

REPORT ON ACTIVITIES
OF THE CZECH TELECOMMUNICATION OFFICE
FOR THE YEAR 2004

March 2005

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1. Introduction

Based on Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, the Czech Telecommunication Office was established as at 1 July 2000 as an independent administrative body 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 referred to as “the CTO”) are associated with the implementation of Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended (“the Telecommunications Act”) on the basis of which the Office carries out regulation in most of the areas of the telecommunications sector in accordance with its status as a regulatory body.

On 26 June 2000 the Government of the Czech Republic adopted its Decision 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 designates the position of the Czech Telecommunication Office, its main tasks, organisation, powers of its President to make decisions on appeals against the Office’s decisions, and the Office’s relations 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 2004

In 2004, the Czech Telecommunication Office carried out activities based on the Telecommunications Act. Within the range of its powers and responsibilities, the Office represented the interests of the Czech Republic and contributed to the country's inclusion in the European and world structures. During the year, the Office maintained bilateral and multilateral contacts with telecommunications administration bodies in other countries – particularly with the national telecommunications regulators, international organisations and other institutions active in the telecommunications sector.

The International Telecommunication Union (ITU)

In 2004, the most important events organised by the International Telecommunication Union (ITU) and attended by the CTO representatives included the Regional Radiocommunication Conference (RRC-04), the Global Symposium of Regulators (GSR) and the World Telecommunication Standardisation Assembly (WTSA).

In its co-operation with the ITU, the CTO focused its activities on preparing its opinions for meetings of the managing, advisory and working bodies of the ITU. The CTO employees provided preparation for, and participation at, the Regional Radiocommunication Conference (RRC-04) and the 2004 World Telecommunication Standardisation Assembly.

ITU Regional Radiocommunication Conference

The first part of the ITU Regional Radiocommunication Conference was held in Geneva on 9 to 28 May 2004 and was attended by 712 delegates from 91 States and other guests and observers.

In accordance with the ITU Council's decision, the Conference discussed the technical and administrative issues of the planning of digital radio and television broadcasting, including, in particular, the issues related to the revision of the Stockholm '61 and Geneva '89 agreements and to the preparation of the new frequency plan. The main outcome of the RRC-04 session was the report on the second part of the conference to be held in 2006.

The RCC meeting included plenary sessions, working groups (of the plenum), specialised committees, and committees of organisational nature. In accordance with the rules of the European Conference of Postal and Telecommunications Administrations (CEPT), the Czech delegation asserted the common positions and took part in addressing the topical issues at CEPT meetings (with participation of a representative of the European Commission).

The ITU Global Symposium of Regulators

The ITU held a Global Symposium of Regulators in Geneva again. It provided an opportunity for discussion among representatives of national regulators, government agencies and members of the ITU Telecommunication Development Sector. The Symposium's theme was "Licensing in the Era of Convergence". The document was adopted at the conclusion of the Symposium focuses on the issues of broadband technologies and connection via the internet protocol.

ITU World Telecommunication Standardisation Assembly

Upon invitation by the Brazil Government, the World Telecommunication Standardisation Assembly (WTSA) was held at Florianópolis, Brazil, on 5 – 14 October 2004 and was attended by 460 delegates of communication administrations from 72 ITU Member States, representatives of telecommunications companies and producer undertakings, representatives of regional groupings and international organisations. WTSA meetings were focused on the outcomes the ITU Plenipotentiary Conferences held in 2002, on the implementation of the decisions adopted at that Conference in the ITU Telecommunication Standardisation Sector (ITU-T), and on the Sector's activities in both the past and coming periods. The objective of the WTSA meetings was to adapt ITU-T's activities to developments on the world telecommunications market and maintain ITU's dominant position as a global standardisation organisation in the telecommunications area.

The outcomes of WTSA sessions are used in the regulation of the telecoms market in the Czech Republic and in preparing and co-ordinating the positions of the delegations representing the Czech telecommunications administration at the meetings of the steering and working bodies of the ITU, CEPT and the European Commission.

