the prices of dial-up access to Internet services through the public fixed telecommunications network of ČESKÝ TELECOM a.s., were exempted from regulation. The main reason why The CTO made this step was the increase in the value added tax rate from 5% to 22%.

For purposes of regulated pricing for public telecommunications services and for interconnection, and for purposes relating to the obligation to maintain separate records of costs, sales and revenues, including the capital invested, the CTO issued its pricing decision No. 01/2003 to determine economically unjustified costs.

In the pricing area, the CTO issued 11 pricing decisions and 2 amendments in 2003.

Number/ effective date	Name
01/PROP/2003 (26 Feb 2003)	Pricing decision laying down the method of calculation of the prices for interconnection of public telecommunications networks for the number portability service, and the method of calculation of the maximum price for interconnection of public telecommunications networks for the number portability service
02/PROP/2003 (16 Jun 2003)	Pricing decision laying down the method of calculation of the prices for interconnection of public telecommunications networks for mediation of access to the service of free call from public cellular mobile telecommunications networks, and the method of calculation of the maximum price for mediation of access to the service of free call from public cellular mobile telecommunications networks
03/PROP/2003 (16 Jun 2003)	Pricing decision laying down the method of calculation of the prices for interconnection of public telecommunications networks for mediation of access to the service of free call from public fixed telecommunications networks, and the method of calculation of the maximum price for mediation of access to the service of free call from public fixed

	telecommunications networks
04/PROP/2003 (23 Sep 2003)	Pricing decision laying down the method of calculation of the prices for interconnection of public fixed telecommunications networks for the provision of the telecommunications services of mediating users' access to Internet network services via an interconnecting point
05/PROP/2003 (1 Oct 2003)	Pricing decision laying down the method of calculation of the prices for interconnection of public telecommunications networks to mediate access to shared cost services
Amendment No. 1 to 05/PROP/2003 (18 Dec 2003)	Amendment complementing the CTO decision No. 05/PROP/2003 of 26 September 2003 to reflect the issued Change No. 2 to the Public Telephone Networks Numbering Plan
06/PROP/2003 (1 Oct 2003)	Pricing decision laying down the maximum prices for interconnection of public fixed telecommunications networks for mediating special tariff access to services from public cellular mobile telecommunications networks
07/PROP/2003 (5 Nov 2003)	Pricing decision laying down the maximum prices for interconnection of public fixed telecommunications networks for mediating access to services provided on the Internet or on other data networks
Amendment No. 1 to 09/PROP/2003 (1 Aug 2003)	Amendment complementing the CTO decision No. 09/PROP/2002 of 20 December 2002
01/2003 (4 Feb 2003)	Pricing decision to define economically unjustified costs for the purpose of regulated pricing for public telecommunications services and for interconnection, and for purposes relating to the obligation to maintain separate records of costs, sales and revenues, including the capital invested, as required for pricing
02/2003 (31 Dec 2003)	Pricing decision to cancel pricing decision 02/2002 of 1 October 2002 and Amendment No 1 to Pricing Decision 01/2002 of 16 October 2002
01/US/2003 (19 Nov 2003)	Pricing decision laying down the procedure of preparing proposals for maximum prices for universal service for 2004
02/US/2003 (1 Jan 2004)	Pricing decision to permit reflection of the changed rate of the value added tax in the maximum prices set out in the CTO's pricing decision No. 01/2002, issuing the list of telecommunications services with regulated prices applicable to specified sellers and purchasers (both natural and legal persons) of the telecommunications services indicated in this pricing decision, including any amendment hereto – reflection into prices in "ZERO"-type pricing plans.

The Office also considered the pricing issues relating to services provided through the ADSL technology (Asymmetric Digital Subscriber Line). For this area, the CTO drew up two documents (one in April, the other in November 2003) with comparisons of ADSL prices in the Czech Republic and in the rest of Europe.

Two pricing inspections were started in ČESKÝ TELECOM, a.s. in 2003 in accordance with Act No. 526/1990 Coll. and with Decree No 580/1990 Coll. (implementing the Act). Another eight price inspections were performed in Eurotel Praha, spol. s r. o., ha-vel voice a.s., InWay, a.s., MBC TELECOM, s.r.o., UPC Czech Republic, a.s., CZECH ON

LINE, a.s., and two pricing inspections in T-Mobile Czech Republic a.s. The purpose of these inspections was to see whether pricing regulations were respected.

Administrative proceedings were started on imposing a fine on ČESKÝ TELECOM, a.s. for breach of pricing regulations based on Article 15(1)(a) and (b) of Act No. 526/1990 Coll., on Prices, as amended. The imposition of the fine of CZK 500,000.- became effective in 2003.

The CTO's activities in **statistical surveying** 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. Another purpose was to prepare statistical surveying in the form of sectoral reports for the 2004 Statistical Survey Programme.

The statistical survey reports in telecommunications for 2004 were approved by the Czech Statistical Office and included in the 2004 Statistical Survey Programme, published in the Collection of Laws, Part 124 (Decree No. 371/2003 Coll., laying down the Statistical Survey Programme for 2004) and in Annexes No. 1 and 2 thereto (lists and characteristics of the surveys).

Data collection from about 2,160 reporting entities active in the telecommunications business continued during 2003. 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 summarized.

Administrative proceedings were commenced in 2003 with 14 reporting entities on imposing a fine on the basis of Article 97(2)(c) of "the Telecommunications Act" for failure to submit statistical reports on telecommunication activities for 2001. Upon the CTO's decision, a fine was so imposed on 10 of those 14 reporting entities.

During the **economic analyses**, 20 applicants for telecommunications licences were examined in 2003 for financial capability (both its material and formal aspects), based on Article 17 of "the Telecommunications Act". Their Business Plans were subjected to financial analysis.

Methods of maintaining separate records of the costs, sales and the capital invested were approved in 2003 for 33 companies: these book-keeping methods are to serve as a basis for cost analyses and for pricing. For 17 companies the submitted draft methods are being examined.

Preparatory work was started in 2003 for the determination of the method to carry out market analyses, which are to serve as a basis for defining undertakings with significant market power on the basis of new EU rules.

Checking the Inputs in the LRI(A)C Model

On the basis of an announcement of a dispute, the CTO asked ČESKÝ TELECOM, a.s. to submit updated information to implement the LRI(A)C model, which was set out in Pricing Decision 01/PROP/2002 as the method to calculate the interconnection prices. ČESKÝ TELECOM, a.s. submitted a set of input data for the LRI(A)C model on 12 September 2003. During October, November and December 2003, the CTO conducted a price inspection to check the submitted data for correctness. The method of calculation of some of the input data was discussed with ČESKÝ TELECOM, a.s. during the inspection.

On 23 December 2003, ČESKÝ TELECOM, a.s. sent new documentation for the modified input parameters, in which the required changes were reflected. Intending to achieve

the maximum possible reflection of reality, the CTO used the findings obtained during the pricing inspection to make additional changes in the data volume submitted. The modified input data were processed in the pricing model and the results of the calculation were used to determine the prices for interconnection in pricing decision 01/PROP/2004.

The regulatory measures taken by the CTO in 2003 were based on CTO Measure No. OÚ-I/S/2003, defining undertakings with a significant market power in the telecommunications business.

List of Telecommunications Licence Holders with Significant Market Power, and Justification of their Position:

- a) Position of public fixed telephone network operator and public telephone service provider through the public fixed telephone network with a significant market power – ČESKÝ TELECOM, a.s. (market share of 95.95%);
- b) Position of public cellular mobile telephone network operator and public telephone service provider through the public cellular mobile telephone network with a significant market power – Eurotel Praha, spol. s r. o. (market share of 47.86%) and RadioMobil a. s. (market share of 44.97%);
- c) Position of public telephone network operator and public telephone service provider through the public telephone network with a significant market power – ČESKÝ TELECOM, a.s. (market share of 48.79%);
- d) Position of provider of the telecommunications service of leasing telecommunications lines with a significant market power – ČESKÝ TELECOM, a.s. (market share of 49.97%);
- e) Position of the ISDN public telecommunications service provider with a significant market power – ČESKÝ TELECOM, a.s. (market share of 96.94%);
- f) Position of provider of the telecommunications service of data transmission via public data network – ČESKÝ TELECOM, a.s. (market share of 84.59%).

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

Calculation of the Telephone Service Market Share

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

where

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

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

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

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

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

- V_2 = revenues of all telecommunications licence holders as generated from network interconnection within the public telephone service;
- N_1 = costs of all telecommunications licence holders, as paid to other telecommunications licence holders for network interconnection within the public telephone service;
- N_2 = costs of all telecommunications licence holders as paid to foreign operators within the public telephone service.

Calculation of the Shares of the Telecommunications Leased Line Market, ISDN Public Telecommunications Service Market, and Public Data Network Services Market

$$V_{11}/V_1 \times 100 = \text{share in \%}$$

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 telecommunications leased line market in total.

Statistical data the authorization holders, concession holders and licence holders submitted on a mandatory basis for 2002 were inserted in the formulas.

Loss that can be Proved to Have been Generated from Provision of Universal Service in 2003

In accordance with Article 32(1) of “the Telecommunications Act”, the CTO as administrator of the Universal Service Account opened the Account in 2002 as an instrument to provide compensations for losses objectively attributable to the provision of universal service in 2001. Information about the Universal Service Account management in 2002 was published in Volume 1/2003 of *Telekomunikační věstník* (Telecommunication Bulletin). The loss objectively attributable to the provision of universal service in 2002 was calculated at CZK 264,657,721.- Of this, the share of ČESKÝ TELECOM, a.s. was CZK 128,974,552.- Holders of telecommunications licences paid contribution amounting to CZK 5,038,756.- in total in 2002.

In 2003, contributions to compensation for the loss incurred in 2001 were paid by two telecommunications licence holders, ETEL s.r.o. and Kiwwi s.r.o. As at 31 December 2003, the accumulated (uncompensated) loss from 2001 amounted to CZK 129,859,233.-

On 27 June 2003, ČESKÝ TELECOM, a.s. submitted to the CTO its calculation of the loss it had generated from the provision of universal service, amounting to CZK 361,495,762.50, in accordance with Article 32(3) of the Telecommunications Act and in accordance with Ministry of Transport and Communications Decree No. 235/2001 Coll., 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 Volume 5/2002 of *Telekomunikační věstník*.

In accordance with Article 3 of the Decree, the Office verified the calculated amount of the loss from universal service provision, as submitted to it by ČESKÝ TELECOM, a.s. Several faults were identified during the inspection of the data and documents supporting the calculation of costs and income from the separate records of costs, sales and revenues, including the capital invested – for example, the calculation of the loss from the provision of

free access to emergency calls through public pay telephones did not include the income from the lease of advertisement space on the public telephone booths. The faults were corrected in the new calculation of the loss from universal service provision, submitted on 24 July 2003: the corrected amount of the loss was CZK 347,752,414.62.

Verification of the loss from the provision of universal service on the basis of accounting data from the separate records of costs, sales and revenue, including the capital invested, and on the basis of the technical documentation and other materials submitted by the universal service provider in accordance with Article 3 of the Decree, included, among other things, examination on a test basis of ČESKÝ TELECOM's records concerning its subscribers to whom discounts were provided on the basis of Article 29(2)(g) and (h) and Article 36(1)(a) of the Telecommunications Act ("the discounts"). Having examined a selected sample of primary documents relating to those records, the CTO arrived at the conclusion that it was impossible to verify on the basis of those records the justification of the claimed loss, because ČESKÝ TELECOM, a.s. had failed to submit to the CTO all the underlying primary documents that would clearly prove the justification of the selected persons' claim for the discounts. For this reason, the calculation, as modified by the CTO, of the contributions for compensation of the loss from the provision of universal service for 2002 did not include the part relating to the loss-generating services according to Point 2 of Annex No. 1 to the Decree: Point 2.1 – installation, re-lay or transformation of the termination point with discounts for natural persons; Point 2.2 – use by natural persons of the termination point with discounts; and Point 2.3 – Lease of specially adapted terminal telephone equipment according to Article 36(1)(a) of the Telecommunications Act. The universal service provider can reflect these services in the next fiscal period in accordance with Article 32(5) of the Telecommunications Act.

The CTO verified the calculations of the loss in accordance with Points 1 and 3 of Annex No. 1 to the Decree, the loss so verified being CZK 6,698,840.- On 31 July 2003 the Office determined, on the basis of Article 33(3) of the Telecommunications Act and on the basis of Article 5(1) and (7) of the Decree, the levels of the payments to be made by the individual telecommunications licence holders to the Universal Service Account. The verified level of the loss and the contributions of individual telecommunications licence holders were published on the same day on the official notice board in the CTO building, on the CTO's web site, and, subsequently, in Volume 8/2003 of *Telekomunikační věstník*.

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

Universal Service Account as it developed in 2003

Name of telecommunications licence holder	Contributions to Universal Service Accnt	Loss from universal service provision	Date of payment
Loss that can be proved to have been generated from provision of universal service in 2001			
Accumulated loss from 2001 – balance as at 1 Jan 2003		130,644,413	
ETEL, s.r.o.	775,288		16 Jan 2003
Kiwwi, s.r.o.	9,892		20 Jan 2003
Accumulated loss from 2001 – balance as at 31 Dec 2003		129,859,233	
Loss that can be proved to have been generated from provision of universal service in 2002			
ČESKÝ TELECOM's loss from universal service provision, as verified by the Office		6,698,840	

Deduction of ČESKÝ TELECOM's contribution	2,365,004		
Total contributions paid	2,638,394		
including:			
Advantel, a.s.	4,941		18 Aug 2003
Aliatel a.s.	25,594		2 Sep 2003
BT (Worldwide) Limited, organization unit	2,134		26 Aug 2003
CENTER OST spol. s r.o.	989		15 Aug 2003
Contactel s.r.o.	13,772		2 Sep 2003
Czech ON Line, a.s.	138		19 Aug 2003
Český Mobil a.s.	419,746		26 Aug 2003
Dial Telecom, s.r.o.	2,148		13 Aug 2003
ETEL, s.r.o.	24,983		14 Aug 2003
Eurotel Praha, spol. s r.o.	2,058,216		3 Sep 2003
FACTOM a.s.	48		3 Sep 2003
Global Tel a.s.	2,296		21 Aug 2003
GTS CZECH, a.s.	60,257		3 Oct 2003
MBC TELECOM, s.r.o.	45		10 Sep 2003
NEW TELEKOM, spol s r.o.	1,210		15 Aug 2003
Option One a.s.	4,345		25 Aug 2003
PRAGONET, a.s.	6,387		14 Aug 2003
SELF servis, spol. s r.o.	4,635		27 Aug 2003
SkyNet, a.s.	147		15 Aug 2003
TELE2 s.r.o.	424		18 Aug 2003
TELECOM 21, SPOL. S R.O.	26		29 Aug 2003
Telia International Carrier Czech Republic a.s.	4,471		28 Aug 2003
UPC Czech Republic, a.s.	1,425		27 Aug 2003
Vocalis Telecom s.r.o.	17		20 Aug 2003
Accumulated loss from 2002 – balance as at 31 Dec 2003		1,695,442	
Accumulated loss total – balance as at 31 Dec 2003		131,554,675	

The CTO 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 2003

Balance as at 31 December 2003	0
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Fines were imposed on six companies on the basis of Article 97(1)(p) for failure to meet the duty as telecommunications licence holders to contribute financially to the Universal Service Account, designed for compensation for the loss that was proved to have been generated from provision of universal service in 2001. Two companies paid the fine and then paid the contribution to the account, and the remaining four decisions are not yet effective. A fine was imposed on the universal service provider based on Article 97(1)(o) for submitting incorrect or incomplete data for calculation of the loss for 2003. This decision has not yet become effective.

3.2 Regulation of Telecommunications Networks and Services

The activities carried out by the CTO in the regulation of telecommunications networks and services provision in 2003 were primarily focused on enhancing and stabilising competitive conditions in the telecommunications market. 2003 was a year in which the impacts of the implementation of the carrier selection and pre-selection (CS/SPS) and number portability (NP) services began to manifest themselves to a significant extent on the telecommunications market, and so did the possibilities of new telecommunications services brought about with the complete re-numbering of the public telephone network in 2002. The telecommunications environment was at the same time influenced by codification of the conditions for local loop unbundling (LLU) on the basis of the newly adopted Act No. 225/2003, which amended Act No. 151/2000 on Telecommunications, as amended (the “Telecommunications Act”), and was likewise influenced by the continued efforts to address the adverse situation in the inter-operator relations in the area of ADSL services and in the area of dial-up access to the Internet.

However, it must be noted again in this context that the CTO’s powers are not defined in the current telecommunications legislation strongly enough to support essential regulatory interventions. The way in which the legislation handles the issue of concluding LLU contracts is a good example. Although the CTO had submitted substantial comments during the process of preparation of the legislation, there are no provisions in respect of the steps to be taken by the CTO if the parties negotiating a LLU contract fail to reach agreement, although this issue could be addressed in a similar way as is the case, for example, with the possibility for the CTO to enter in disputes on network interconnection according to Article 40 *et seq.* of the Telecommunications Act.

The drawbacks of the current legislation were among the reasons why in 2003 the CTO – in the context of its participation in preparations for the new electronic communications legislation (under the Ministry of Informatics) – took part in defining the needed conditions for the new draft Electronic Communications Act to enable really effective regulation of the telecommunications networks and services in the future.

3.2.1 Defining New Models for the Dial-up Access to Internet

As a continuation of the administrative procedure conducted by the CTO in 2002 in respect of the practices of ČESKÝ TELECOM, a.s. in changing inter-operator contracts for dial-up Internet access, the CTO continued in its activities under the so-called Forum for New Internet Access Models.

During 2003, in co-operation with the Association of Public Telecommunications Networks Operators (“APVTS” [Czech abbreviation]) and representatives of Internet users, working groups gradually defined and developed technical and economic models for new solutions to inter-operator relations for securing dial-up Internet access. The Forum’s work, which had taken almost a year, was completed in September 2003. In conclusion, the document “Access to the Internet through the PSTN/ISDN Networks” was adopted.

This document defines, in principle, two basic variants of the business model of interconnection for the dial-up Internet access service. One of them is the termination model option, where (from the viewpoint of the end subscriber) the charging party is the access

network provider, i.e., ČESKÝ TELECOM, a.s. in the majority of cases, and the other is the origination model option, where (from the viewpoint of the end subscriber) the charging party is the alternative operator, or Internet service provider (ISP). President of the CTO, Chairman of APVTS, and a representative official of the Representatives of the Internet Users platform signed the definitive version of the document on 17 December 2003.

It should be mentioned in this context that the document "Access to the Internet through the PSTN/ISDN Networks" provides the essential basis of the variants of technical and economic solutions to public telecommunications service interconnection for the dial-up Internet access services. The incorporation of the solutions in specific bilateral contractual relations is, first of all, the matter of the operators themselves. Nevertheless, the CTO is ready to make use of the adopted conclusions in its future decisions in cases where certain operators fail to respect the justified requirements for the implementation of the defined new models.

It can be stated in respect of the above approach taken by the CTO in defining new models for the dial-up Internet access that the CTO's co-operation with public telecommunications networks operators on APVTS basis focused on a number of additional areas in 2003. A representative of the CTO regularly attended the meetings of the NP&CS project team. Participation at the work meetings allows for active and open exchange of views among all the parties relating to the gradual "debugging" of the conditions for the CS, CPS and NP services, and other services, and contributes considerably to amicable settlement of disputes. The issues currently under review are, in particular, those of responsibility for the ported numbers, those relating to the status of virtual SC/CPS operators etc. It can be stated that the CTO's co-operation with operators on the APVTS platform is appreciated on both sides.

3.2.2. Work Started on Preparing New SW Support to Activities Resulting from the New Act on Electronic Communications

In 2003, the CTO commenced preparations for transition to the new legal framework for electronic communications. Work was started in this context on creating suitable software facilities to support the administrative activities resulting from the newly prepared legislation with impact on telecommunications networks and services regulation. In accordance with the recommendations resulting from the consultation projects implemented in the CTO in 2002 under the PHARE (Projects No. CZ 00-04-03-04 and No. CZ 00-04-03-02), basic specifications and process descriptions were drawn up to provide grounds for ordering the production of new SW products for numbering plans management under the conditions of number portability and of maintaining records in the register of undertakings in the electronic communications business (taking into account the new system of the so-called General Authorizations) as well as comprehensive records of administrative proceedings in disputes relating to public telecommunications networks interconnection. The general conception of the form and functions of the product was presented in the mid 2003.

It must be added that the work is considerably hindered by the fact that the Act on Electronic Communications has not yet reached a definitive version. As at the end of 2003, the Register of Undertakings – as the basic module of the whole system – and the core part of the module for management of the numbering plans were exposed to commenting, and both were then subjected to testing under the conditions currently prevailing in the CTO.

Apart from the fundamental tasks described above, the CTO's 2003 activities in the area of telecommunications networks and services were focused on a number other important tasks, which are summarized in the paragraphs below.

3.2.3 Telecommunications Networks and Services Licensing

Tender for Telecommunications Licences to Establish and Operate P-MP Public Telecommunications Networks in the 28 GHz Band in the Delineated Area – the City of Prague

To meet the increasing interest among FWA network operators, as well as other telecommunications operators, in further frequency band allocations for FWA network construction and broadband service provision (specifically in the 28 GHz frequency band), the CTO considered these requirements and has recently decided to make three sections of that spectrum band available for use in the delineated geographical territory of Prague.

On 8 December 2003, the CTO launched a tender (announcing it at its web site and on its official board) for allocation of telecommunications licences to establish and operate P-MP public telecommunications networks in the 28 GHz band in the delineated area – the City of Prague. The announcement of the tendering procedure resulted from the plan to launch the tender, which plan had been published in Volume 10/2003 of *Telekomunikační věstník*. The tender conditions, especially the requirements in respect of the tenders to be submitted and the method of evaluation thereof, were specified in detail in the tender terms of reference and documentation issued in January 2004.

Three telecommunications licences to establish and operate the telecommunications networks in Prague, as specified above, are to be issued on the basis of the results of the tendering procedure in April 2004. Those networks will enable provision of all types of telecommunications services. Extension of the opportunities to provide broadband data transmission and Internet access services will be the main benefit. Networks in the 28 GHz band will be added to the already operating system of the given network type in the 26 GHz and 3.5 GHz bands.

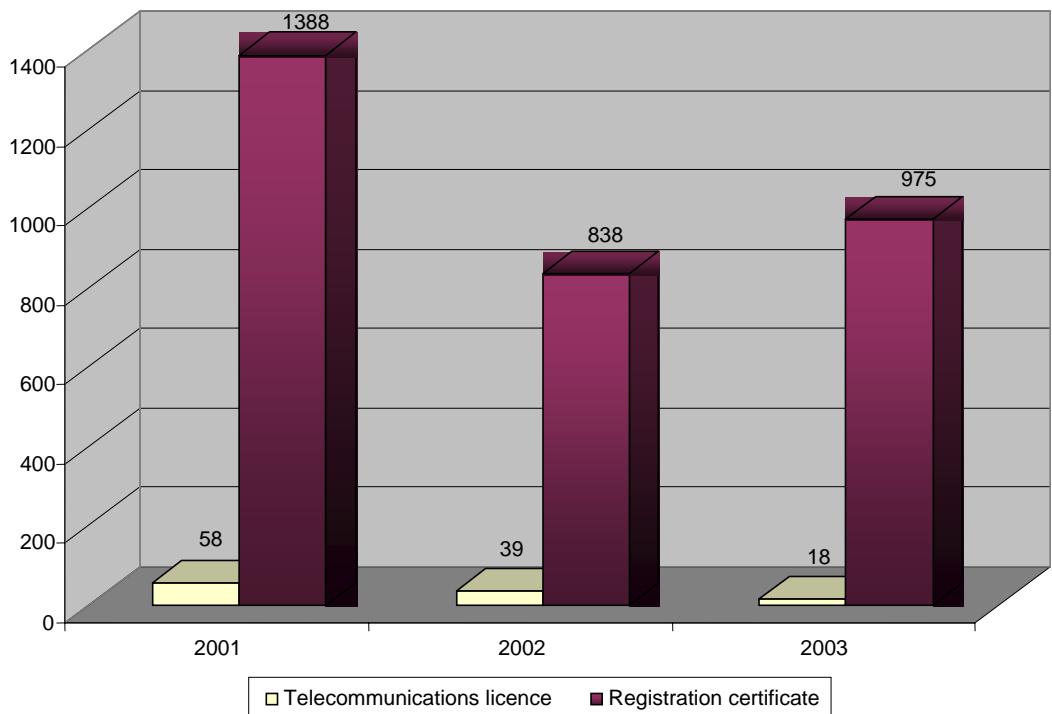
Other

In the area of public telecommunications networks and public telephone service, another significant reduction of the number of allocated telecommunications licences (based on Article 14 *et seq.* of the Telecommunications Act) occurred in 2003: as indicated by the 2003 statistics, 18 telecommunications licences were allocated in that period.

The trend of decreasing numbers of allocated telecommunications licences has continued since 2001 (58 licences in 2001; 39 licences in 2002). This is so because the needs of the telecommunications market have mostly already been met and because another liberalization in telecommunication licensing is being expected (once the newly prepared Act on Electronic Communications comes into effect).

On the other hand, in the telecommunications activities that are only subject to registration under the so-called General Licences, the total number of certificates (975) granted in 2003 was higher than the number granted in 2002 (838). A particularly strong growth occurred in registrations in the category of data services and in the category of mediating access to Internet services. This includes, in particular, a rapid growth of WiFi (Wireless Fidelity) networks for high-speed transmissions in the 2.4GHz band, operated on the basis of General Licence No. GL 12/R/2000, and mass implementation of the Internet access service provided to the public on a community basis (public libraries, schools etc.).

Comparison of the numbers of granted telecommunications licences and registration certificates under general licences



3.2.4 Number Management and Numbering Plans

In 2003, the CTO's telecommunications network and services regulation activities in the numbering area were – in compliance with EP and Council Directive No. 2002/21/EC – focused to providing conditions for equal and non-discriminatory access to the numbering sources and equal and non-discriminatory treatment of all players on the national telecommunications market. The purpose was to support and enhance economic competition, as needed for approximation and harmonization of the numbering sources with the Community conditions and for support to the national, European and global services.

In the numbering area, the needs for telecommunications market regulation were analysed in detail in line with the work done under CEPT/ECTRA (or by the ECC 3 team) for electronic communication networks addressing and numbering. On that basis, then, documents and legal regulations were drawn up in respect of network integrity, service interoperability, and conditions for the provision of the services on the national, European and global scale. A chronological overview of the above-mentioned documents and regulations is given below.

Change No. 1 to the Numbering Plan of the Public Data Network and the Numbering Plan for the Signalling Points of the Signalling Networks in Signalling System No. 7.

To optimize and simplify the above plans and to ensure uniform and easy access to the required numbering sources for the telecommunications networks operators and telecommunications service providers, Amendments No. 1 to these plans were published in Volume 2/2003 of Telekomunikační věstník (the amendments consisted in removal of the annexes concerning applications for number allocation).

Numbering Plan of Addresses and Names of Management Domains for the Message Delivery System

To provide clear addressing and name formation for the management domains and to meet the relevant recommendations of the ITU-T message delivery system and the need to transform the initial Uniform Rule No. 7/T/1998 (issued in Volume 6/1998 of Telekomunikační věstník) into a legal form compatible with Act no. 151/2000, as amended (the Telecommunications Act), a “Numbering Plan of Addresses and Names of Management Domains for the Message Delivery System” was drawn up and issued in Volume 2/2003 of Telekomunikační věstník. The initial system of management domain administration was also changed, the purpose being to meet the requirements for addresses and names management and allocation according to ITU recommendations. The numbering plan formulated in this way defines the method of creating addresses and names for the administrative and private management domains, sets out the principles of the allocation thereof, and determines the obligations of the administrator of the domains with the country code “CZ”, including their registration and/or cancellation of registration in the ITU-TSB.

Change No. 2 to the Public Telephone Network Numbering Plan

To ensure sustained development of telecommunications services and to meet EU's requirement for open network provision (ONP) according to EU Directives, e.g. 98/10/EC – in specific terms, network provision for voice telephony and universal service – a proposed draft was drawn up, and published in the discussion part of Volume 5/2003 of Telekomunikační věstník, in respect of Change No. 2 to amend the Public Telephone Network Numbering Plan, published in Volume 9/2000 of Telekomunikační věstník, as amended under Change No. 1 published in Volume 7/2002 of Telekomunikační věstník. The proposed Change No. 2 consisted, first, in the updating of the numbering plan through elimination of the respective Annex (A1) in relation to the newly introduced numbering system (the so-called “closed” numbering), and second, in the introduction of an addressing system for the new territorial units – telephone districts (TOs) – activated after the re-numbering exercise, which took place overnight 20 / 21 September 2002. The TOs differ from the former nodal telephone districts (UTO) in terms of both area and number. In addition, draft Change No. 2 applied to Annex C, or more specifically, to replacement of its table for public cellular mobile telephone networks, virtual networks (additional services) and access codes according to the ONP system in numbering.

To complement draft Change No. 2 of the Public Telephone Network Numbering Plan, a special appendix, concerning universal personal communications, was prepared and exposed to public discussion in Volume 6/2003 of Telekomunikační věstník (the CTO initially intended to issue that appendix as a separate numbering plan).

Upon evaluation of the results of the public commenting procedure and discussion thereon with the operators concerned, Change No. 2 to the Public Telephone Network Numbering Plan was issued in Volume 10/2003 of *Telekomunikační věstník*. The change determined and defined the conditions for using national numbers for the telephone districts (TOs) in the closed numbering system and for certain new supplemental services. It modified the distribution of SAC codes for the supplemental services or virtual networks and the codes for access to other networks. In addition, it defined the numbers that are subject to number portability and carrier selection or pre-selection. Change No. 2 also provided a new appendix, which defines the numbering of the services of universal personal telecommunications (UPT).

Numbering Plan for the Network Routing Numbers

To provide clear network addressing, using network routing numbers in the datagrammes of signalling system No. 7 as a means to deliver signalling reports, a draft Numbering Plan of Network Routing Numbers was drawn up and published in the discussion part of Volume 6/2003 of *Telekomunikační věstník*. Among other things, the numbering plan proposed a definition of the structure of network routing numbers (NRN) for selected traffic cases.

A definitive version of the Numbering Plan of Network Routing Numbers (NRN) was drawn up on the basis of discussion with the professional public and after evaluating the public commenting procedure. Through this numbering plan, the CTO prescribed a mandatory structure of the network routing number for the routing of emergency calls and complementary service calls in the public fixed telephone networks. The operator's identification number (OpID) and exchange identification number (ExID) were announced, on an obligatory basis, through the numbering plan. The numbering plan determined the "pooled address" and also provided that if the operator provides access to emergency calls for subscribers to other networks, the ExID numbers must be published in *Telekomunikační věstník*. For operators to whom OpID or ExID were preliminarily allocated before the numbering plan's entry into effect, the numbering plan's transient provisions specified the obligation to apply for definitive allocation of the IDs.

Draft Numbering Plan of Numbers to Identify International Telecommunication Cards Issuers

Another numbering source, which is subject to regulation with reference to the applicable ITU-T recommendations (E.118 in this particular case), is the specific numbering for identifying the issuer (issuer identifying number, IIN) of international telecommunication cards in the "permanent account number" (PAN), indicated on the card. The structure of the identification number header (main industry identifier MII, country code CC and the IIN) is also comprised in the telecommunication cards or in the chip inserted in the mobile telephones to identify the subscriber (SIM Header). The CTO therefore drew up a "Draft Numbering Plan of Numbers to Identify International Telecommunication Cards Issuers" and exposed it to discussion among the professional public by publishing it in Volume 11/2003 of *Telekomunikační věstník*. The CTO believes that, once the public commenting results are evaluated, the definitive Numbering Plan will be issued in 2004.

Other

In 2003, in addition to the above activities in the number management and numbering plans area, the CTO issued administrative decisions, responding (by a procedure based on the

Telecommunications Act) to 240 applications for number allocation (allocation of number series, names and addresses) and for modification of decisions on number allocation (number series, names and addresses), and to 31 requests for withdrawal of previous allocations (271 decisions in total). 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 123,250 thousand in total for the year 2003.

The table below shows an overview of the decisions made:

Issued decisions on number allocation, decisions to change number allocation decisions, and decisions to withdraw numbers (number series, names and addresses):		
Type of number (destination)	Service / network access provided	No. of decisions
10 (destination)	Carrier selection or pre-selection (CS/CPS)	12
11	European harmonized short codes and the so-called "mandatory services"	0
12	Nation-wide socially important operator services	7
13	Access to the service equipment of telephone network operators	1
14	Information provided by public telephone network operators. Commercial, informing and offering, emergency and security services	7
601÷608;72X,73X,77X	Mobile network services	9
700	Personal numbers (UPT)	0
712 and 713	Selective signalling services (ERMES, paging)	0
800	Freephone services	24
800 (A=0, B=0)	Home Country Direct-type services	1
81Y; 83Y; 84Y	Shared cost services	12
82Y	Virtual prepaid calling card services	21
84Y (Y=0,1,2,7,8,9)	Shared cost services – universal access number services (UAN)	1
900; 906; 909	Premium rate services (PRS)	51
93	National answering service	1
950-959	Access to non-public telecommunications networks	1
960-969	National answering service, voice message delivery service	2
971	Access to Internet	37
97Y (Y=2,3,4)	Access code to the Czech Railways' network, to the stable military network of the Ministry of Defence and to the Ministry of Interior network	2
976	Special-tariff access to services provided on the Internet or other data networks	18
977	Public data networks and interactive services	2
Numbers by individual TOs	Subscriber numbers in the telephone districts (TOs) applicable after 22 September 2002	22
Domain names and addresses	Administrative management domains (ADMDs)	0
DNIC	Public data network identification code	5
ISPC	International signalling point codes of the SS7 signalling network	6
SPC	Signalling point codes of the SS7 transition signalling network	22
OpID	Operator identification number	5
ExID	Exchange identification number	2
Total number of decisions issued:		271

3.2.5 Interconnection and Network Plan Management

Settlement of Disputes Relating to Contracts for Interconnection and Access to Public Telecommunications Networks

Decisions in disputes in respect of concluding interconnection contracts or amendments to already existing contracts remained among the CTO's key activities in the area of regulation of interconnection in 2003. The CTO applied in such cases the principles defined for public telecommunication networks interconnection in Article 37 *et seq.* of the Telecommunications Act (the principle of "open access to networks").

Over the period under review, the CTO held 54 administrative proceedings. Comparison with the years 2001 (15 administrative proceedings) and 2002 (46 administrative proceedings) clearly shows that three years or so after commencement of liberalization on the Czech telecommunications market the relationships between operators are still far from consolidated. This applies, in particular, to the relation between the dominant (SMP) operators and others, which require network interconnection. Unlike in the previous years, there is a gradual shift from disputes about interconnection as such to disputes about interconnection for specific services. Based on those administrative proceedings conducted by the CTO in 2003:

- a) the CTO issued 23 administrative decisions in respect of telecommunications networks interconnection;
- b) the CTO issued 7 administrative decisions on suspending the administrative proceedings mainly in those cases where the CTO's entry in the interconnection contract negotiations facilitated the process of reaching agreement between the parties.

It should be stated again (like in the CTO's 2002 Report on Activities) that the current legislation, represented by the Telecommunications Act, cannot be considered as optimum and does not give the CTO sufficient support to speed up substantially the process of negotiation or decision-making in the matters of public telecommunications networks interconnection.

As the work of the Forum for new dial-up Internet models was completed and the document "Internet Access through PSTN/ISDN Networks" was issued, several interconnection disputes were referred to the CTO for decision in respect of Internet origination models and unmetered Internet flat rate at the inter-operator interface ("FRIACO"). The CTO also continued in 2003 in addressing the disputes concerning broadband access to Internet services through the ADSL technology. The issues involved in these proceedings are very complicated, so that the proceedings will continue in 2004. Many of the disputes submitted to the CTO concerned interconnection for special tariff services.

Administrative Proceedings in the Matter of Reference Interconnection Offers (RIO) and Reference Unbundling Offers (RUO)

In 2003, the CTO used its authorization based on Article 39(7) of the Telecommunications Act to make decisions about changes to the reference interconnection offers by those public telecommunications networks operators who are defined in Measure No. OÚ – 1/S/2003 as undertakings with significant market power (such offers being referred to as RIOs). A factual decision was made in respect of the RIOs of Eurotel Praha, spol s r.o. and ČESKÝ TELECOM, a.s. In the case of T-Mobile Czech Republic a.s., the proceedings

were discontinued in the second stage because an entirely new reference bid had been submitted. The RIO newly issued by T-Mobile Czech Republic a.s., as well as Appendix no. 4 to the RIO of ČESKÝ TELECOM, a.s., were subjected to review in administrative proceedings, which were still under way after the end of the year 2003.

With the entry into effect of Act No. 225/2003 Coll., amending Act no. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended, and also amending Act No. 29/2000 Coll., on Postal Services and on Amendment to Other Acts, as amended under Act No. 517/2002 Coll., stipulating the obligation to publish a local loop unbundling reference offer (this obligation applies to ČESKÝ TELECOM, a.s.), the CTO began registering first applications for local loop unbundling. As the above amendment was adopted, ČESKÝ TELECOM's local loop unbundling reference bid was analysed with respect to the possible commencement of administrative proceedings for changing this offer.

Change Proceedings Regarding the Documents Setting out the Conditions for the Carrier Selection (CS) and Carrier Pre-selection (CPS) Services

CS and CPS documents represent the essential materials describing the principles of co-operation of operators and their public telecommunications networks in the implementation of the CS/CPS services. In the context of telecommunications market liberalization and efforts to encourage more public telephone service providers to enter on the telecommunications market, the CTO considers it necessary to finalize the public negotiations regarding the conditions for the virtual CS operators' business. Responding to suggestions by certain public telecommunications service providers, who wished to provide telephone service through the CS service using the host networks, the CTO prepared amendments to the CS Document and initiated their negotiations at the meeting of the Board of the APVTS Association on 24th November 2003.

3.3 Certification

In the certification area, the CTO made decisions in 2003 on the basis of Article 95 (2) of Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts (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. The CTO also defined regulations to apply to the approval of telecommunications equipment. In addition, it carried out tasks as authorized body for the assessment of conformity of radio and telecommunications equipment on the basis of Article 10(2) of Government Order No. 426/2000 Coll., laying down the technical requirements for radio and telecommunications terminal equipment, as amended by Government Order No. 483/2002 Coll. ("NV 426").

3.3.1 Issuing Decisions on Type Approval, Decisions on Approval of Selected and Individually Produced Telecommunications Equipment and Decisions to Use Radio Equipment for Testing Purposes

In 2003, in the period up to 30 March 2003, when the approval process was completed, 66 decisions were issued, including 58 decisions on type approval, 7 decisions on approval of individually produced equipment and 1 decision on the use of radio equipment for testing purposes. The proceeds from those activities amounted to CZK 276,000.

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

Overview of the Numbers of Decisions on the Approval of Telecommunications Equipment Issued in 2003¹⁾

	Type of decision	Numbers of decisions issued ²⁾ in		
		2001	2002	2003
1. A	Approval of the type of terminal equipment	273	286	37
	<i>of this:</i>			
	a) Telephones	24	45	4
	b) Coin and card payphones	3	2	0
	c) Cordless telephones	17	25	4
	d) Answering and recording machines	10	16	0
	e) Security equipment	19	16	1
	f) Faxes, fax modem cards	111	118	23
	g) Modems, modem cards	16	14	3
	h) Direction finders	11	1	0
	i) Private branch exchanges, switching equipment	21	34	1
	j) Teleprint equipment	0	0	0
	k) Equipment with digital interfaces, ISDN	37	4	0
	l) Auxiliary passive equipment	4	11	1
1. B	Approval of the type of radio equipment	193	171	21
	<i>of this:</i>			

a)	Radio and TV transmitters, boosters	19	11	0
b)	Radio relay equipment	53	61	13
c)	Equipment for special services (radars, amateur rigs)	3	0	0
d)	PPS radio stations, including data transmission	45	67	7
e)	Citizen band radios	8	0	0
f)	Radio telephones	12	20	1
g)	Command and security equipment	50	3	0
h)	Paging	0	3	0
i)	Other radio equipment	2	0	0
j)	Satellite Communication equipment	1	6	0
2. A	Approval of technical capability of individually produced terminal equipment	2	1	0
2. B	Approval of technical capability of individually produced radio equipment	8	18	7
3.	Decisions on the use for test purposes of radio equipment whose type was neither approved nor acknowledged	8	6	1
Total		484	482	66

¹⁾ On 1 May 2001, part of the radio and telecommunications terminal equipment was exempted from the approval regime based on Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts. From the same date, this equipment has been subject to conformity assessment on the basis of Government Order No. 426/2000 Coll., laying down the technical requirements for radio and telecommunications terminal equipment. On 1 April 2003, the telecommunications equipment approval procedure was fully revoked and replaced by the conformity assessment regime.

²⁾ What is reported is the number of decisions that have entered into force.

Commentary on the Table:

The overview of the **terminal telecommunications equipment (TTE) approved** in 2003 suggests that there is a relation with the development of Internet services, which is reflected in the number of PC-inbuilt fax modem and modem cards. The number of applications for TTE approvals decreased substantially during the last months before 1 April 2003 as a result of the anticipated transition to the conformity assessment mode (to take place on 1 April 2003), which implied a major liberalization of the TTE market.

In the area of **radio equipment**, the number of pieces of equipment being approved decreased considerably in 2003. The greatest number of approval decisions was issued for the radio relay equipment, which was to be transferred to the regime based on Appendices No. 4 and 5 to Government Order No. 426, and the PPS radio relay stations because some of the Czech manufacturers of radio stations were trying – in the case of older types – to update the documents needed to release the stations for the market, which would have been more difficult in the procedure under the new mode. The relatively high number of decisions to approve the technical capability of individually produced radio equipment was due, in particular, to operators' effort to gain a decision on approval for all operating older transmitters before transition to the conformity assessment mode; Government Order No. 426, unlike the Telecommunications Act, does not address issues relating to the individually produced equipment, so that conformity assessment based on that document would be more complicated than the issue of an approval certificate.

3.3.2 Telecommunications Equipment Conformity Assessment Based on Government Order No. 426/2000 Coll.

As at 1 May 2001, the CTO began acting as authorized body for radio and telecommunications terminal equipment conformity assessment in accordance with Article 10(2) of Government Order No. 426. On the basis of Notice No. 34/01 of the Institute for Standardization, Metrology and State Testing (ÚNMZ) (Věstník ÚNMZ, No.7 of 13 July 2001), the CTO was entitled to use the identification number AO 260 in procedures based on the above Government Order.

Exempted from the approval system was at that time only the radio and telecommunications terminal equipment in which the conformity assessment procedure did not require, but only enabled, participation of an authorized person, depending on the manufacturer's discretion.

Now, as the List of Individual Types of Selected Telecommunications Equipment and the Regulation Base was removed (Telekomunikační věstník Vol. 1 of 27 January 2003), all the radio and communications terminal equipment was exempted from the approval procedure regime based on Act 151/2000 Coll. as at 30 March 2003 and was transferred to the regime defined under Government Order No. 426/2000 Coll.

From 1 April 2003, fulfilling its tasks based on Government Order No. 426, the CTO issued 31 opinions, which must be respected by telecommunications equipment manufacturers and importers as decisive evidence for the Conformity Statement. The income from this activity amounted to CZK 265,144.

The structure, in terms of equipment type, of the assessments issued in 2003 is shown in the overview below:

Overview of the Numbers of Conformity Assessments Issued in 2003

	Type of assessment	Numbers of assessments issued in		
		2001	2002	2003
1. A	Based on Annex No. 4 to Government Order No. 426/2000¹⁾ (assessment of technical construction documents and data) <i>of this:</i>	1	0	23
	a) Telecommunications terminal equipment (voluntary decision of the manufacturer/importer to apply Annex No. 4)	0	0	2
	b) Radio equipment assessed according to harmonized standards (voluntary decision of the manufacturer/importer to apply Annex No. 4)	1	0	4
	c) Radio equipment – TV transmitters and boosters assessed according to non-harmonized standards	0	0	3
	d) Radio equipment – radio relay (rr) communications assessed according to non-harmonized standards	0	0	14

1. B	Based on Annex No. 5 to Government Order No. 426/2000¹⁾ (assessment of complete quality assurance)	3	2	8
	<i>of this:</i>			
	a) Manufacturers of telecommunications terminal equipment	1	0	1
	b) Manufacturers of radio equipment	2	2	7
	Total	4	2	31

¹⁾ On 1 May 2001, part of the radio and telecommunications terminal equipment was exempted from the approval regime based on Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts. From the same date, this equipment has been subject to conformity assessment on the basis of Government Order No. 426/2000 Coll. On 1 April 2003, the telecommunications terminal equipment approval procedure was fully revoked and replaced by the conformity assessment regime based on Government Order No. 426/2000 Coll..

The majority of the equipment can be launched to the market on the basis of conformity assessment according to Annex No. 2 or 3 to Government Order No. 426/2000 Coll., i.e. without participation of the authorized body, the CTO. Participation of the CTO as the authorized body in conformity assessment is essential in the case of the equipment subject to the conformity assessment regime based on Annexes No. 4 and No. 5 to Government Order No. 426/2000 Coll., i.e. for the equipment to which no harmonized standards were applied, or in those cases where the manufacturer itself was interested in the conformity assessment.

At present, practically all types of radio equipment occurring on the market in Europe and in the Czech Republic are covered by harmonized standards, except TV transmitters and boosters and certain radio relay (rr) equipment. Owing to the progress in microwave technology and to the need for rr communications to meet the requirements of mobile network operators and radio and television broadcasters, as well as providers of other services, rr equipment represents the core area of conformity assessment. Nevertheless, it is expected for the future that it will be possible to launch the majority of radio relay equipment on the market according to Annex 3 to Government Order 426 upon meeting the requirements of harmonized framework standards, so that TV transmitters and boosters will remain the last area where an authorized body will have to be involved in the assessment process. The fact that in 45% of the assessments issued the manufacturers and importers preferred an assessment module higher than the mandatory level (as a rule, Annex no. 45 instead of Annex no 2 or No. 3, and Annex No. 5 instead of Annex 4) is due to their customers' requirements, e.g. in tender terms of reference, and to the manufacturers' and importers' effort to provide the highest possible security for their products when they launch them on the market.

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

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

Provisions of Title II of the Telecommunications Act, containing a reference to Act No. 22/1997 Coll., on Technical Requirements for Products and Amendment to Certain Other Acts, created prerequisites for complete transition to conformity assessment according to Parliament and Council Directive No. 1999/5/EC on Radio Equipment and Telecommunications Terminal Equipment and Mutual Recognition of Their Conformity (the "RTTE Directive").

The approval process for radio and telecommunications terminal equipment was completely removed by 1st April 2003 and all this equipment was transferred to the conformity assessment regime based on Government Order No. 426/2000 Coll., which is identical with the regime specified in the RTTE Directive.

To achieve a full harmonization of the process of telecommunications equipment conformity assessment with EU procedures and to create conditions for concluding the Sector Supplement “Radio Equipment and Telecommunications Terminal Equipment to PECA” (Protocol to Europe Agreement on Conformity Assessment), the CTO co-operated in changing and amending the relevant parts of Government Order No. 426/2000 Coll. The last change was made through Government Order No. 251/2003 Coll., amending certain Government Orders issued for the implementation of Act No. 22/1997 Coll., on Technical Requirements for Products and on Amendment to Certain Acts, as amended. Thus conditions were created not only for concluding the above Sector Supplement but also for meeting the requirements brought about by the accession of the Czech Republic to the European Union.

3.3.4 Harmonization of Czech Conformity Assessment Technical Standards and Regulations with Foreign Standards and Regulations

During 2003, the standards issued by CEN, CENELEC and ETSI were taken over in accordance with the technical standardization plan of the Czech Standardization Institute, after discussion with the CTO. Once adopted and issued in the Czech Republic as the Czech Standards (ČSN), the applicable standards began being used in the approval and conformity assessment process.

Technical specifications referring to certain harmonization documents implementing EU Directives were used in 2003 for approving the telecommunications equipment intended for connection to the analogue interface of public telecommunications networks. These included, in particular, the TBR 21 document (Technical Basis for Regulation), ensuring the basic local harmonization of the European telecommunications 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” in *Telekomunikační věstník* and are available on the CTO’s web site.

As to the telecommunications equipment conformity assessment, the CTO’s web site contains a complete listing of the harmonized 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 Government Order No. 426 in the Czech Republic; it also contains a complete and up-to-date overview of European harmonized 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 each decision was issued, and for compliance with the provisions of Government Order No. 426/2000 Coll., were

carried out in 2003 in close co-operation between the employees of the CTO and the Czech Trade Inspection, based on the Agreement on Co-operation between these two institutions.

3.3.6 Relations with the Public and the Media

The CTO's web pages (www.ctu.cz) offer manufacturers, importers and users a complete range of information, including also the procedures for the launching of telecommunications equipment on the market and details regarding the connection and operation of this equipment. Also available at the www.ctu.cz site is a list of the individual types of radio equipment, an informative list of harmonized standards, model formats for the conformity statement and for the application for assessment, and other information. The most important information is also available in English.

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

3.4 Frequency spectrum management

In the scope of its authority, the 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 charges for the frequencies allocated.

As to frequency planning for the radio and TV transmitters, 14 requests for new frequency allocations and modifications for analogue television transmitters were prepared and sent for international co-ordination in 2003, and so were 31 requests for frequency allocations for DVB-T and 18 requests for frequency allocations and modifications for analogue FM transmitters.

On the other hand, the CTO evaluated 45 foreign requests for co-ordination of frequency allocations for TV, 153 requests for frequency allocations for DVB-T, 129 foreign requests for co-ordination of frequencies for FM radio transmitters and 1 request for frequency co-ordination for AM radio. Several hundreds of 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.

Within the context of the issues of vacating the 12th TV channel for T-DAB (to apply the conclusions of the international agreement reached in Wiesbaden 1995 and co-signed by the Czech Republic), the process of change to the frequencies of the transmitters using the 12th TV channel was commenced in 2003. In connection with the work done in 2002, when the CTO had succeeded to ensure co-ordination for the majority of television booster frequencies and prepare conditions for starting the process of clearing that channel, most of the planned changes were successfully completed. Frequency was changed in 84 TV repeaters. At the same time, the antenna directivity pattern was modified in the Ústí nad Labem 12 transmitter, for which no substitute frequency had been found. To address the issues resulting from the change to the directivity pattern (worsened coverage in north-western Bohemia), documents and materials were prepared for construction of the new supplemental transmitter (Chomutov 21) to strengthen the coverage. A definitive solution to these issues can only be achieved with the introduction of digital broadcasting. Within the process of clearing the 12th TV channel, employees of the responsible Department flexibly

provided supporting data for measurements in the cases of worsening of the reception conditions at individual sites, including selection and co-ordination of a substitute frequency, where necessary. International co-ordination of 12 new frequencies, or modifications thereof, was completed in 2003. To ensure transparency of the whole process of changes in the broadcasting channels at each locality, a unified procedure was defined, including documentation of the initial state, examination of project design documentation, technological supervision, documentation of the final state, assessment of the costs by an independent auditor), and close co-operation was pursued among the CTO's individual organization units.

The total number of issued permissions for the operation of radio transmission equipment was 2,291, including permissions for radio-telephone networks in 1,049 cases, permissions for data and telemetry networks in 1,115 cases and permissions for paging networks in 127 cases. 24 new short-term permissions were also issued as part of this service in 2003. As many as 967 permissions were withdrawn. Permissions for data networks in frequency bands up to 1 GHz are also included among these permissions: although they in fact belong to the fixed service, they are planned and co-ordinated (because of their nature) in the same way as the land mobile service networks.

As to spectrum planning for the land mobile service, 144 co-ordination requests were sent in 2003 to the administrations of the neighbouring countries and, on the other hand, 1,068 foreign co-ordination requests were considered.

A clear trend of changes in the configurations of the networks being operated, and a trend of their increasing transmission capacities, were observed in the fixed radiocommunications service. 2,687 radio relay communication permissions were issued and 1,390 were withdrawn (the total number radio relay communications in operation is almost 16,000). The P-MP cellular systems in the access networks serving primarily for data transmissions (including Internet connection) developed as expected: 115 permissions were issued for these systems and 49 were withdrawn, the total number of base stations in operation being more than 300.

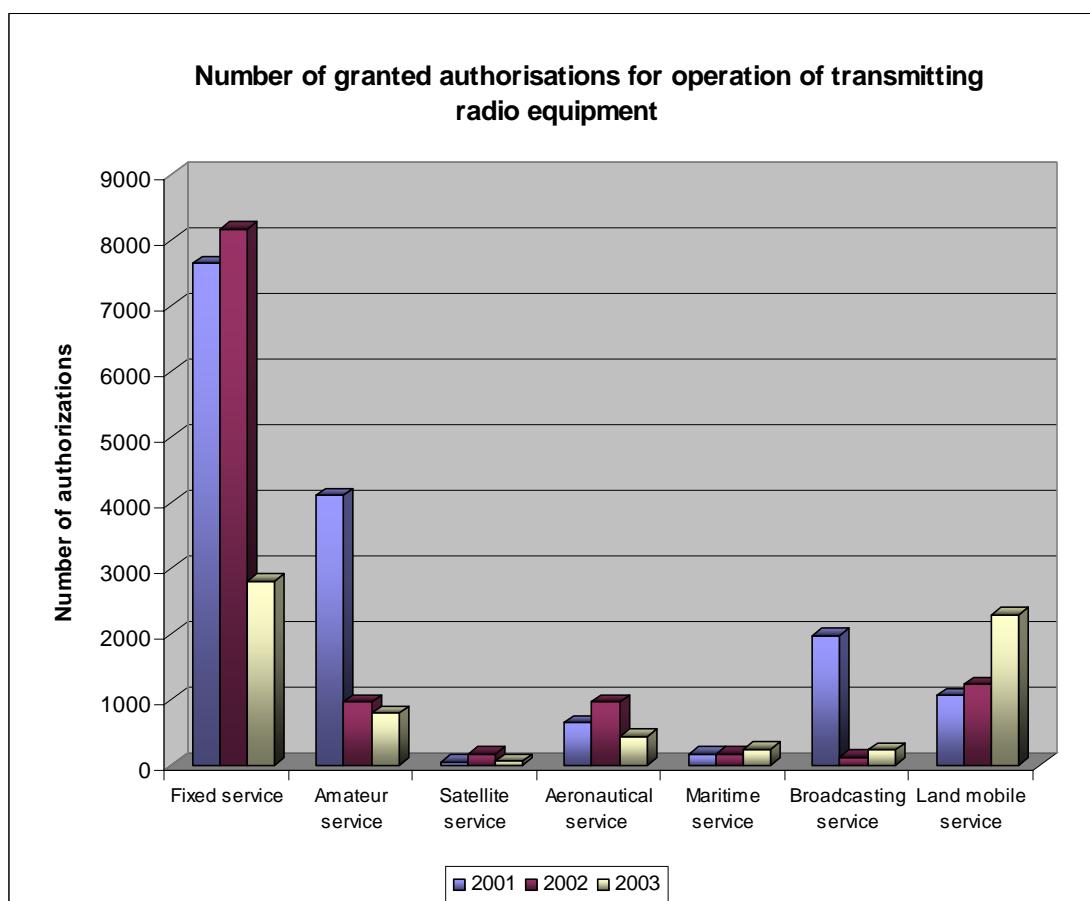
In the amateur radiocommunications service, 794 permissions were issued and 4 permissions (for boosters) were withdrawn. Currently, CRO has more than 6,000 active radio amateurs in its records.

Situation in the satellite service was influenced by the issue of general licences. Almost all the current operation takes place under such licences. Only 38 VSAT stations are being operated on the basis of permission for operation of radio transmitting equipment, using the frequencies for which general licences cannot be issued. To ensure one-off transmission of TV signals to other countries, 45 permits for SNG transmissions were issued to foreign applicants.

In the aeronautical service, a summarising database of aviation stations was elaborated (223 such stations are in operation in total, based on permits). A number of other stations are indicated in the information materials regarding aerial traffic in the Czech Republic: to identify aviations stations, if any, operating without authorization, all aviation stations will be monitored in 2004. As to aircraft stations, changes occur among the permission holders as the aircraft change their owners or are decommissioned. A total of 368 permissions were issued and 342 were withdrawn upon request (there are valid permissions in respect of almost 1,600 aircraft stations).

In the maritime service the situation is similar to the aeronautical service. 243 permissions were issued and 127 were withdrawn. On the whole, there are 57 coastal stations and 303 stations aboard ships. The majority of the coastal stations are those serving to secure traffic on inland waterways.

To meet the requirements of the Czech Ministry of Foreign Affairs, the CTO issues its consent with the use of frequencies to provide security for official visitors from abroad.



Civil and military radiocommunications services were co-ordinated on a continuous basis. Any conflicts of interests or interferences were settled by direct negotiation between the CTO and the Czech Army's frequency Office – NARFA CZ. Activities were focused primarily on the continuous process of harmonization of frequency spectrum utilization and on the process of vacating 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. The responsible CTO Department was also involved in the assessment of the sectoral and other materials and documents, and evaluated ITU weekly frequency circulars and their special annexes.

To strengthen competitiveness on the Czech telecommunications market, technical data were prepared for issuing licences, including data needed for allocations in the 28GHz frequency band serving to build broadband access networks. These licences are to be allocated on the basis of tenders. In the context of the granting of licences for the operation of

narrowband access networks in the 3.5GHz frequency band, the issues concerning compatibility of access networks with the radiolocation facilities of the Czech Army were resolved. The bodies of State Inspection of Telecommunications inspected all radiolocation equipment in order to gather all the information and data needed for making decisions about follow-up measures to eliminate interference, if any.

In compliance with the tasks resulting from the Telecommunications Act, the CTO drew up additional parts of the Plan for the Use of the Frequency Bands of 380-470 MHz, 1,700-1,900 MHz, 2,200-2,700 MHz, 10-12.5 GHz, 12.5-14.5 GHz, 15.35-21.2 GHz, 21.2-24.5 GHz, and 27.5-29.5 GHz, which were then published in *Telekomunikační věstník*.

New 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:

- the land mobile service equipment, which constitutes part of the GSM-R terminals operating for railway purposes in the frequency ranges of 876-880 MHz and 921-925 MHz;
- the satellite land mobile service equipment in the frequency band of 1.5 GHz, which is part of the satellite user terminals in the frequency ranges of 1,525.0-1,559.0 MHz and 1,626.5-1,660.5 MHz;
- the satellite land mobile service equipment, which is part of the terminals of the Iridium system in the frequency ranges of 1,621.35 to 1,626.50.

To ensure more effective utilization of the frequency spectrum, changes were also made in the existing general licences:

- General licence No. GL-12/R/2000, as amended by Change No. 1 and Change No. 2, for the operation of terrestrial radio transmitting equipment for broadband data transfer on the basis of the spread spectrum principle (RLAN);
- General licence No. GL-22/R/2003 for the operation of low-power radio transmission equipment (citizens' radio stations) for radiocommunication between natural or legal persons.

Draft general licence for the operation of mobile transmission radio equipment, representing part of the electronic systems operating in high-power local radio networks RLAN in the 5GHz frequency band, was published as an exposure draft for public discussion. However, this general licence was not issued in 2003 with respect to the international negotiations regarding the issues of harmonized utilization of the 5 GHz band.

The CTO was actively involved in the meetings of working groups for frequency planning, for system engineering, and for CEPT/ERC/ECC regulation, as well as meetings of selected working teams of those groups. The CTO employees took part in some of the meetings of the individual 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) and its PWG FMSC working group. Within the Frequency Subcommittee, a CTO representative actively participated in preparing the Army's NATO Frequency Position in respect of the individual points of the agenda of the World Radiocommunication Conference WRC-03. Preparations for the introduction of digital terrestrial television broadcasting, DVB-T, in the Czech Republic included a series of bilateral and multilateral meetings concerning the issues of planning for the use of frequencies for digital radio broadcasting (T-DAB) and digital television (DVB-T).

These meetings addressed the issues of bilateral and multilateral international co-ordination of frequencies for DVB-T and the issues of harmonized preparation of technical data for the ITU Regional Radiocommunication Conference, whose first part will take place in 2004. International co-ordinations of transmitters were successfully achieved as a result of negotiations at these meetings, allowing building one nation-wide network for the distribution of a digital multiplex containing at least 4 television programmes for about 80% of the population and another network capable to receive another 4 digital programmes at the minimum for about 30% of the population. In this way, the CTO created basic technical conditions for commencing regular digital broadcasting without any reduction of the current analogue broadcasting. The CTO will continue in the international co-ordinations of the frequencies suitable for digital television broadcasting in order to increase the number of population able to receive digital signals.

In 2003, employees of the frequency spectrum management took part in meetings of Subgroups SWG-FS and SWG-MS under the Vienna Agreement (the Czech Republic is a party to the Agreement). These subgroups, belonging under the TWG-HCM Technical Group, examine important issues relating to international frequency co-ordinations in the fixed network service and land mobile network service. The fixed service subgroup focused primarily on issues relating to the possibility to simplify the process of international fixed service frequency co-ordination. The outcomes of the work of the individual working subgroups were evaluated at the plenary meeting of the Vienna Agreement, held in November 2003. The plenary meeting adopted a new wording of the Agreement, which is published at the web site <http://ba.bmwa.bund.de/englisch/index.htm>. However, the issues relating to simplification of the international frequency co-ordination for the fixed service remained unsettled, so that the negotiations will continue in 2004.

3.4.1 Inter-sectoral 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 for military purposes 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 were those relating to the split of the frequency bands between civil and Army users and a number of further requirements associated with the specific use of frequencies in the sector under the Ministry of Defence.

Nine joint meetings and consultations were held in 2003, focusing on the most important issues.

The major issues discussed in 2003 include:

- Refining the timetable of clearing the frequency bands for the Army;
- Preparing a joint position towards the individual points of the agenda of the WRC-03 World Radio-communications Conference;
- Participation of a NARFA CZ representative in the Czech national delegation at WRC-03;
- Issues of interference with the local access network systems by the facilities of the Czech Army Radiolocation Service;
- Preparing data and materials for the ITU Regional Radiocommunication Conference in respect of the protection of the Army's radiocommunication systems;
- Preparing a position towards the issue of engaging new radiolocation facilities included in the NATO system;
- Issues of modernization of the radiolocation facilities of the Czech Army;
- Issues relating to the use of frequencies in crisis situations.

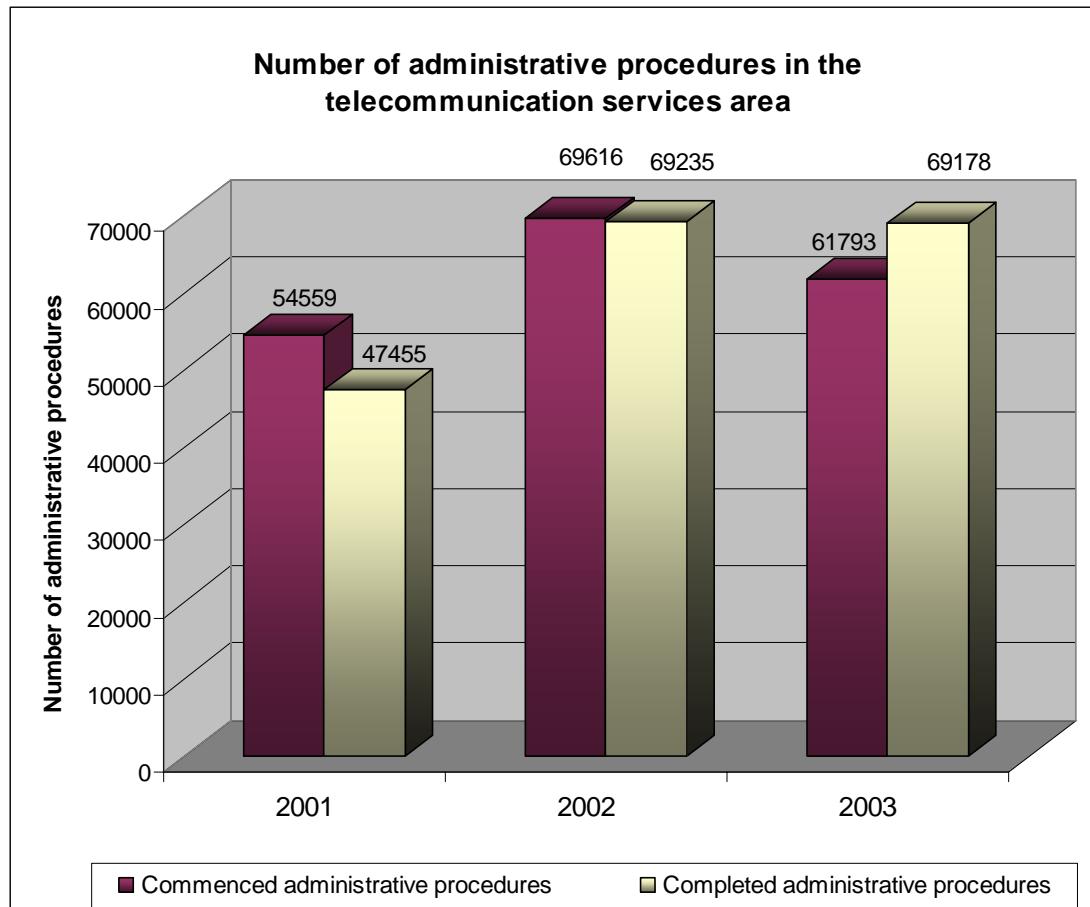
3.4.2 Co-operation with the Radio and Television Broadcasting Council

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. The CTO and the Radio and Television Broadcasting Council co-operated in 2003 in accordance with the Telecommunications Act and the Broadcasting Act. The 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 transmitter's database, including their parameters, on a regular (monthly) basis. Fifty frequencies for FM broadcasting and 42 for analogue television broadcasting were handed over to the Council in 2003. Partial problems were addressed during the ordinary course of work.

The CTO also repeatedly discussed with members of the Broadcasting Council the issues of switchover from analogue television to digital television. Attention was primarily focused on both regulatory bodies' co-operation in issuing the licences needed for the operation of broadcasting networks for the distribution of DVB-T multiplexes.

Within preparations for transition to digital broadcasting, the Radio and Television Broadcasting Council was asked to give consent with the issue of permissions to operate radio broadcasting equipment for the spreading of DVB-T broadcasting. The designs of two networks were prepared on the basis of co-ordinated frequencies with reference to the negotiated updating of the Conception of Transition to Digital Broadcasting.

Within the context of vacating the 12th television channel, the CTO gave over to the Broadcasting Council the technical data relating to all the newly allocated substitute frequencies in order to make it possible to make appropriate changes in the broadcaster's licence.



3.5 Exercising State Inspection of Telecommunications

Performing State inspection in the telecommunications area, based on Article 96 of the Telecommunications Act, the CTO primarily inspects compliance with the obligations and conditions defined by the Telecommunications Act and by the regulations for implementing the Act. The CTO determines whether the persons on whom this Act and the implementing regulations impose obligations in the telecommunications area fulfil those obligations and whether they comply with the conditions defined in the decisions issued by the Office.

3.5.1 State Inspection in the Telecommunications area

In 2003, the activities of State inspection in the telecommunications area were primarily focused on:

- Inspection of submitted assessments of how the universal service quality parameters and indicators in the fixed telecommunications network had been fulfilled in 2002 by the public telephone service providers upon whom the fulfilment of such parameters and indicators was imposed by the telecommunications licence;
- Verification of the report on compliance with the minimum requirement for network development, as defined by the parameter of population coverage by the GSM signal of the holders of the telecommunications licence for installing and operating a GSM-standard public cellular mobile telephone network;
- Assessment and handling of comments on the draft Public Telecommunications Service General Conditions, as submitted by the public telecommunications service providers to the CTO;
- Considering and discussing the draft changes (Changes No. 1, 2 and 3) to the General Conditions of ČESKÝ TELECOM, a.s., for universal service provision;
- Handling the submissions concerning the quality of the services provided, as far as such submissions were subject to administrative procedure;
- Inspection of compliance with the conditions set out for securing accessibility of the public payphone service provided by ČESKÝ TELECOM, a.s. under its universal service obligation;
- Inspection of compliance with the conditions defined in the decision on the allocation of numbers and number series for telecommunications service provision, and compliance with the Numbering Plan for public telephone networks;
- Inspections of compliance with the telecommunications networks interconnection contracts, or inspections of compliance with the CTO's decisions replacing such a contract.

In 2003, as many as 6,179 inspections were carried out under the State telecommunications inspection scheme, focusing on compliance with the conditions defined in the telecommunications licence for installing and operating public telecommunications network; on compliance with the conditions of the telecommunications licence for the provision of the public telephone service through the fixed network; and on compliance with the conditions of the telecommunications licence for the provision of the public telephone service through the public cellular mobile network. Seven fines, totalling CZK 3,525 thousand, were imposed in administrative procedures for faults detected during those inspections.

The most extensive inspection plan scheduled for 2003 consisted in checking for compliance with the conditions specified in the telecommunications licence for provision of

public telecommunications service through the public fixed telecommunications network of ČESKÝ TELECOM, a.s., with special focus on the provision of the public payphone services under the universal service obligation: this series of inspections were carried out in April 2003 and included checking for availability of the public payphone service (as specified in the telecommunications licence), provision of barrier-free access to public payphones and special equipment thereof (Article 36(1)(b) of the Telecommunications Act) and provision of directories at public payphone locations (Article 35(1)(e) of the Telecommunications Act). As many as 4,797 public payphones were inspected (20% of the total number of ČESKÝ TELECOM's public payphones). In the administrative proceedings in respect of the faults identified during the inspections, a fine was imposed on ČESKÝ TELECOM, a.s.. However, the decision to impose the fine as not yet become effective, as the company appealed against it.

Another extensive inspection campaign was focused on compliance with the conditions specified in the decisions on number allocations and the adherence to the Public Telephone Network Numbering Plan in the provision of special-tariff services (service access codes 900, 906 and 909). These inspections were performed in November and December 2003, relating to 595 numbers allocated on the basis of the number allocation decision for provision of special-tariff services. Failures to respect the conditions prescribed in the number allocation decision and failures to respect the conditions of the Numbering Plan were recorded in 79 cases and the guilty parties included GRYF s.r.o., HALOTEL s.r.o., ERIKA, a.s. and WPI Ringier s.r.o., which provided special-tariff services for adults (services of erotic nature) on numbers intended (as indicated in the decision on allocation and in the Numbering Plan) for the provision of business and professional services and/or services consisting in telephone games and contests, lonely-hearts service, advertising, horoscopes etc. With GRYF s.r.o., administrative proceedings for breach of the conditions of the number allocation decision and Numbering Plan were commenced in 2003 and proceedings with the other offenders are scheduled for the first quarter of 2004.

For failures to comply with the conditions of the general telecommunications service licence, which failures were detected during the inspections (58 inspections were performed and completed), the CTO imposed 20 fines totalling CZK 8,541 thousand, including 3 fines amounting to CZK 5 million in total, which were imposed for re-setting Internet calls via the special tariff service access codes (ČESKÝ TELECOM, a.s., Aliatel a.s. and Electronic Group Czechia s.r.o.) .

On the basis of reports from telecommunications network operators and telecommunications service providers, 609 administrative proceedings were launched in 2003 for unauthorized interruption of telecommunications service provision or for another unauthorized intervention with the service. 516 fines were imposed for identified and proved interruption of the service, the total amount of the fines being CZK 4,820 thousand.

Thirty-four inspections of compliance with the conditions for displaying terminal telecommunications equipment and radio equipment and for launching it on the market were performed in 2003, and one fine (CZK 20 thousand) was imposed. For failure to comply with the conditions of connection of terminal telecommunications equipment to the public telecommunications network, 21 fines were imposed, totalling about CZK 203 thousand.

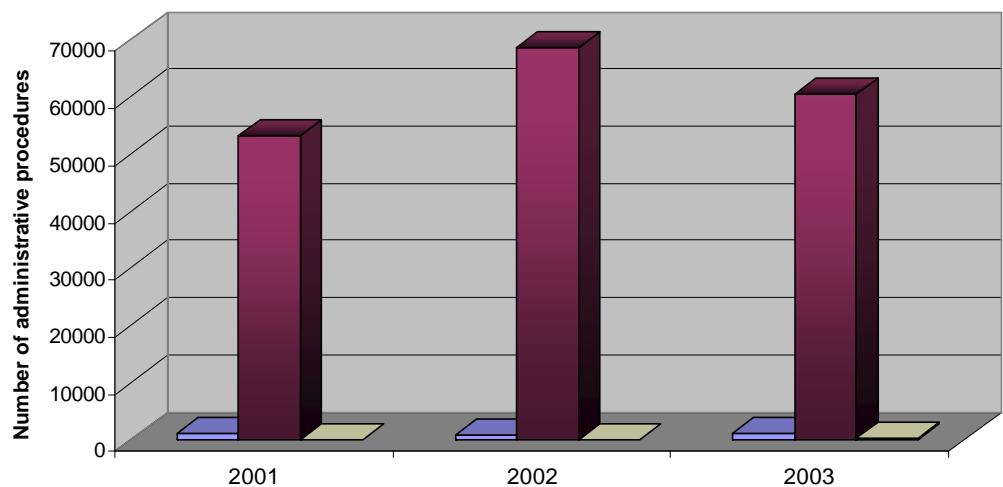
For unauthorized performance of telecommunication activities (performance of telecommunication activities without telecommunications licence, without permit or authorization, or certificate of registration for service provision according to the general

licence), as found during 138 inspections, 121 fines were imposed, totalling about CZK 4,823 thousand.

As to the decisions made in disputes in the area of telecommunications services, a slight increase was recorded in 2003 compared with 2002 in the number of filed objections to the way in which complaints regarding the settlement of telecommunications service prices were handled (from 959 to 1,024). This growth is primarily ascribed to the issues relating to the “yellow lines”, i.e. the presetting of Internet calls via special-tariff service numbers. 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 additional and complementary telecommunications services such as INTERNET, special-tariff services, ADSL etc. Search of the premises was performed in 678 cases during investigations in response to objections against the way in which complaints were handled in respect of settlement of the prices for telecommunications services in 2003.

A decrease was recorded in 2003 in the number of submissions relating to decisions on disputes concerning subscribers’ obligation to make payments on the basis of telecommunications service provision contracts between the public telecommunications network operator and a subscriber: a total number of 60,574 administrative proceedings in these matters were commenced in 2003, whereas in 2002 the number of such proceedings had been 68,537 (decrease by about 11.5%). It can be stated that a turning point was reached in 2003 in the development (continuous growth of the number of submissions) since the entry into effect of the Telecommunications Act. Solution to these cases is complex and lengthy. In many cases the submissions apply to financial claims in respect of undertakings that do not exist any longer or are in bankruptcy, or in respect legal persons, which have changed their registered address, or natural persons who have changed their residence address: it is difficult to serve official documents in such cases (the postal service returns the letters with a note that the addressee does not stay at the given address).

Structure of commenced administrative procedures in the telecommunication services area



- Objections against how complaint against telecommunication price settlement was handled
- Disputes regarding payments based on contract between the subscriber and the telecommunication service provider
- Other

In the first half of 2003, an inspection was performed to see how telecommunications licence holders, who provide public telephone services, fulfilled their obligations based on Article 34(2)(c) of the Telecommunications Act, i.e. whether and how they submitted to the CTO their assessment of quality parameters for the previous year. Undertakings with an approved Quality Parameters Assessment Methodology submitted their assessments within the required of time. There were differences in the quality of those submissions, ČESKÝ TELECOM's submission being the best. Aliatel a.s. submitted an assessment with an unsatisfactory justification of its failure to meet the quality parameter of "time needed to install telephone service". The CTO therefore subjected Aliatel to inspection and it was found that Aliatel did meet that parameter. Aliatel's assessment was therefore modified and the CTO accepted it.

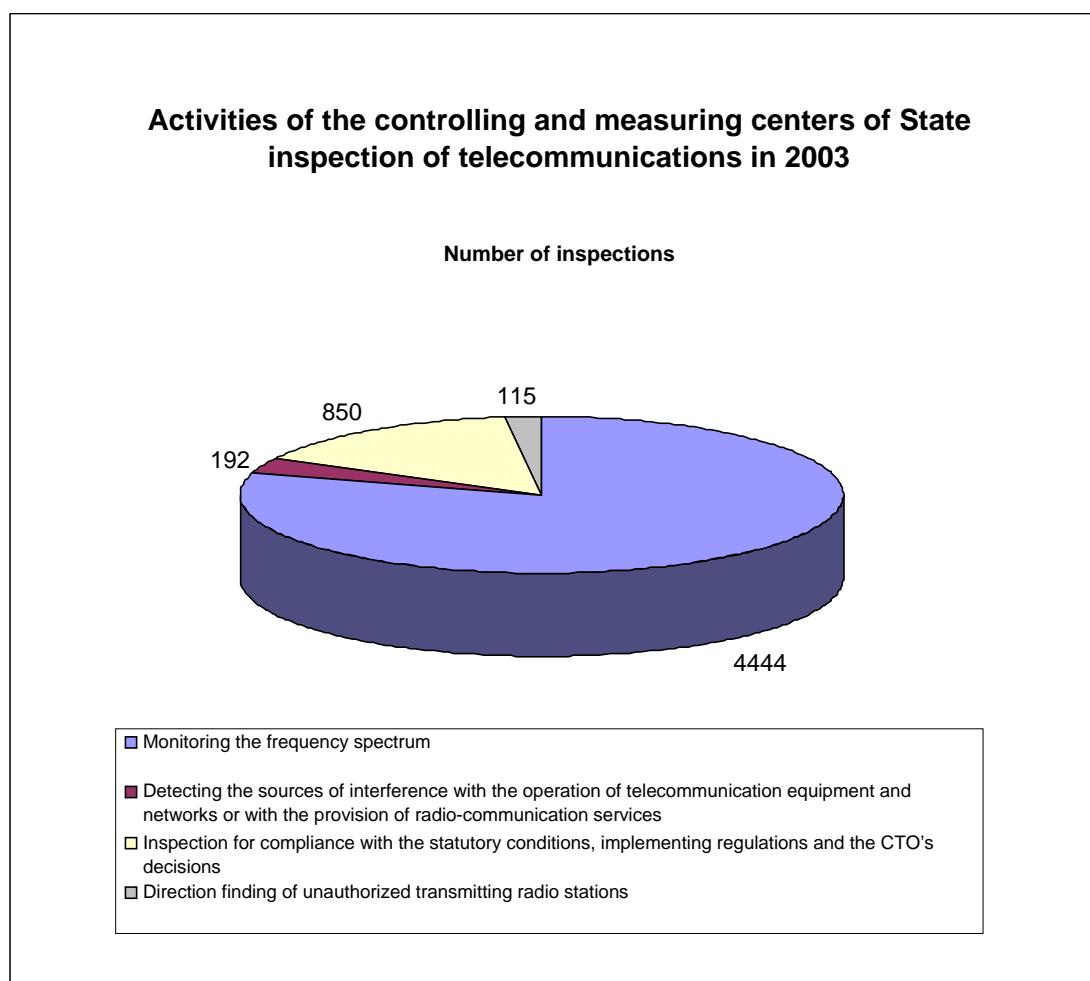
In July 2003, holders of telecommunications licence for the provision of public telephone service through the public fixed telecommunications network were subjected to a compliance inspection with emphasis on compliance with the provisions of Article 6 of the telecommunications licence: according to that Article, they have to prepare and submit to the Office their methodology for recording, controlling and assessing the parameters of the quality of the telecommunications service they provide according to Decree No. 196/2000. This extensive inspection process was closed on 10 December 2003, when the CTO President had approved the methodology submitted by each of the licence holders. Thus the basic prerequisites were created for all licence holders to be able, on the basis of the approved methodology, to submit to the Office by 31 March of every year an assessment of the quality of the telecommunications service they provided during the previous year.

3.5.2 State Inspection in the Radiocommunication Area

State inspection in the radiocommunication area had the following key focuses in 2003:

- Within the context of clearing the 12th TV channel for digital radio broadcasting T-DAB, 84 television booster stations were re-tuned to another transmitting channel, including a change in the directivity pattern of the Buková Hora 12th channel transmitter. An inspection was performed to examine the documentation of the essential costs incurred from government funds for the implementation of the booster stations re-tuning project, and to see how the best possible signal quality was secured in the re-tuned booster stations;
- The issues of interference by radiation from the Czech Army's radars in the 3.5GHz band, used for fixed wireless Internet access and for data transmission, were addressed in co-operation with the Czech Ministry of Defence. Radiation from all military radars operating in the Czech territory was measured. Next steps in removing the interference were agreed with the Army;
- GSM signal coverage was surveyed and provision of crisis communication was examined in the border regions of the Czech Republic with focus on areas of greater security risk. Detailed measurements in the selected towns and villages will continue in 2004;
- Compliance with the technical parameters of frequency allocation, as defined in the general licences for operation of radio transmission facilities, was inspected with special focus on the harmonized RLAN 2.4GHz band;
- Within the framework of the inspection of effective utilization of the frequency spectrum, the CTO measured the occupation of the frequency bands, utilization of the allocated frequencies, compliance with the prescribed frequency allocation conditions, and other facts and circumstances relevant to frequency spectrum management;

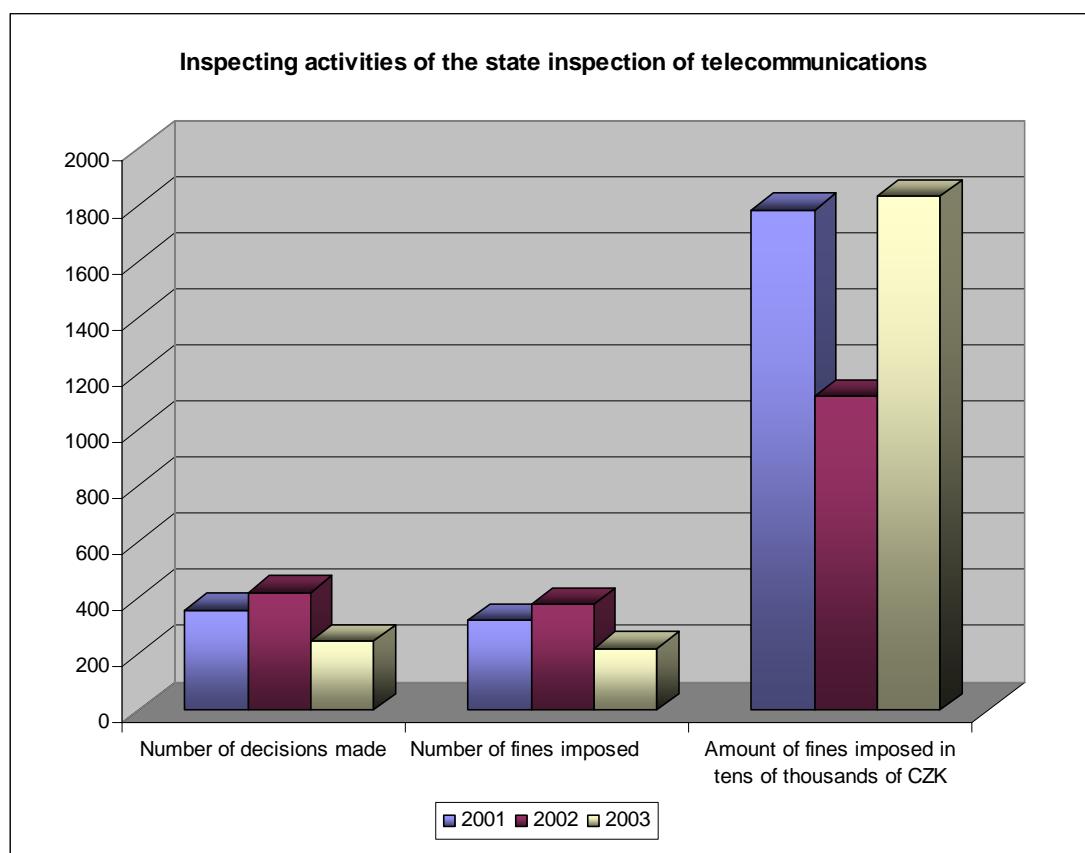
- Inspections were carried out to examine compliance with the conditions of general licence for operation of radio transmission facilities and compliance with the conditions of permissions for the operation of radio transmission facilities;
- Inspections were carried out to examine compliance with the conditions of general licence to establish and operate public telecommunications networks intended solely for one-way dissemination of television or radio signals via lines;
- The CTO performed investigation and identification of sources of detected or reported interference with radio and television reception, interference with radio facilities and networks, and interference with public telecommunications networks intended solely for one-way dissemination of television or radio signals via lines;
- In the international activities area, interference background in the short wave band was measured, as required by CEPT;
- In the context of building the Automated System of Frequency Spectrum Monitoring (ASFSM), technical specification of the equipment was prepared, a tender procedure was carried out, and contracts for equipment deliveries (based on Phare funds) were concluded for the first stage of system construction. ASFSM conception, balance of the financial requirements of the project, and the project timescale were prepared and approved. Requirement for government funds to co-finance the project were defined on the basis of these documents and was discussed with the Ministry of Finance. Suitable sites were selected for the location of fixed unattended stations. Structural adaptations of the existing monitoring sites, necessary for the installation of new technological equipment, were started at the end of the year.



As to interference with radio and television reception, 1,417 investigations and identifications of sources of detected or reported cases of such interference were performed in total in 2003, and 9 fines, totalling CZK 233 thousand, were imposed on the operators of the interfering facilities. As to interference with radio equipment and radio networks, 82 investigations were performed and 1 fine, amounting to CZK 15 thousand, was imposed. In addition, 129 investigations were carried out in respect of interference with the public telecommunications network intended solely for one-way dissemination of television or radio signals via lines. No fine was imposed in any of these cases.

One fine of CZK 5 thousand was imposed for failure to respect the conditions of the general licence to install and operate public telecommunications networks intended solely for one-way dissemination of television or radio signals via lines (40 inspections were performed). Twenty-two fines amounting to about CZK 512 thousand in total were imposed for failure to respect the conditions of the general licence to install and operate transmitting radio facilities (107 inspections were performed). Eighteen fines amounting to CZK 509 thousand in total were imposed for failure to respect the conditions of the permission to operate transmitting radio facilities (434 inspections were performed).

One fine of CZK 30 thousand was imposed in 2003 for obstruction of performance of State inspection in telecommunications (prevention of entry on premises to identify interference source).



3.6 Legislative and Legal Activities

In the external legislation area, the CTO commented on the draft legal regulations with focus on the area of its powers, i.e. the telecommunications area.

The CTO's comments focused primarily on changes in regulations in the area of both substantive and procedural law, mostly including criminality in telecommunications and the use of outdated terminology. As a result of changes in the legislation in respect of the recording of the population, the CTO initiated the drawing up of an amendment to the Telecommunications Act in order to make the Office's work easier and more effective, especially in the administrative proceedings area.

The CTO also raised comments on draft regulations generally applying to the status of the administrative authorities (including the employees thereof) involved in the implementation of the government reform of the public administration system. The CTO commented on the draft regulations concerning the salaries of employees in public service and on the draft materials underlying the catalogue of works and the qualification requirements for administrative positions, including also re-definition of administrative activities in the telecommunications area.

Within the range of its powers and authority, the Office presented substantial comments on conceptual materials. In the area of frequency spectrum management, the comments primarily applied to the updating of the conception of digital radio and television broadcasting in the Czech Republic.

It should be pointed out in this context that the work group (on which the CTO was also represented), set up with the Office of the Czech Government in 2002 to prepare a process of unification, at the conception level, of the position of regulation authorities (Regulators) in the Czech Republic, finished its work in the mid 2003 and issued a material entitled "General Model of Regulating Authorities". This document, based on experience from the broad practice and on recommendations from the OECD and EU, is the first step on the way towards the desired unification.

The CTO's primary legislative task in 2003 was its participation in preparing the draft Act on Electronic Communications, including the respective implementing regulations. The Act on Electronic Communications, aimed at transposing the rules of the new European legislative framework in the electronic communications area into the system of laws in the Czech Republic, is to replace in 2004 the current Telecommunications Act.

The Ministry of Informatics prepared the draft Act on Electronic Communications. However, in drawing up the bill subdivided into sections, the Ministry relied on the material prepared by the Office and completed early in 2003. The Office, together with the professional public, then supported the continued process of work on the Act on Electronic Communications by submitting various opinions, comments and specific proposals to modify certain provisions of the newly prepared legislation. Towards the end of the process, the Office took part in the interministerial discussion late in 2003.

From the point of view of telecommunications network and services regulation within the context of co-operation on drawing up the new electronic communications legislation, the Office's primary focus was on proposals intended to ensure that the new European legislative framework in the electronic communications area is reflected in the new Czech legislation in a really clear and transparent way.

At the same time, the CTO prepared for the Ministry of Informatics initial draft versions of selected implementing rules for telecommunications networks and services regulation. These are as follows:

- a) Draft decree laying down the characteristics of reasonable requirement for access to universal service, conditions of Internet access, quality parameters and the values thereof, and methods of measurement and performance targets for services provided by undertakings under the universal service obligation in electronic communications;
- b) Draft decree laying down the details of draft agreement on access to and interconnection of public communication networks;
- c) Draft decree laying down the types and characteristics of the termination points and interfaces of a public communication network;
- d) Draft decree laying down the characteristics of the functions of specially outfitted telecommunications terminal equipment;
- e) Draft decree on the method of formation of call signals, identifying numbers and codes, the use thereof, and the types of radiocommunication services for which they are required;
- f) Draft decree on the technical and operating conditions of amateur radiocommunications service;
- g) Draft decree on the details of the application for admission to examination for professional competence to operate transmitting radio equipment, on the range of knowledge needed for the various types of professional competence, on the method of examination, on the types of competence certificates and the time of validity thereof;
- h) Draft government order to lay down the amounts of charges, and the method of calculation thereof, for the rights inherent in the authorization to use frequencies and numbers;
- i) Draft government order to lay down the method of generating funds, and the amounts to be so generated, in the Radiocommunication Account and the method of drawings therefrom.

In the area of the CTO's internal rules, the CTO prepared changes to some of its by-laws, seeking to add precision also to the regulations securing the position and tasks of a separate Internal Audit Department.

3.7 Complaints

In 2003, the CTO received 13 submissions, which were handled as complaints with respect to their nature and contents, in accordance with Government Decree No. 150/1958 on the Handling of Complaints, Reports and Suggestions of the Working People ("Decree"). The complaints criticized the work of the Office or protested against the practices used by Office employees as possible breach of Telecommunications Act; some of the complaints alleged flagrant breaches of that Act.

All received complaints were handled in the year 2003. The investigation of them has found out that 12 complaints from them were unjustified, only one of them was evaluated as justified. In comparison with previous period, both number of exercised complaints and their justification were distinctly decreased in the year 2003.

As to the complaints settled as unjustified, three of them alleged employees' inappropriate conduct, which, however, was not proved. Another four unjustified complaints criticized the Office's inactivity and the lengthy administrative procedure (one of the complaints was repeated). The remaining unjustified complaints criticized the following: the

awarding by the Office of permissions based on the Telecommunications Act; negotiations concerning extension of Radiotelephone Operator's General Certificate for the maritime mobile service; payment of overdue telecommunications charges; and interference with the allocated frequency. No corrective measures needed to be taken in the case of unjustified complaints.

A legitimate complaint criticized the Office's non-compliance with the Decree, which consisted in failure to respect the period for the handling of an earlier complaint. In the given case an employee of the Office failed to adhere precisely to the applicable provisions of the Decree. An admonition was imposed as punishment for this fault.

The CTO consistently applies complaint-handling procedures based on the Decree. In addition, the CTO complemented its internal regulations late in 2003, upon recommendation from its independent Internal Audit Department, to define even more thoroughly and in detail its specific procedures in the following areas: complaint recording (greater precision and extension of the Office's "Complaint Records" database); methods of handling the complaints; maintenance of complaint files; and performance of annual analyses of settled complaints relating to the exercise of the Office's authority. Generally speaking, complaints and the handling thereof enjoy consistent attention in the Office.

Besides complaints, the Office also considered one suggestion in 2003, submitted by Housing Co-operative in Prague 7, in respect of the installation of cable television in a house and in respect of the granting of easements: the Office recommended steps to be taken in this respect. The Office also received two petitions from citizens (one with request for introduction of cheaper and more accessible Internet for the majority of households, the other with request for covering the territory of a village with mobile telephone operators' signals) and proposed adequate solutions.

3.8 The CTO Annual Report for the Year 2003 on the Provision of Information in Accordance with Act No. 106/1999 Coll., on Free Access to Information

The CTO hereby makes public this Annual Report on the Provision of Information in 2003, which was prepared in accordance with Article 18 of Act No. 106/1999 Coll., on Free Access to Information, as amended (the "Act").

In accordance with Article 3(2) of the Act, the basic information about the Office's structure and its activities is accessible to the general public at the information kiosk located in the entrance hall of the Office's Headquarters and is published in the brochure "Český telekomunikační úřad", issued by the Office (the last issue appeared in October 2003) and at the Office's web site (www.ctu.cz).

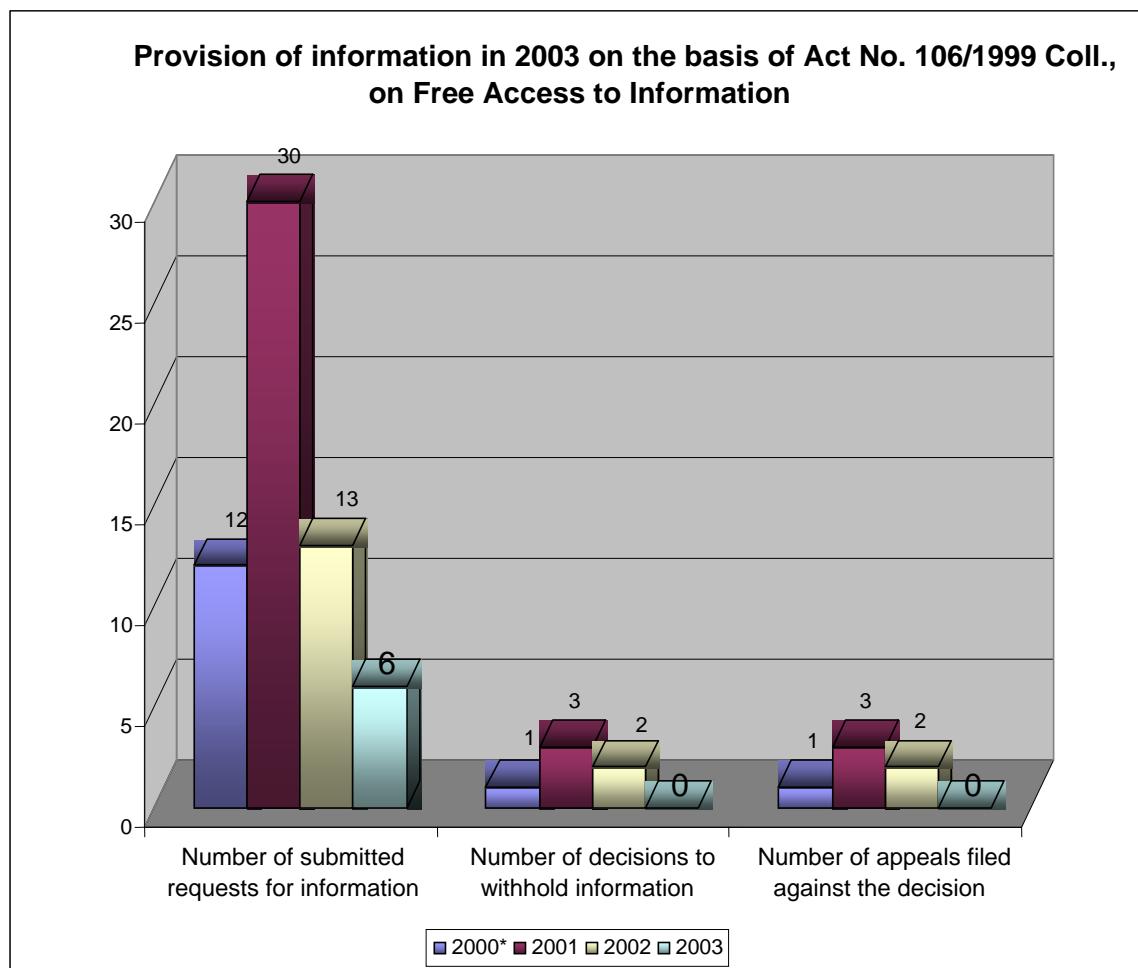
a) The number of the submitted applications for information:

Six requests for information relating to the telecommunications area (2) and the radio-communications area (4) were submitted in writing or electronically to the Office in 2003. The requests concerned the state of the proceedings relating to the imposition of a fine on a legal person; correctness of pricing regulation and interconnection price calculation; publishing of the Frequency Band Allocation Plan (National Table of Frequency Allocation) and Frequency Spectrum Utilization Plan; conditions of operation of the public

mobile telecommunications service by Český Mobil a.s.; and overview of the numbers of base stations in the of 3.5 GHz, 26 GHz, 900 and 1800 MHz frequency bands. The Office was also requested to provide information about the number of cases of interfering transmission in the frequency of an authorized holder of permission in 2000 to 2003, including the steps taken by the Office in that context, and information about the number of suits for damages to which the Office was a party. The written applications for information, included in the 2003 records, were met in compliance with the Act and with the Office's internal regulations. In one case the Office declined to meet part of the request.

A great number of other requests for information were delivered on the telephone, and the CTO recorded neither the telephone requests, nor the prompt responses to them.

An overview of the settled written requests for information for 2003, compared with the previous periods starting from 2000, is given in a table (see Table No. 18), and in the graph below.



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

b) Number of appeals filed against decision

No appeal against a decision to reject a request for information was filed in 2003.

c) Copy of substantial part of every court ruling

Courts did not make any decision in respect of rejection of requests for information in 2003.

d) Results of proceedings on sanctions for breach of law

In 2003, the 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, the CTO collected charges, which the persons requesting information paid. The total amount of those charges was CZK 1,402.- .

Note: This Report was published on 27 February 2004 in a manner allowing for distant access, i.e. at the CTO's web site (www.ctu.cz).

3.9 The CTO President's Decisions on Remedies Filed against Decisions Issued by the CTO

The CTO President acts as an appellate body (Instance II administrative body), making decisions in the administrative procedure on appeals against first-instance decisions of the CTO. The advisory body created by the President 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 decisions relate to the telecommunications area, including, but not limited to, the issue of licences, allocation of numbers, allocation of frequencies, imposition of fines, disputes concerning interconnection, disputes between telecommunications service providers and their subscribers and users.

These cases, which represent a majority of cases considered, are examined for the President and his decisions are prepared by the Decision Reviewing Department.

In 2003, the Office recorded 2,976 received submissions and 722 cases had remained outstanding from the previous periods. On the whole, 3,698 cases were recorded as cases to be examined. Of this, 2,914 submissions were settled and 784 cases remained open (to be treated in 2004).

Most of the CTO President's decisions applied to cases of determination of the obligation to make payments on the basis of telecommunications services provision agreements between telecommunications networks operators and their subscribers and users. 2003 saw another increase in the number of objections against the way of handling the claims in respect of settlement with ČESKÝ TELECOM, a.s., particularly in relation to the subscribers' use of the so-called Yellow Lines. The number of decisions concerning regulation of telecommunication activities also increases, and so does the number of sanctions imposed by State Telecommunications Inspection for identified cases of breach of the obligations set out in the Telecommunications Act.

3.10 Crisis Management

In the crisis management and security area, the CTO focused its attention on tasks in personal and premises security, protection of confidential information, civil emergency planning (including NATO civil telecommunications), defence planning, and incorporation of the principles of telecommunication support in crisis situations in the Electronic Communications Act. Attention was also focused on preparing and creating suitable conditions for the work of the CTO Crisis Staff.

In 2003, the CTO was included among the members of the Central Crisis Staff (the CTO President is now member of the Staff). The CTO fulfilled its tasks as member of the Central Crisis Staff with emphasis on permanent accessibility.

On 1 January 2003, amendment to Act No. 240/2000 Coll., on Crisis Management and on Amendment to Other Acts entered into effect. On the basis of that new legislation, the CTO President issued a decision to set up a Crisis Staff of the CTO and a CTO crisis workplace was established.

The CTO employees took part, on a regular basis, in the meetings of the Defence Planning Committee and contributed to the elaboration and assessment of conceptual documents for the meetings of the State Security Council and the Czech Government. Conditions were provided for unifying and finalising the inter-sectoral level “Catalogue Sheets” for the telecommunications area, dealing with the procedure of the transition of the country from the state of peace to the state of war. In the first half of the year 2003, a CTO employee was appointed to represent the CTO in the special inter-sectoral working group, in which he contributed to drawing up the telecommunications and telecoms-infrastructure aspects of the draft “Conception of Operating Preparation of the Territory of the State”. In the second half of 2003, designated the CTO employees performed tasks associated with the preparation, performance and evaluation of the CMX/CME 2003 exercise.

Through appointed representatives, the CTO regularly attended the plenary meetings, seminars and working groups of the Civil Communications Planning Committee (CCPC-NATO). Within the framework of civil emergency planning at the national level, upon the basis of Resolution No. 295/2002 of the Security Council of the State and instructions of the Ministry of Interior, and in co-operation with the Ministry of Informatics, the CTO prepared (for the area of its responsibility) a type plan for the case of “Extensive Damage to the Public Telecommunications Links”, which is to serve as background material for drawing up crisis management plans. The CTO was connected to the ARGIS information system operated by the Strategic Stocks Management Board. The CTO representatives took part in preparing and performing the Zdroje (Resources) 2000 exercise.

An Annex to the “CTO Rules of Protection of Confidential Information” was drawn up on the basis of Decree No. 137/2003 Coll., on the Details of Determination and Indication of the Degree of Confidentiality of Information in the CTO.

Within the range of its responsibility for state inspection in telecommunications, the CTO responded to requirements of the authorities responsible for security in the emergency planning zones, particularly that of the Dukovany nuclear power plant. Control measurements of the GSM signal level were performed in the protective zone with focus on the quality of mobile telecommunications service, using mobile emergency phones. The results were made

available to the Headquarters of the Fire Rescue Corps under the Ministry of Interior for planning additional coverage for areas with weaker signal.

Two evacuation exercises were also organized for the CTO employees to train how to escape from buildings in emergency cases.

4. Securing the CTO Activities

4.1 Economic Results

Specific Issues Relating to the Budget

During the first half of 2003, the CTO most pressing problem was the lack of funds for employee salaries as a result of the change in the public servants' base pay system (in effect from 1 January 2003). More money for salaries was also needed in order to secure standby readiness for the Central Crisis Staff service. The total additional amount needed was calculated at CZK 5,617 thousand. The CTO planned to cover part of this need from the payroll funds to be saved from employees' sickness periods, and another part, CZK 3,292 thousand, from a proposed increase of the approved 2003 budget. In its request ref. No. 14317/2003-602 of 10 April 2003, sent to the Ministry of Finance, the CTO proposed for this purpose, including increased insurance expenses and transfers to the Welfare Fund, to use the money from the Reserve Fund.

The Ministry of Finance agreed with the CTO's request for the budgetary measure. By its letters Ref. No. 34144/2003 of 28 May 2003 and Ref. No. 191/53021/2003 of 23 June 2003 the Ministry informed the CTO that its (CTO's) funds for employee salaries in 2003 were increased by CZK 2,629 thousand. The Ministry also granted a permission to exceed the funds for employee salaries by another CZK 663 thousand and to exceed the funds for statutory insurance and transfer to the Welfare Fund by CZK 1,218 thousand: this additional money could be taken from the Reserve Fund and transferred to the CTO's income.

Through its Resolution No. 662 of 7 July 2003, the Czech Government imposed on budget head holders, including the CTO, the obligation to prepare a proposal to reduce the number of established positions (jobs) by 6% over the period of 2004-2006 (10 positions removed every year, 30 in total for the period). The CTO did not agree with that reduction, which had been prescribed without any prior analysis of the work being done, and addressed the Prime Minister, the Minister of Finance and Minister of Informatics, asking them to maintain the current number of employees. The primary arguments supporting the protest against the planned reduction included the number of administrative proceedings currently under way and the work on drafting the new Electronic Communications Act, which is expected to come into force in 2004 and to affect the CTO's organization structure. The CTO also proposed that the reduction of the number of job positions should be put off to 2004 when a staffing audit would have been completed. This request was not accepted, and the Ministry of Finance saw to it that the financial impact of the reduction of the number of job positions in the CTO (as approved and as specified in Government Resolution No. 808 of 6 August 2003) was reflected in the CTO's budget for 2004 and in the medium-term projections for 2005 and 2006. Organization changes and personnel-related measures had therefore to be adopted and carried out in the CTO in order to reach compliance with the above Government Resolution as at 1 January 2004.

The CTO President issued a decision, based on the above Government Resolution, to remove 10 job positions as at 1 January 2004. As a result, 5 employees became redundant and, according to Article 46(1)(c) of the Labour Code, these persons were entitled to severance payment, amounting to twice the average income. The total amount to be so paid was calculated at CZK 171 thousand, but the CTO did not have a sufficient reserve for such a payment in the item of "other payments for work done" of its approved and modified budget for the year 2003. The CTO therefore applied to the Ministry of Finance for increasing the modified budget by CZK 171 thousand. It was necessary at the same time to increase by CZK 60 thousand the funds available for mandatory insurance. The CTO proposed that the over-all increase (by CZK 231 thousand) of the costs could be covered through savings in other current expenses.

The Ministry of Finance accepted the CTO's request and, by letter Ref. No. 191/90465/2003, it increased the funds for "other payments for work done" by CZK 171 thousand and the funds for mandatory insurance by CZK 60 thousand. This increase, amounting to CZK 231 thousand in total, was covered through transfer of the money saved in other current expenses. Hence, this budgetary measure did not lead to any increase in the CTO's total expenses.

In the 2003 budget, it happened for the first time that the CTO received funds (CZK 68,500 thousand) not intended for covering the CTO's own needs: this money was to be paid by the Government through the CTO to a radio transmission equipment operator on the basis of Article 60(3) of Telecommunications Act. The money represented compensation for the essential costs incurred by ČESKÉ RADIOKOMUNIKACE, a.s. in clearing the 12th channel for the introduction of digital radio broadcasting in the T-DAB system, which is internationally harmonized for this frequency range. Project design work and preparatory activities were performed during the first half of the year 2003 and the specific actions were started in the second half of the year. From the available funds, CZK 24,674 thousand (36.02%) was drawn for the above purposes, while the remaining money remained unused and was not spent for payment of any other costs.

The CTO took 12 budgetary measures on the whole in 2003. Two of the measures were taken with the consent of the Ministry of Finance (they had an impact on the mandatory indicators) and ten were taken within the range of the CTO's own responsibility.

Budgetary Compliance

An overview of the budgetary compliance of Budget Head 328 – the CTO – in 2003 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 as at 31 December 2003 exceeded the amount planned in the approved budget by CZK 445,062 thousand (the plan was fulfilled at 167.43%). The 2003 income does not include the expected instalments for UMTS licences from two mobile operators – nor were these instalments reflected in the draft budget for 2003. Negotiations with both those mobile operators took place in 2003, resulting in an Appendix to the Agreement on Payment of the Remaining Instalments in 2004. As agreed, the payments will be made on two dates: 14 April 2004 and 14 August 2004.

The majority of the CTO's incomes (87.94%) are generated from frequency spectrum management. Another greater part (11.15% is represented by the collected charges for allocated numbers (codes) and the rest (0.01%) are sundry minor amounts of casual nature. The development of the CTO's income is favourable because of the continuing expansion of GSM networks, the spreading of microwave communications and the growth of their transmission capacity, and the expansion of access networks, including those for broadband access.

The budgeted partial item of "lease of other property" was not fulfilled, because the lease of the company flat in the CTO's building at Vestec was terminated on 1 June 2003, as the CTO closed its operations in that building.

As to the structure of the budget,

- 99.80% of all income is maintained in Item 2111 – Income generated from own activities;
- 0.20% is represented by sundry minor amounts of casual nature, including, but not limited to:
 - interest accruing on bank accounts;
 - sale of obsolete low-value long-term assets;
 - indemnities received;
 - non-capital contributions received (compensations from natural persons for damages they caused and credit notes in respect of expenses from previous years);
 - sale of obsolete long-term assets;
 - transfers of bank accounts – balance in the deposit account after settlement of salaries for December 2002;
 - transfer of the balances in the Reserve Fund, amounting to CZK 1,881 thousand within the meaning of the instructions issued by the Ministry of Finance.

Detailed overview of incomes is shown in Table No. 13.

4.1.2 Total Expenses

The CTO's total expenses for the year 2003, including transfer of the saved amount to the Reserve Fund, amounted to CZK 344,529 thousand as at 31 December 2003. This indicates drawings from the modified budget at the level of 88.91%: CZK 44,853 thousand remained undrawn. This seemingly low level of drawing is mainly due to the clearing of the 12th television channel for T-DAB digital radio broadcasting. A total of CZK 24,674 thousand was drawn from the received funds of CZK 68,600 thousand, and CZK 43,926 thousand remained unused. This process was not completed in 2003, so it must continue in 2004.

The CTO transferred to the statutory Reserve Fund a saved amount of CZK 3,780 thousand. When this saving is deducted from the actual expenses, the amount drawn will fall to 87.93%.

Current Expenses

The CTO's current expenses for the year 2003, including transfer of the saved amount to the Reserve Fund, amounted to CZK 297,719 thousand as at 31 December 2003. This indicates drawings from the modified budget at the level of 87.40%: CZK 44,817 thousand remained indrawn. This low level of drawing is mainly due to the same reasons as mentioned above.

The CTO transferred to the statutory Reserve Fund a saved amount of CZK 3,295 thousand. When this saving is deducted from the actual expenses, the amount drawn will fall to 86.43%.

The majority of the funds for current expenses (95.20%) are drawn for purposes relating to Budget Section 2461 – activities of central public administration bodies in the communications area. Expenses for international co-operation, including, but not limited to, payment of membership fees and contributions to international organizations and participation in international seminars and similar events, are included under Section 2491 – international co-operation in communications (2.80%). The remaining part of current expenses (2.00%) is included under Section 2549 – general economic services. The funds drawn under this section are used for the purchase of services associated with the special tasks needed for appropriate performance of public administration in the telecommunications area (which is a very quickly developing area, whose importance is growing on a world scale). The CTO is unable to fulfil these tasks itself and must outsource them.

Expenses covered from Budget Section 2461 can be broken down as follows:

- 60.50%: employee salaries and other payments for work done, mandatory insurance and transfers to the Welfare Fund;
- 39.50%: other expenses, such as the purchase of materials, services and sundry expenses such as repairs, travel expenses, utilities, transfer of saved amounts to the Reserve Fund, and other expenses.

Expenses covered from Budget Section 2491 can be broken down as follows:

- 81.40%: other purchases, particularly travel expenses;
- 14.10%: membership fees and contributions to international organizations;
- 4.50%: other purchases.

A detailed breakdown of the current expense drawings is shown in Table No. 15.

Capital Expenditures

Capital expenditures for 2003, including transfer of saved amounts to the Reserve Fund, were CZK 46,810 thousand as at 31 December 2003, which means that the funds were drawn at 99.92%. Only CZK 36 thousand remained indrawn.

The CTO transferred to the statutory Reserve Fund a saved amount of CZK 485 thousand. When this saving is deducted from the actual expenses, the amount drawn will fall to 98.89%.

A detailed breakdown of the capital expenditures is shown in Table No. 16.

Employee Salaries and Other Payments for Work Done

These expenses were drawn at 100.53% of the adjusted budget. The CTO was allowed to exceed the drawing by CZK 663 thousand. An amount corresponding to the level of the modified budget, including the permitted increase, was transferred to the December 2003 salary settlement. The amount remaining indrawn on the deposit account was CZK 1,350.-

Funds specifically earmarked for employee salaries in 2003, including the permitted increase by CZK 663 thousand, were drawn at 100.54%, leaving only CZK 6.- on the deposit account.

Funds for other payments for work done, including the severance payment, were drawn at 100 %. The amount remaining on the deposit account was CZK 1,344.-

Within the meaning of instructions from the Ministry of Finance, the balance of the funds for employee salaries and other payments for work done (this balance, remaining after settlement of wages for December 2003, amounted to CZK 1,350), was transferred to the CTO's income account on 15 January 2004.

Mandatory Insurance Paid by the Employer

The increase in the funds for salaries by CZK 2,629 thousand, combined with the permitted overdrawing by another CZK 663 thousand, did not lead to adjustment of the budget approved for 2003, as far as the mandatory insurance indicator is concerned. The Ministry of Finance allowed the CTO to overdraw this budgetary item, depending on the permitted overdraft in the funds for salaries (by CZK 1,153 thousand). The approved budget was modified in the 4th quarter of the year 2003 to reflect the increase of the funds for severance payment (by CZK 60 thousand). For these reasons, the modified 2003 budget was drawn at 102.69%. The balance remaining on the deposit account after settlement of salaries for December 2003 was CZK 150,410.-. This amount was transferred to the CTO's income account on 15 January 2004 on the basis of instructions from the Ministry of Finance.

Transfer to the Welfare Fund

As to this indicator, the approved budget for 2003 was not adjusted to reflect the increase in the funds for employee salaries: an overdraft by CZK 65 thousand was permitted in this case, so that the drawing was at 102.68%. The amount of CZK 2,491 thousand, representing 2% of the volume of salaries settled for 2003, was transferred to the Welfare Fund in four instalments. The balance in the Welfare Fund bank account as at 31 December 2003 was CZK 552,966.75, and is rolled over to the next period.

Expenses to Finance the Asset Replacement Programme

In the 2003 budget, there was one programme registered for the CTO in the ISPROFIN Register. Its registration number and name were 228 010 – Development and Renewal of the CTO Material and Technical Base, and its total budgetary volume was CZK 54,816 thousand. Of this amount, CZK 46,846 thousand was earmarked for capital expenditures and CZK 7,970 thousand for current expenses. In 2003, this money, including transfer of the saved amounts to the statutory Reserve Fund, was drawn at 99.49% (capital

expenditures at 99.92%, current expenses at 87.40%). When the saved and transferred amount in the capital expenditures area is deducted from the actual expenses, the amount drawn will fall to 98.60%.

As to the budgetary structure, capital expenditures of CZK 26,944 thousand went to the purchase of computer software.

The CTO continued in elaborating the “Unified Modular System of Frequency Spectrum Management” in 2003. It was necessary in this context to buy a module for the transfer of technical data, provide new functions for the accounting module, and buy another module for radio and television broadcasting, making it possible to work with frequencies in accordance with the development of digital television. To meet the need of the workplaces of state inspection of radiocommunications (SIR) to work with current data of permitted networks during the inspection exercises, an application was developed to provide direct access to the central database of the frequency spectrum management system, and at the same time a SIR database application was developed in order to simplify the work of those departments and make it more effective.

Phare project for implementation of the new “Automated System for Frequency Spectrum Monitoring” was approved in 2003. Its monitoring function is based on the use of the Argus software, which has already been used at the workplaces of the CTO’s controlling and measuring stations for several years. This software was acquired in a stepwise manner, so that it must now be unified at release 5.0, which is to work with new SW Argus licences in this system.

To improve the effectiveness of work with frequencies and to make it easier, the CTO performed an analysis and gradual implementation of a new specific modular system for issuing telecommunications licences, numbers, codes, certificates etc. The small databases (ACCESS) for 2-5 employees were unified to give those employees optimum access to pooled data with linkage to administrative proceedings and charges.

Client ZenWorks licences and Symantec Antivirus licences were purchased for the remaining regional workplaces within the context of the Office’s security policy, in order to ensure continued implementation of the CTO information systems security project, which was launched in 2002.

Additional user licences were bought, as well as software for the management and circulation of documents – the filing service (GINIS) – as part of the implementation of the unified public administration personnel information system (PERGAM).

The CTO also purchased small commercial programmes needed by the CTO employees for their professional work, and client Oracle licences for other employees’ access to shared documents.

- CZK 819 thousand was spent to buy other intangible fixed assets – ASMKS system study;
- CZK 2,023 thousand for construction adaptations on the CTO premises at Tehov and Karlovice; and sites were selected for ASFSM stations;
- CZK 10,614 thousand to purchase office equipment (5 copiers, including one large-capacity copier, and a visual presenter) and measuring instruments (8 Prolink measuring TV receivers, a monitoring receiver with accessories, a set of telescopic mast for the

- measuring vehicle, a set of antennas, accessories to direction finder, and 11 spectrum analysers);
- CZK 3,344 thousand to purchase means of transport (four Škoda Fabia Combi Classic cars were bought for the regional CTO stations and one Škoda Fabia Classic, as replacements for the disposed technological vehicles, and 1 Peugeot Boxer vehicle, including measuring devices, for the controlling and measuring centre in Brno);
 - CZK 2,581 thousand to buy computer equipment (a large-capacity printer HP LaserJet 4300 DTN, 2 Toshiba Satellite notebooks, 3 shared printers, a server for one regional workplace and a Pro Liant ML 50R02 server for the CTO's filing service, and a special PC to process documents in the Crisis Management Department).

Current expenses were applied as follows:

- CZK 2,614 thousand to purchase other consumable supplies for information and communication technology equipment;
- CZK 3,936 thousand to purchase telecommunications services;
- CZK 527 thousand to purchase other services – electronic security equipment at certain the CTO workplaces, and modifications of software;
- CZK 647 thousand to repair information and communication technology equipment.

Non-CAPEX Transfers to International Organizations

Funds available for these expenses were drawn in 2003, including the transfer of the saving to the Reserve Fund, at 83.57%. Upon deduction of the saving of CZK 75 thousand transferred to the Reserve Fund, the drawing was at 78.57%. The CTO paid membership fees to non-governmental organizations, including CEPT – European Conference of Postal and Telecommunications Administrations, ETO – European Telecommunications Office, and ETSI – European Telecommunications Standards Institute.

Expenses to Finance Joint EU and Czech Republic Programmes

In 2003, the CTO co-financed the Phare 2002 project, registered under the reference number and name “Phare Project 2002/000-282.04.01 Introduction and Management of a Global Automated System for Frequency Spectrum Monitoring – GASFSM”, the CTO’s share of the capital expenditures being CZK 15,000 thousand. This money was drawn at 99.79% in the period under review.

Initially this money was intended for pre-construction preparations. It must be noted that the tender procedure did not take a desired course, that the Phare project was delayed, and that none of the tenders submitted during the tendering procedure did meet the requirements for the necessary software. As a result, changes needed to be made in the number of components in the remaining parts of the project. It was decided that the software would be acquired from the CTO’s co-financing funds. To do that, funds initially earmarked for pre-construction preparation – Item 6121 – were transferred to Item 6111 – Software. The amount so transferred was CZK 12,130 thousand and the amount actually drawn was CZK 12,126 thousand. The co-financing money was also used to pay for an ASFMS system study (CZK 819 thousand) in compliance with the ISVS 005/02.01 Standard, and for structural adaptations of the CTO buildings at Tehov and Karlovice, including selection of a site for ASMFS station (CZK 2,023 thousand).

4.1.3 Administrative Charges and Fines in Administrative Proceedings

The CTO collected CZK 29,267 thousand as administrative charges and CZK 9,579 thousand as fines in 2003.

4.1.4 Statutory Reserve Fund

A saved amount of CZK 3,780 thousand was transferred to the Reserve Fund in 2003. The CTO can use this money in the future to cover expenses not planned in the budget.

4.2 The Human Resources Area

Fifty-four new employees joined the CTO, six female employees went to the maternity leave and fifty-three employees left the CTO in the year 2003. Of the latter, fourteen employees retired as old-age pensioners and five terminated their contract on the basis of Article 46(1)(c) of the Labour Code.

As at 31 December 2003, the CTO had 478 employees, the average of number full-time equivalents being 477.

INDICATOR / PERIOD	2001	2002	2003
Number of job positions	481	486	486
Average number of employees as full-time equivalents	465	474	477
Number of new hires	100	56	54
Number of those who left the CTO	78	55	53
Number of employees in productive age as at 31 December	50	52	60
- of this, women:	30	31	32

To provide information and encourage co-operation with other administrative offices in the implementation of the Public Service Act, selected representatives of the CTO took part in 2003 in the working groups established at the Office of the Czech Government and contributed to the preparation of materials in the areas of organization, human resources and employee education in administrative authorities.

Through its Resolution No. 662 of 7 July 2003, the Czech Government imposed on budget head holders, including the CTO, the obligation to prepare a proposal to reduce the number of established positions (jobs) by 6% over the period of 2004-2006 (10 positions removed every year, 30 in total for the period). The CTO did not agree with that reduction and addressed the Prime Minister, the Minister of Finance and Ministry of Informatics, asking them to maintain the current number of employees. The primary arguments supporting the protest against the planned reduction included the number of administrative proceedings currently under way and the work on drafting the new Electronic Communications Act, which is expected to come into effect in 2004. The CTO also proposed that the reduction of the number of job positions should be put off to 2004. This request was not accepted, and the Ministry of Finance saw to it that the financial impact of the reduction of the number of job

positions in the CTO (as approved and as specified in Government Resolution No. 808 of 6 August 2003) was reflected in the CTO's budget for 2004 and in the medium-term projections for 2005 and 2006. Organization changes and personnel-related measures had therefore to be adopted and carried out in the CTO in order to reach compliance with the above Government Resolution as at 1 January 2004 by which the number of job positions is to be reduced in public administration central bodies and in organizations controlled or financed by them.

The CTO President issued a decision on organization change to remove 10 job positions as at 1 January 2004, based on Government Resolution No. 808 of 6 August 2003 by which the number of job positions was to be reduced in public administration central bodies and in organizations controlled or financed by them. As a result, 5 employees became redundant and, according to Article 46(1)(c) of the Labour Code, these persons were entitled to severance payment, amounting to twice the average income. The Ministry of Finance approved the CTO's request for increasing by CZK 171 thousand the allocation of funds in the item of "other payments for work done" under Ref. No. 191/90465/2003 (dated 3 November 2003).

On the basis of Government Resolution No. 624 of 23 June 2003 on budget projection for 2003-2006 – Conception of Public Budget Reform, heads of all public administration central bodies, including the CTO, were ordered to carry out staffing and organization audit on the basis of approved rules, the purpose being to rationalize the organization structure and optimize the number of job positions. Preparations for the task started on 1 December 2003. The CTO pointed out that the audit would be performed at a time for which the process of adoption of the new Act on Electronic Communications is scheduled: this new Act, which is to enter into effect in 2004, is to replace the current Telecommunications Act. For the above reasons, the CTO requested the Public Service General Directorate to put off the date set out by the Government for the staffing and organization audit; however, this request was rejected.

To meet the rules of the amendment, effective from 1 January 2003, to the public servant salary tariffs, and to ensure the CTO employees' standby readiness for the Central Crisis Staff service, as required for representation of the CTO in the Central Crisis Staff on the basis of Government Resolution No. 164 of 12 February 2003, the CTO performed calculations which indicated that funds for employee salaries needed to be increased by CZK 3,292 thousand. On April 2003, the CTO requested the Ministry of Finance to increase by CZK 3,292 thousand the funds for employee salaries and other payments for work done. The Ministry approved the requested budgetary measure under Ref. No. 191/53021 of 23 June 2003, the additional amount made available being CZK 2,629 thousand, so that the limit of funds for the CTO employee salaries was increased to a total level of CZK 123,903 thousand. In addition, beyond the budget modified in this way, the Ministry of Finance permitted overdraft of the funds for employee salary by another CZK 663 thousand: this amount was taken from the CTO's Reserve Fund.

In the second half of 2003, the CTO started preparations for applying a new catalogue of work and qualification requirements (a 16-class salary tariff system for organizations supported from the state budget), scheduled to come into effect as at 1 January 2004, as set out in Government Order No. 469/2002 Coll., and No. 331/2003 Coll. While performing this system change, only partial modifications were made in some of the salary relations that became apparent during the implementation of the Salaries Act: and it had been very difficult

to make corrections in these relations in the existing system with respect to the level of funds made available to the CTO for salaries, and because of the CTO's status.

Comparison of the limit of funds for salaries for 2003 (CZK 124,566 thousand) with the actual situation in 2002 (CZK 111,256 thousand) shows an increase by CZK 13,310 thousand. A major part of this growth was used for increasing employee salaries in accordance with the applicable legislation from 1 January 2003, for increasing the statutory salary grades, for increasing the personal bonuses and for pecuniary awards for merits at jubilees, and for the most challenging tasks completed in the year. The average salary of the CTO employees in 2003 (CZK 21,762.-) increased by CZK 2,202.- in comparison with 2002 (CZK 19,560.-). Nevertheless, the salary gap between the CTO and the telecommunication companies, and even between the CTO and other regulators, continues widening.

4.2.1 Other Payments for Work Done

The budget for other payments for work done was CZK 853 thousand in 2003. Budgetary measure of the Ministry of Finance Ref. No. 191/90465/2003 of 3 November 2003 increased this limit by CZK 171 thousand to CZK 1,024 thousand.

The funds from the "other payments" budget were only used for activities that could not be provided in-house. These included, in particular, activities associated with the work of the CTO President's special commission, examiners for radio operator tests, and expert lecturers in the courses and seminars organized for the employees of the Office. Severance payments for the employees leaving the CTO amounted to CZK 171 thousand.

4.2.2 Employee Education

In 2003, the CTO employee education was based on the following documents: the Labour Code; the Rules Laying Down the Method of Professional Preparation of Employees in Administrative Offices and in the Office of the Czech Government, approved by Government Resolution No. 1028/2001; and Binding Instruction No.36/2002/CTO, Laying Down the Methods of the CTO Employee Qualifications Extension and Enhancement. The specific educational events followed the CTO Employee Education Plan for 2003.

The majority of the educational activities were organized specifically for the CTO employees, thus allowing to tailor the courses and sessions to the 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. In addition, the CTO used the offers of courses and seminars organized by educational agencies and by the Public Administration Institute.

Educational projects were focused on the following major areas:

- Telecommunications technology;
- Law;
- European affairs;
- English language;
- Computer technology;
- Managerial skills.

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

Selected employees took part in courses focused on telecommunication technology, organized by the Electrical Engineering Faculty of the Czech Technical University in Prague and the Electrical Engineering and Communication Technology Faculty of the Technical University in Brno.

Six training cycles, aimed at the provision of professional competence in the electrical engineering area, were organized in accordance with Decree No. 50/1978 Coll.

Lectures on telecommunications technology and legal issues were included in the professional training courses for employees of the Division of State Inspection of Telecommunications and the Division of State Inspection of Radiocommunications in the Regional Departments and in the courses for the various other CTO departments.

The CTO employees attended training courses concerning European matters primarily at the State Administration Institute and the Diplomatic Academy of the Czech Ministry of Foreign Affairs.

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

Two cycles of seminar on MS Outlook and training courses for the SIR programme (State Inspection of Radiocommunications) are examples of the many training events in the computer technology area.

Two cycles of the education module of Manager's Organization of Work were held in co-operation with the State Administration Institute.

In addition to the above activities, various educational events were organized for selected employees to meet their specific needs.

As at 31 December 2003 the costs reflected in the Training and Education Services account amounted to CZK 1,697 thousand.

Overview of Selected Educational Events for the CTO Employees in 2003:

- Seminar on the entry education programme – 13 participants (1 day);
- Universal education block for the entry education – 24 participants (7 days);
- Telematics course – 40 participants (7 days);
- Training course on new technology in telecommunications VI. – 39 participants (7 days);
- Training and examinations for professional competence in electrical engineering, based on Decree No. 50/1978 Coll. – 122 participants (1 day);
- Professional training for employees of the Division of State Inspection of Telecommunications – 135 participants (3 days);
- Professional training for employees of the Division of State Inspection of Radiocommunications – 57 participants (3 days);

- Professional training for employees of the controlling and measuring centres – 21 participants (3 days);
- Professional training for employees of the Department of Regulation of Telecommunications Networks and Services – 17 participants (2 days);
- Seminar entitled Everything about Access Telecommunications Networks – 33 participants (2 days);
- Conference “Radiocommunications 2003” – 16 participants (2 days);
- Seminar on the issues of the administrative order – 27 participants (1 day);
- Seminar on the Act on Administrative Procedure and its implementation in practice – 20 participants (1 day);
- Seminar on the Code of Civil Procedure – 14 participants (1 day);
- Education module for managers on the EU – 11 participants (4 days);
- Basic module for education on the EU – 21 participants (2 days);
- Module Minimum on European Union – 10 participants (1 day);
- Language courses - 98 participants (2 – 4 hours a week);
- Seminar on MS Outlook – 59 participants (1 day);
- Seminar on the SIR software – 21 participants (2 days);
- Education module “Manager’s Organization of Work” – 36 participants (2 days);
- Seminar on inclusion of employees in salary classes from 1 January 2004 – 5 participants (1 day);
- Seminar on inventory-taking and book reconciliation of assets and liabilities within the annual financial statements as at 31 December 2003 – 3 participants (1 day).

Qualifications improvement – total numbers of employees

Type	1999	2000	2001	2002	2003
Professional courses, seminars, conferences	626	706	715	454	1,068
Professional training for employees of State Inspections (telecoms, radio coms)	213	241	206	184	192
Computer technology courses	113	81	134	114	222
Training course about the European Union	2	38	37	364	45
Language courses	62	75	55	107	98
Costs of education, in CZK ‘000	1,218	1,205	1,341	1,269	1,697

Qualifications improvement – total numbers of employees

Schools	1999	2000	2001	2002	2003
Universities	2	2	5	4	4
Secondary schools	2	0	1	0	0

4.3 Information Technology

In the area of information and communication technologies, the CTO continued developing its information system (IS CTO) in 2003 in accordance with CTO’s long-term plan and needs, which were flexibly examined by the Department of Informatics. The key objective of developing IS CTO is to expand open information systems, i.e. systems able to

co-operate with each other on both national and international levels. This openness makes it easier to exchange documents and makes data accessible. Another important objective is the provision for the CTO employees of the information they need for effective and precise performance of the CTO's tasks. Last but not least, IS CTO ensures that useful information is accessible to the public: the increasing number of those who have access to Internet provides conditions for direct provision of information to the public.

The most important tasks carried out by the CTO in the period under review are summed up below:

- a) Continuing process of carrying out the tasks scheduled under the "IS CTO Security Project", which includes completing the installation of direct protection for all servers in the CTO's network and sets a control policy for those servers to minimize the danger of virus attack and to reduce significantly the data flow from multimedia ballast attachments of the users. At its Sokolovská workplace, the CTO finished the import of all stations (whose technical shape allowed for that) to the medium of ZENworks for Desktop 4 as a basis for defining other strategies of using this system for workstation management. User accounts were unified by means of the Novell Account Management software. The problems inherent in the Czech computer environment were all solved and installation of the two systems (ZENworks and Novell Account Management) was commenced in the pilot region of Hradec Králové;
- b) Continuing implementation and pilot operation of the new personnel information system, PERGAM. It must be admitted at this point that the firm which had won the tender launched by the Office for Public Information Systems in 2001 was unprepared for implementing the unified personnel system for state administration, so that, after 14 months of the CTO employees' intensive co-operation, it was impossible to start routine operation in 2003. Hence, it will remain a task for the year 2004 to address the issues of implementation faults and unreliability;
- c) Commencement of the project of implementation of the filing service project – management and circulation of documents. The current state was analysed in 2003, project design documentation was worked out, and the start of routine operation is scheduled for 1 January 2004;
- d) Commencement of the project of new SW application for the central database of undertakings. The objectives are to create a new database system with shared data for the CTO employees and to simplify the work of the Telecommunications Networks and Services Regulation Department and make it more effective. An analysis was performed in 2003, project-design documentation was worked out, and the completion of pilot operation is scheduled for the first half of the year 2004;
- e) Preparing the English version of the CTO's web site;
- f) Preparing a new structure of the CTO's internal network pages – Intranet;
- g) Developing the CTO's wide area network (WAN CTO) – provision of direct access for employees at distant workplaces to the newest data in the frequency-spectrum central database during their inspection work;
- h) Commencement of work on the project of "Automated System for Frequency Spectrum Monitoring" with the Division of State Inspection of Radiocommunications;
- i) Creating a new database software application to simplify administrative proceedings in the area of state inspection in radiocommunications.

In the information technology area, funds are drawn for both capital expenditures (CAPEX) and for non-CAPEX outlays on a planned basis, the objective being to create optimum conditions for CTO employees in performing their professional work and to

continue in the current process of replacement of obsolete and unsuitable computer equipment. This is, of course, associated with the onset of the gradual switchover to the new office system – Win 2000, MS Office 2000/2003.

4.4 Internal audit

In 2003, the separate Internal Audit Department performed 5 new audits and two follow-up audits, all based on the plan approved by CTO President. During the audit exercises, the auditors focused their attention on compliance with applicable legal regulations (Acts, implementing decrees, Government Orders etc.) and on compliance with the Office's own internal regulations.

The new audits were as follows:

- a) compliance with Act No. 199/1994 Coll., on Public Procurement;
- b) use of motor vehicles in the CTO;
- c) debt collection;
- d) handling of complaints, reports and suggestions in the CTO;
- e) management of the CTO's assets (long-term low-value tangible assets).

Concluding reports from the individual audits together with recommendations resulting from audit findings, were submitted to the CTO management. The majority of the recommendations were formulated as tasks to be performed and as measures to be subsequently taken. In certain cases, for example in the implementation of Act No. 320/2001 Coll., on Financial Control, auditors co-operated as consultants in the follow-up process.

Follow-up audits were performed to see how the tasks based on recommendations from the audits performed in 2002 were carried out.

To strengthen the internal audit system (Part Four Title I of Act 320/2001Coll., on Financial Control), auditors prepared a “Methodical Aid for Risk Assessment” and “Questionnaires for Drawing up the Risk Map”. This resulted in creating a map of general risks exposures in the CTO activities and in mapping the views of the heads of the individual managers in respect of the possible risks that may be inherent in the activities of the Departments they led.

During the year 2003, employees of the Audit Department attended several training courses organized by the Czech Internal Auditors Institute.

Tables
to the Report on the Activities of the Czech
Telecommunication Office
for 2003

Overview of licences, authorizations and number allocation decisions issued in 2003

Telecommunications licences

Telecommunications activities	Number of decisions to ^{*)}					
	grant	withdraw	grant	withdraw	grant	withdraw
	telecommunication licence					
	2001		2002		2003	
1 Provision of public telephone service through public fixed telecommunications network	17	0	9	0	5	2
2 Provision of public telephone service through public cellular mobile telecommunications network	2	1	1	0	0	0
3 Installing and operating public telecommunications network except telecommunications networks solely intended for one-way dissemination of signals via lines	39	1	29	1	13	3
Total	58	2	39	1	18	5

Authorizations to pursue telecommunications activities

Name of new telecommunications service	Number of decisions to ^{*)}					
	issue	cancel	issue	cancel	issue	cancel
	authorization					
	2001		2002		2003	
Shared cost services	2	2	0	0	0	0

Number allocation

Number allocation	Number of decisions to ^{*)}					
	allocate	withdraw	allocate	withdraw	allocate	withdraw
	numbers					
	2001		2002		2003	
	231	40	208	39	240	31

^{*)} What is only reported is the number of decisions that have become effective

Overview of the numbers of registration certificates based on General Licences in 2003

Number and Name of General Licence		Number of registration certificates					
		issued	cancelled	issued	cancelled	issued	cancelled
		2001		2002		2003	
GL-24/T/2000	for construction and operation of public telecommunications networks designated exclusively to one-way distribution of television or sound broadcasting signals through cables	117	1	49	0	29	0
GL-25/S/2000	for provision of additional and other telecommunications services based on voice transmission	150	7	110	2	83	3
GL-26/S/2000	for provision of additional telecommunication services based on data transmission	71	2	57	1	43	1
GL-27/S/2000	for provision of data transmission telecommunications services	113	2	48	2	110	2
GL-28/S/2000	for provision of telecommunications services for a) mediation of user access to INTERNET network services b) voice communication through INTERNET network	743	7	477	4	657	4
GL-29/S/2000	for provision of telecommunications service of telecommunication circuits leasing	119	5	38	0	25	0
GL-31/S/2001	for provision of telecommunications services of data transmission and transmission of other information by means of public and private, fixed and mobile transmitting radio networks	41	3	48	3	24	0
GL-32/S/2001	for provision of public telecommunications service of public paging	2	0	0	0	0	0
GL-33/S/2001	for provision of telecommunications service of sound and television broadcasting signal distribution through terrestrial transmitters	16	1	6	0	0	0
GL-34/S/2001	for provision of public telecommunications services of data transmission and other information through satellite communication	12	0	4	0	4	0
GL-35/S/2001	for provision of public telecommunications services of sound and television broadcasting signal transmission through satellite communication	4	0	1	0	0	0
Total		1,388	28	838	12	975	10

Decisions in the area of public telecommunications networks interconnection in 2003

Matter	Number of admin. proceedings from previous periods	Number of admin. proceedings commenced	Number of admin. proceedings suspended	Number of issued decisions		Number of admin. proceedings to continue in next period
				on preliminary measures	on the case as such	
1 Network interconnection or access to networks ¹⁾	16	38	7	1	23	20
2 Amendments to contracts of network interconnection or access to networks ²⁾	2	3	1	0	3	2
3 Disputes arising after signature of network interconnection contract ³⁾	4	6	3	0	6	1
4 Other ⁴⁾	1	1	0	0	1	1

Matter	Number of pricing decisions from previous period being considered	Number of pricing decisions considered in the current year	Number of pricing decisions issued	Number of pricing decisions to continue being considered in the next period
5 Disputes about interconnection prices ⁵⁾	3	15 + 5 Annexes	7 + 2 Annexes	8 + 3 Annexes

¹⁾ Articles 40(2) and 40(5) of Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts ("Telecommunications Act")

²⁾ Article 39(3) of the Telecommunications Act

³⁾ Article 40(4) of the Telecommunications Act

⁴⁾ Article 40(3) of the Telecommunications Act

⁵⁾ Article 78(5) of the Telecommunications Act

Overview of the numbers of permissions to operate radio transmission equipment for 2003

Telecommunications activities		Number of decisions ⁴⁾					
		to grant			to withdraw		
		permission in					
		2001	2002	2003	2001	2002	2003
1	Fixed service						
	total	7,643	8,177	2,802	316	556	1,439
	of point-to-point	7,349	7,867	2,687	281	498	1,390
	this: point-to-multipoint	294	310	115	35	58	40
2	Amateur service						
	total	4,116	961	794	1	2	4
	of individuals	3,912	885	695	0	0	0
	this: club stations	142	39	45	0	0	0
	foreigners ¹⁾	26	21	37	0	0	0
	repeaters & packet nodes	36	16	17	1	2	4
3	Satellite service						
	total	48	167	55	1,534	498	25
	of VSAT	36	135	10	1,531	496	25
	this: SNG	12	32	45	3	2	0
4	Aeronautical service						
	total	639	968	432	207	987	265
	of aircraft stations ²⁾	618	862	368	205	954	242
	this: aviation stations ³⁾	21	106	64	2	42	23
5	Maritime service						
	total	164	169	243	71	85	127
6	Broadcasting service						
	total	1,972	124	232	1,763	32	118
	of television equipment	1,608	62	188	1,556	21	100
	this: radio equipment	364	62	44	207	11	18
7	Land mobile network						
	total	1,054	1,228	2,291	1,341	1,064	967
	of radio telephone networks	384	442	1,049	750	587	413
	this: data & telemetric networks	635	718	1,115	581	436	518
	paging	35	68	127	10	41	36
8	Short-term permissions						
	total	73	83	131	0	0	0
	of fixed service	12	56	93	0	0	0
	this: land mobile service	51	24	24	0	0	0
	radio service	10	3	14	0	0	0

¹⁾ Citizens of other states having authorization for radio transmission in the Czech territory under Czech call signal

²⁾ Stations aboard aircraft

³⁾ Stations located on the ground

⁴⁾ Number of decisions that have become effective

Examination of special competence to operate transmitting radio stations in 2003

Type of Special Competence Certificate ^{*)}	Number of certificates issued on the basis of examination		Persons who filed for examination	Number of certificates issued upon:	
	2001	2002		exam	application for extension or duplicate
1 General radiotelephone operator's certificate of aeronautical mobile service	230	151	174	178	278
2 Restricted radiotelephone operator's certificate of aeronautical mobile service	920	597	584	584	565
3 Radiotelephone operator's general certificate (of maritime mobile service)	90	150	197	115	144
4 Radiotelephone operator's restricted certificate (of maritime mobile service)	223	628	267	337	180
5 General operator's certificate of maritime mobile service (GMDSS)	0	0	0	0	8
6 Restricted operator's certificate of maritime mobile service (GMDSS)	0	0	0	0	0
7 Terrestrial radiotelegraphy operator's certificate	0	0	0	0	7
8 Amateur radio operator's certificate (HAREC Certificate)	101	94	159	121	0
Total	1,564	1,620	1,381	1,335	1,182

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

**Overview of the decisions to approve telecommunications equipment
in 2003¹⁾**

Type of decision		Number of decisions issued ²⁾ in:		
		2001	2002	2003
1.A	Approval of the type of terminal equipment including:	273	286	37
a)	Telephones	24	45	4
b)	Coin and card pay telephones	3	2	0
c)	Cordless telephones	17	25	4
d)	Answering and recording machines	10	16	0
e)	Security equipment	19	16	1
f)	Faxes, fax modem cards	111	118	23
g)	Modems, modem cards	16	14	3
h)	Direction finders	11	1	0
i)	Private branch exchanges, switching equipment	21	34	1
j)	Teleprint equipment	0	0	0
k)	Equipment with digital interfaces, ISDN	37	4	0
l)	Auxiliary passive equipment	4	11	1
1.B	Approval of the type of radio equipment including:	193	171	21
a)	Radio and TV transmitters, boosters	19	11	0
b)	Radio relay equipment	53	61	13
c)	Equipment for special services (radars, amateur rigs)	3	0	0
d)	PPS radio stations, including data transmission	45	67	7
e)	Citizen band radios	8	0	0
f)	Radio telephones	12	20	1
g)	Command and security equipment	50	3	0
h)	Paging	0	3	0
i)	Other radio equipment	2	0	0
j)	Satellite communication equipment	1	6	0
2.A	Approval of technical capability of individually produced terminal equipment	2	1	0
2. B	Approval of technical capability of individually produced radio equipment	8	18	7
3.	Decisions on the use for test purposes of radio equipment whose type was neither approved nor acknowledged	8	6	1
	Total	484	482	66

¹⁾ On 1 May 2001, part of the radio and telecommunications terminal equipment was exempted from the approval regime based on Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts. This equipment is subject to the conformity assessment regime based on Government Decree 426/2000 Coll., Laying Down the Technical Requirements for Radio and Telecommunications Terminal Equipment.

As at 1 April 2003, approvals were completely terminated and fully replaced by conformity assessment.

²⁾ What is only reported is the number of decisions that have become effective

**Overview of the numbers of assessments of telecommunications equipment
conformity¹⁾ issued
in 2003**

	Type of assessment	Number of assessments issued ²⁾ in:		
		2001	2002	2003
1.	Based on Annex No. 4 to Government Order No. 426/2000 Coll.²⁾ (assessment of technical construction documents and data) <i>including:</i>	1	0	23
	a) Telecommunications terminal equipment (voluntary decision of the manufacturer/importer to apply Annex No. 4)	0	0	2
	b) Radio equipment assessed according to harmonized standards (voluntary decision of the manufacturer/importer to apply Annex No. 4)	1	0	4
	c) Radio equipment – TV transmitters and boosters assessed according to non-harmonized standards	0	0	3
	d) Radio equipment – radio relay (rr) communications assessed according to non-harmonized standards	0	0	14
2.	Based on Annex No. 5 to Government Order No. 426/2000 Coll.¹⁾ (assessment of complete quality assurance) <i>including:</i>	3	2	8
	a) Manufacturers of telecommunications terminal equipment	1	0	1
	b) Manufacturers of radio equipment	2	2	7
Total		4	2	31

¹⁾ Based on Annexes 4 and 5 to Government Order No. 426/2000 Coll., *Laying Down Technical Requirements for Radio and Telecommunications Equipment*, as amended.

On the basis of Article 10(2) of Government Order No. 426/2000 Coll., the Czech Telecommunication Office was entrusted to carry out tasks as the authorized body. According to Notice No. 34/01 of the Institute for Standardization, Metrology and State Testing (ÚNMZ), published in *Věstník ÚNMZ*, No. 7 of 13 July 2001, the CTO is entitled to use the identification number AO 260.

²⁾ On 1 May 2001, part of the radio and telecommunications terminal equipment was exempted from the approval regime based on Act No. 151/2000 Coll., 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 No. 426/2000 Coll. On 1 April 2003, the telecommunications terminal equipment approval procedure was fully revoked and replaced by the conformity assessment regime based on Government Order No. 426/2000 Coll. The majority of the equipment can be launched to the market on the basis of conformity assessment according to Annex No. 2 or 3 to Government Order No. 426/Coll., i.e. without participation of the authorized body, the CTO. Participation of the CTO as the authorized body in conformity assessment is essential in the case of the equipment subject to the conformity assessment regime based on Annexes No. 4 and No. 5 to Government Order No. 426/2000 Coll., i.e. for the equipment to which no harmonized standards were applied, or in those cases where the manufacturer itself is interested in the conformity assessment.

Overview of the main activities of the State Inspection of Telecommunications – Part I – for 2003

Inspecting activities

Inspections focused on:	APs* completed ²⁾	Decisions issued ¹⁾	Fines imposed		APs* completed ²⁾	Decisions issued ¹⁾	Fines imposed		APs* from previous periods	APs* commenced	Decisions issued ¹⁾	Other ³⁾	Fines imposed		APs* rolled over to next period		
			Number	Amount in CZK			Number	Amount in CZK					Number	Amount in CZK			
	Year 2001						Year 2002						Year 2003				
1	Compliance with the conditions of telecom licence (authorization) to:	4	4	4	6,050,000	1	5	2	800,000	829	1	2	2	0	2	250,000	1
	a) install and operate public telecommunications network	33	2	2	725,000	45	2	2	220,000	3,565	0	4	4	0	4	265,000	0
	b) provide public telephone services through public fixed network	27	0	0	0	9	1	1	100,000	1,785	1	2	2	0	1	10,000	1
2	Compliance with the conditions of:	12	1	0	0	21	5	5	102,000	58	2	23	23	0	20	8,541,000	2
	a) general licence or authorization to provide telecom services	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
	b) general licence to provide the lease line telecom service	65	16	9	3,000	31	3	1	100,000	40	0	3	3	0	1	5,000	0
	c) general licence to install and operate public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	102	31	27	1,028,000	83	73	65	606,000	107	0	30	23	1	22	512,400	6
	d) general licence to operate radio transmission equipment	249	61	54	3,102,250	496	54	44	2,561,100	434	4	17	20	0	18	509,000	1
3	Compliance with the conditions for the displaying of terminal telecommunications equipment and radio equipment and the launching thereof to the market	41	6	8	3,380,000	21	7	7	216,000	34	1	0	1	0	1	20,000	0
4	Compliance with the conditions for connecting telecommunications terminal equipment to public telecommunications network	326	184	176	1,561,320	24	24	24	353,900	18	1	19	20	0	21	203,150	0
5	Unauthorized telecommunications activities (without licence, permission, authorization or certificate of registration)	90	25	25	1,922,950	641	241	224	6,120,450	138	21	121	131	5	121	4,823,250	6
6	Investigation within the procedure of objections against the handling of claim in respect of the settlement of prices for telecommunications services	1,174	0	0	0	737	0	0	0	678	0	0	0	0	0	0	0
7	Other	884	28	16	66,500	469	6	3	27,000	967	3	21	19	2	10	175,000	3
Total		3,007	358	321	17,839,020	2578	421	378	11,206,450	8,654	34	242	248	8	221	18,313,800	20

*) APs = Administrative Proceedings

1) What is reported is the number of decisions issued at the first level of administrative proceedings (irrespective of whether they are in effect or not)

2) Inspection is completed with the expiry of the period for filing objections against the Protocol, or with the end of the objections procedure on the basis of Act No. 552/1991 on State Inspection, as amended

3) Indicated here are cases of termination of administrative proceedings without decision (e.g. death of the subscriber, winding up of the firm, termination of proceedings by virtue of law – bankruptcy, improper jurisdiction etc.)

Overview of the main activities of the State Inspection of Telecommunications – Part II – for 2003

Decisions and sanctions

Disputes and fines		Deci-sions is- sued ¹⁾	Fines imposed		Deci-sions is- sued ¹⁾	Fines imposed		APs* from previ- ous peri- ods	APs* com- men- ced	Deci-sions is- sued ¹⁾	Other ²⁾	Fines imposed		APs* rolled over to next peri- od	
			Num- ber	Amount in CZK		Num- ber	Amount in CZK					Num- ber	Amount in CZK		
		Year 2001				Year 2002				Year 2003					
1	Fines imposed for:														
	a) faults found during inspections (according to Table No. 6)	358	321	17,839,020	421	378	11,206,450	34	242	248	8	221	18,313,800	20	
	b) banned activities in protective zone	2	0	0	0	0	0	0	0	0	0	0	0	0	
	c) unauthorized reception, use or interruption of telecommunications service or any other intervention in it	597	527	5,194,700	413	372	3,503,700	119	609	619	8	516	4,082,300	101	
	d) hindering the performance of state telecommunications inspection	1	1	30,000	1	1	50,000	0	1	1	0	1	30,000	0	
	e) other faults (including data from Table No 8)	94	43	1,151,250	115	92	1,125,850	5	32	36	0	22	1,035,600	1	
2	Disputes between public telecommunications networks operators	3	0	0	26	1	250,000	13	14	21	0	3	6,350,000	6	
Total		1,055	892	24,214,970	977	844	16,136,000	171	898	925	16	763	29,811,700	128	

*) APs = Administrative Proceedings

¹⁾ What is reported is the number of decisions issued at the first level of administrative proceedings (irrespective of whether they are in effect or not)

²⁾ Indicated here are cases of termination of administrative proceedings without decision (e.g. death of the subscriber, winding up of the firm, termination of proceedings by virtue of law – bankruptcy, improper jurisdiction etc.)

Overview of the main activities of the State Inspection of Telecommunications – Part III – for 2003

Detection of sources of interference with telecommunications equipment and networks, with the provision of telecommunications services or operation of radiocommunications services; and sanctions

Inspections focused on:	Investigations completed ²⁾	Decisions issued ¹⁾	Fines imposed		Investigations completed ²⁾	Decisions issued ¹⁾	Fines imposed		Investigations completed ²⁾	Inv..s* from previous periods	Investigations commenced	Decisions issued ¹⁾	Fines imposed		Investigations rolled over to next period		
			Number	Amount in CZK			Number	Amount in CZK					Number	Amount in CZK			
	Year 2001						Year 2002						Year 2003				
1 Radio and television reception	1,535	44	11	442,250	1,560	88	68	534,750	1,417	3	14	17	9	233,00	0		
2 Radio equipment and networks	67	29	18	307,000	71	6	6	32,700	81	0	1	1	1	15,000	0		
3 Public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	197	10	5	141,000	150	4	3	8,500	129	0	2	2	0	0	0		
4 Other	32	1	0	0	22	3	2	115,000	29	1	0	1	0	0	0		
Total	1,831	84	34	890,250	1,803	101	79	690,950	1,657	4	17	21	10	148,000	0		

*) Inv..s = Investigations

¹⁾ What is reported is the number of decisions issued at the first level of administrative proceedings (irrespective of whether they are in effect or not)

²⁾ Investigations are performed in response to a report or on the basis of the inspectors' own findings

Overview of the activities of the Controlling and Measuring Centres in 2003

		Activity focused on:	Inspections in the year		
			2001	2002	2003
1	Frequency spectrum monitoring				
	a) for frequency spectrum administration		4,639	4,898	4,442
	b) within the international frequency spectrum monitoring system ^{*)}		15	61	2
2	Detection of sources of interference with the operation of telecommunications equipment and networks, provision of telecommunications services, or with the operation of radio communications services				
	a) radio and television reception		71	53	71
	b) radio equipment and networks		151	89	78
	c) public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines		12	5	5
	d) other		44	24	38
3	Frequency spectrum monitoring				
	a) radio equipment and networks		386	1,043	733
	b) terminal equipment		17	2	0
	c) public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines		3	2	5
	d) other		22	48	112
4	Finding of unauthorized transmission radio stations				
	Number of unauthorized stations detected		288	355	115

^{*)} Co-operation with foreign administrations in accordance with the Radio Regulations (Geneva 1998), Article S16 – International Monitoring

**Overview of the numbers of administrative proceedings
in the area of the provision of telecommunications services in 2003**

Disputes	APs* commenced	APs* completed ⁴⁾	APs* commenced	APs* completed ⁴⁾	APs* from previous periods	APs* commenced	APs* completed	of this, number of issued decisions ¹⁾			Other ²⁾	APs* rolled over to next period		
								in favour of subscriber	in favour of provider	suspended				
				Year 2003										
1	Breach of general conditions	6	4	1	3	0	14	14	13	0	1	0	0	
2	Disputes between user/subscriber and the telecom service provider ³⁾	73	62	119	108	36	172	164	48	91	25	0	44	
3	Objections against the handling of claim in respect of settlement of the price for telecom services	1,222	1,338	959	951	199	1,024	1,094	232	616	183	63	129	
4	Disputes on payments based on the contract between the subscriber and the telecom service provider	53,256	46,000	68,537	68,172	16,580	60,574	67,899	1,642	63,772	1,131	1,354	9,255	
5	Other disputes	2	1	0	1	0	9	7	0	0	0	7	2	
Total		54,559	47,455	69,616	69,235	16,815	61,793	69,178	1,935	64,479	1,340	1,424	9,430	

*) APs = Administrative Proceedings

¹⁾ What is reported is the number of decisions issued at the first level of administrative proceedings (irrespective of whether they are in effect or not)

²⁾ Indicated here are cases of termination of administrative proceedings without decision (e.g. death of the subscriber, winding up of the firm, termination of proceedings by virtue of law – bankruptcy, improper jurisdiction etc.)

³⁾ Except disputes under Points 3 and 4

⁴⁾ Including submissions from previous periods

**Overview of the numbers of decisions issued by the Office President
and other submissions considered by the Decision Reviewing Department in 2003**

Matters subject to administrative proceedings		Applicable Articles*)	Sub-mis-sions re-ceived	Settled **)	Sub-mis-sions re-ceived	Settled **)	Out-standing from previous period	Sub-mis-sions re-ceived	Total to consider	Settled	Rolled over to next period
									Year 2001	Year 2002	Year 2003
1	Objections against the handling of claims	Art. 95(8)(c)	338	628	166	164	62	300	362	194	168
2	Payments – CESKÝ TELECOM, a.s.	Art. 95(8)(d)	702	897	464	525	134	438	572	415	157
	– Eurotel Praha spol. s r.o.		145	107	496	411	173	412	585	487	98
	– Radiomobil a.s.		589	471	673	634	184	639	823	654	169
	– Český Mobil a.s..		3	2	3	4	0	0	0	0	0
	– Other service providers		3	3	6	5	0	28	28	9	19
3	Other disputes in respect of the general conditions	Art. 95(8)(a), (b), (e), (f)	11	39	6	8	3	2	5	4	1
4	Regulation of telecommunications activities	Arts. 13-54; 68-76	12	8	32	38	0	18	18	15	3
5	Frequency spectrum administration	Arts. 65-67	36	41	7	7	4	3	7	5	2
6	Telecommunications equipment	Arts. 4 -12	0	1	1	2	0	0	0	0	0
7	Sanctions imposed on undertakings	Art. 97(1), (2) [except 1(s)]	94	61	106	128	11	117	128	100	28
	repeatedly imposed on undertakings	Art. 98	1	1	0	0	0	0	0	0	0
	imposed on individuals	Art. 97(3) [except (f)]	32	23	26	29	7	36	43	32	11
	repeatedly imposed on individuals	Art. 98	0	0	0	0	0	0	0	0	0
	for non-payment of fees - undertakings	Art. 97(1)(s)	0	0	4	4	0	3	3	3	0
8	for non-payment of fees - individuals	Art. 97(3)(f)	0	0	2	2	0	0	0	0	0
	Other decisions in administrative proceedings	Art. 95	34	33	55	45	16	54	70	61	9
	Decision in respect of non-payment of administrative fee		22	23	12	8	5	3	8	8	0
	Administrative submissions (extension of period etc.)		1,357	1,350	1,067	1,086	0	848	848	828	20
	Competence (jurisdiction) conflicts		92	155	84	65	122	52	174	82	92
12	Cases that need to be completed	Art. 107 (transient provis.)	1	18	0	1	0	0	0	0	0
13	Decisions in execution proceedings		0	0	0	0	1	23	24	17	7
Total			3,472	3,861	3,210	3,166	722	2,976	3,698	2,914	784

*) Article (§) of Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts

**) Including submissions from the previous period

Indicators of budget head 328 (in CZK '000)

Parameters		Actual income & expenses 2002	Approved budget 2003	Adjusted budget 2003	Permitted budget over-draft ²⁾	Actual, 2003 including permitted overdraft	% Compliance	Difference between columns 5 - 1
		1	2	3	4	5	6	7
I	Summarising parameters							
1	Non-tax income, capital income and subsidies received, total	1,997,301	660,000	660,000	0	1,105,062	167.43	-892,239.00
2	Total expenses	261,791*)	384,872	387,501	+1,881	344,529*)	88.91	82,738.00
II	Partial parameters of expenditures							
1	Individual partial parameters							
1.1	Employee salaries and other payments for work done	112,109	122,127	124,927	+663	125,590	100.53	13,481.00
1.2	of this, PSP 501	111,256	121,274	123,903	+663	124,566	100.54	13,310.00
1.3	Mandatory insurance paid by employer ¹⁾	39,238	42,744	42,804	+1,153	43,957	102.69	4,719.00
1.4	Allocation to Welfare Fund	2,225	2,426	2,426	+65	2,491	102.68	266.00
1.5	Expenses to finance the asset replacement programmes, total, as per Annex No. 5	22,996	54,816	54,816	0	54,534*)	99.49	31,538.00
2	Specific partial parameters							
2.1	Employee salaries and other payments for work done in public administration	112,109	122,127	124,927	+663	125,590	100.53	13,481.00
2.2	of this, public servants	111,256	121,274	123,903	+663	124,566	100.54	13,310.00
2.3	Non-investment allocations (transfers) to international organizations	1,301*)	1,500	1,500	0	1,254*)	83.60	-47.00
2.4	Expenses from state budget to finance the joint EU-Czech programmes, total	0	15,000	15,000	0	14,968	99.79	14,968
2.5	of this, PHARE	0	15,000	15,000	0	14,968	99.79	14,968

¹⁾ Mandatory social insurance & contribution to the employment policy of the State; insurance premiums for public health insurance²⁾ See Letters of Ministry of Finance Ref. No. 191/34144/2003 of 28 May 2003 and Ref. No. 191/53021/2003 of 23 June 2003

*) Including transfer of saved amounts to the Reserve Fund

The table is adjusted on the basis of the 2003 Budget Act

Overview of income for 2003 (in CZK '000)

Budget structure	Item	Parameters	Actual income in 2001	Actual income in 2002	Approved budget 2003	Adjusted budget 2003	Actual, 2003	% Compliance	Difference between columns 5 - 2
			1	2	3	4	5	6	7
		Total income <i>including:</i>	2,858,106	1,997,301	660,000	660,000	1,105,062	167.43	-892,239
	2111	Income from provision of services	2,857,117	1,995,332	659,920	659,920	1,102,611	167.08	-892,721
	2132	Income from lease of other real property and parts thereof	68	73	80	80	62	77.50	-11
	2141	Interest income	57	12	0	0	12		0
	2310	Income from sale of assets other than fixed assets	66	53	0	0	19		-34
	2322	Insurance compensations received	18	0	0	0	37		37
	2324	Non-capital contributions and compensations received	269	250	0	0	241		-9
	2329	Other non-tax income	361	122	0	0	51		-71
	3119	Income from sale of fixed assets	150	449	0	0	57		-392
	4132	Transfers from other own funds and accounts not being of public-budget nature	0	1,010	0	0	91		-919
	4135	Transfers from the funds of the organization units of the State	0	0	0	0	1,881		1,881

Overview of current expenses in 2003 (in CZK '000)

Budget structure	Item	Parameters	Actual expenses 2001	Actual expenses 2002	Approved budget 2003	Adjusted budget 2003	Permitted budget overdraft *)	Actual, 2003 including permitted overdraft	% Compliance	Difference between columns 6 - 2
			1	2	3	4	5	6	7	8
		Total current expenses, <i>including:</i>	256,487	238,794	338,026	340,655	+1,881	297,719	87.40	58,925
Article 2461		Activities of state administration bodies in telecoms, <i>including:</i>	235,412	221,584	316,815	325,877	+1,881	283,390	86.96	61,806
	5111	Employees' salaries	101,570	111,256	121,274	123,903	+663	124,566	100.54	13,310
	5112	Other personnel costs	1,111	813	853	853	0	853	100.00	40
	5114	Severance pay	156	40	0	171	0	171	100.00	131
	5121	Mandatory insurance – social security and contribution to the Government's employment policy	26,738	29,176	31,753	31,798	+856	32,654	102.69	3,478
	5122	Mandatory insurance – health insurance	9,255	10,062	10,991	11,006	+297	11,303	102.70	1,241
	5132	Protective aids	59	74	70	90	0	83	92.22	9
	5134	Work clothing and footwear	13	0	20	0	0	0	0	0
	5136	Books, teaching aids, press	448	854	700	700	0	599	85.57	-255
	5137	Low-value long-term tangible assets	12,875	4,223	1,700	7,682	0	7,673	99.88	3,450
	5139	Purchase of material	4,510	6,571	76,100	74,063	0	29,722	40.13	23,151
	5151	Cold water	117	171	190	210	0	209	99.52	38
	5152	Payments for district heating supply	658	910	850	865	0	862	99.65	-48
	5153	Gas	373	428	370	370	0	315	85.14	-113
	5154	Electricity	1,584	1,822	1,795	1,870	0	1,870	100.00	48
	5156	Fuels and lubricants	2,016	1,795	2,300	2,190	0	1,840	84.02	45
	5157	Warm water	0	0	0	8	0	5	62.50	5
	5161	Postal services	5,529	7,422	7,500	7,870	0	7,870	100.00	448
	5162	Telecommunications and radio communications services	5,434	7,662	5,985	4,452	0	4,305	96.70	-3,357
	5163	Banking services	251	263	317	361	0	284	78.67	21
	5164	Rental	7,995	6,882	6,222	6,972	0	6,944	99.60	62
	5166	Consulting, advisory and legal services	31,657	1,722	17,180	10,215	0	9,036	88.46	7,314
	5167	Training and educational services	1341	1,269	1,500	1,700	0	1,697	99.82	428

Budget structure	Item	Parameters	Actual expenses 2001	Actual expenses 2002	Approved budget 2003	Adjusted budget 2003	Permitted budget overdraft *)	Actual, 2003 including permitted overdraft	% Compliance	Difference between columns 6 - 2
			1	2	3	4	5	6	7	8
Article 2461 continued	5168	Data processing services	5	6	10	10	0	6	60.00	0
	5169	Purchase of services	12,055	19,068	19,498	20,516	0	19,913	97.06	854
	5171	Repairs and maintenance	4,381	3,689	4,410	5,570	0	5,214	93.61	1,525
	5172	Computer software	898	819	400	7,605	0	7,603	99.97	6,784
	5173	Travel expenses (inside Czech Republic)	1,967	1,838	2,000	1,988	0	1,776	89.34	-62
	5175	Entertainment	151	138	200	200	0	146	73.00	8
	5192	Expenses for non-investment contributions and compens.	33	21	10	10	0	4	40.00	-17
	5195	Levies for not employing disabled persons	84	78	92	92	0	91	98.91	13
	5342	Allocation to Welfare Fund	2,031	2,225	2,426	2,426	+65	2,491	102.68	266
	5346	Allocations to other OSS**) funds – Reserve Fund	36	200	0	0	0	3,220		3,020
	5361	Purchase of duty stamps	2	1	0	0	0	0		-1
	5362	Payments of taxes and charges	60	53	54	54	0	52	96.30	-1
	5363	Payments (in respect of sanctions) to other budgets	4	0	0	12	0	11	91.67	11
	5429	Compensations paid to individuals	15	33	45	45	0	2	4.44	-31
Article 2491		International co-operation in telecommunications, including:	8,752	8,921	9,701	8,781	0	8,382	95.46	-539
	5136	Books, teaching aids, press	104	122	100	120	0	116	96.67	-6
	5167	Training and educational services	17	0	0	0	0	0		0
	5169	Purchase of services	47	13	1,500	234	0	187	79.91	174
	5173	Travel expenses (outside Czech Republic)	6,320	6,572	6,370	6,662	0	6,626	99.46	54
	5175	Entertainment	194	62	210	210	0	166	79.05	104
	5179	Other purchases	39	2	0	34	0	31	91.18	29
	5194	Gifts	32	19	21	21	0	2	9.52	-17
	5346	Allocations to OSS**) funds – Reserve Fund	665	930	0	0	0	75		-885
	5511	Non-investment transfers to international organizations	1,334	1,201	1,500	1,500	0	1,179	78.60	-22
A. 2549		General economic services, including:	12,323	8,289	11,510	5,997	0	5,947	99.17	-2,342
	5166	Consulting, advisory and legal services	12,323	8,239	11,510	5,997	0	5,947	99.17	-2,292
	5346	Allocations to OSS**) funds – Reserve Fund	0	50	0	0	0	0		-50

*) See letters from Ministry of Finance Ref. No. 191/34144/2003 of 28 May 2003 and Ref. No. 191/53021/2003 of 23 June 2003

**) OSS = (pertaining to) public administration bodies

Overview of capital expenditures in 2003 (in CZK '000)

Budget structure	Item	Parameters	Actual in 2001	Actual in 2002	Approved budget 2003	Adjust- ed budget 2003	Actual, 2003	% Compli- ance	Differ- ence between columns 5 - 2
			1	2	3	4	5	6	7
Article 2461		Capital expenses, total <i>including:</i>	19,963	22,996	46,846	46,846	46,810	99.92	23,814
	6111	Computer software	9,604	9,474	14,863	26,993	26,944	99.82	17,470
	6119	Other purchases of long-term intangible assets	0	0	0	820	819	99.88	819
	6121	Buildings and constructions	207	0	15,000	2,050	2,023	98.68	2,023
	6122	Equipment (machines, instruments, equipment)	6,387	2,151	10,803	10,803	10,614	98.25	8,463
	6123	Vehicles	600	2,519	3,680	3,598	3,344	92.94	825
	6125	Computer hardware	3,165	8,852	2,500	2,582	2,581	99.96	-6,271
	6361	Investment-type transfers to OSS ^{**) fund – Reserve Fund}	0	0	0	0	485		485

**) OSS = (pertaining to) public administration bodies

Overview of employment regulation limits as at 31 December 2003 (in CZK '000)

Parameters	Actual, 2001	Actual, 2002	Approved budget 2003	Adjusted budget 2003	Actual, 2003	% Compliance	Difference between columns 5 - 2
	1	2	3	4	5	6	7
Limit of funds for salaries and other payments for work done: <i>including:</i>	102,230	112,109	122,127	124,927	125,589	100.53	13,480
Limit of funds for salaries	101,570	111,256	121,274	123,903	124,566	100.54	13,310
Limit of funds for other payments for work done	660	853	853	1,024	1,023	99.90	170
Limit on the number of employees (average full-time equiv.)	465	474	486	486	477	98.15	3
Number of employees as at 31 December	478	481	486	486	478	98.35	-3

**Provision of information according to Act No. 106/1999 Coll.,
on Free Access to Information –
in 2003**

		2001	2002	2003
1	Number of filed applications for provision of information	30	13	6
2	Number of decisions not to provide information	3	2	0
3	Number of filed appeals against the decision	3	2	0