ITU Council

In 2004, the Council – besides addressing the issues related to the ITU's activities in the previous and next period – discussed and approved the external auditor's reports on the ITU's financial management and reports of the working groups established on a number of topical issues related to the revision of the ITU's documents and policies. In addition, ITU Council focused its attention on the state and course of preparations for the major ITU conferences in 2004-2007 (World Telecommunication Standardisation Assembly 2004, World Summit on the Information Society 2005, World Telecommunication Development Conference 2006, Regional Radiocommunication Conference 2006, Plenipotentiary Conference 2006 and World Radiocommunication Conference 2007).

During the sessions of the ITU Council, a meeting was held with the Group on the Revision of the International Telecommunications Regulations (ITRs) to discuss, and adopt measures on, how to proceed further in the revision of the ITRs.

ITU Radiocommunication Advisory Group

In accordance with the competences entrusted to it, 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 related to this Sector's activities between the sessions of the Radiocommunication Assembly. At its sessions in 2004, the Advisory Group's attention was primarily focused on the tasks imposed on the Radiocommunication Sector by the 2002 Plenipotentiary Conference (PP-2002), the Radiocommunication Assembly (RA-03) and the World Radiocommunication Conference (WRC-03), which took place in 2003; in addition, the Advisory Group's activities included preparations for the second part of the Regional Radiocommunication Conference (RRC-07) and the World Summit on the Information Society 2005 (WSIS-05). The Advisory Group also discussed the draft ITU-R plan of operations for the next period and the structure and documents of ITU-R study groups.

ITU Telecommunication Development Advisory Group

The activities of the Telecommunication Development Advisory Group (TDAG), which also included the meetings of the Private Sector Working Group, were first of all focused on preparing the World Telecommunication Development Conference to be held in 2006 (WTDC-06), on discussing the ITU-D operations plan for 2005-2008, the working methods of the TDAG and the Sector's study groups, and on the evaluation of the results of the World Summit on the Information Society (WSIS-03) in relation to the ITU-D Istanbul Action Plan, Strategic Plan and Operations Plan.

ITU Telecommunication Standardization Advisory Group

In accordance with the competences entrusted to it, 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 related to this Sector's activities between the meetings of the WTSA. At its meetings in 2004, the TSAG examined issues related to the preparation for the World Telecommunication Standardization Assembly on 2004 (WTSA-04), including, in particular, the restructuring of the ITU-T study groups, their working programme and the methods of their work.

WSIS Preparatory Committee

The main task of the meeting of the First Preparatory Committee (PrepCom1) of the second stage of the World Summit on the Information Society was to discuss the organisational issues of, and the preparations for, the second stage of the Summit (WSIS II), which is to be held in 2005 in Tunis (the first stage of the WSIS was held in accordance with UN General Assembly Resolution 56/183 under the auspices of UN General Secretary in Geneva in 2003).

ITU Study Groups and Working Groups

In 2004, the CTO employees took active part in the work of the study groups and working groups of the ITU Radiocommunication Sector (ITU-R). They attended the meetings of 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.

CTO's Co-operation with the ITU Development Sector

In 2004, the ITU Development Sector (ITU-D) organised a number of seminars for participants from ITU Member States. Representatives of the competent CTO departments took part in the regional seminar on "Economic Dynamics of the Newly Liberalised Markets in the Countries of Central and Eastern Europe and the Baltic States", held in Vilnius, a seminar on the "Strategy of the Transition of the Telecoms Networks to the NGN networks" in Warsaw, and a training course on "E-learning Practices, which the ITU held in Prague.

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 committees, commissions and working groups, focusing on the co-ordination and harmonisation of electronic communications in European countries.

The CTO's main focus in 2004 was on the Electronic Communications Committee (ECC) and its working groups, particularly WG FM (Frequency management), WG SE (Spectrum Engineering) and WG RA (Regulatory Affairs). 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 related to new technologies and the methods of frequency spectrum sharing by the radiocommunication services (also including the applications thereof).

The adopted CEPT harmonisation measures are then reflected in the CTO's measures, e.g. in the Frequency Spectrum Utilisation Plan. The Czech Republic belong to 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. More information is available on the web pages of the European Radiocommunications Office ([ERO](#)).

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

The CTO representatives contributed to the work of the ECC working groups, established ad hoc for making ECC activities more effective and to implement new methods of work; they also took part in the work of the Conference Preparation Group (CPG), which was responsible for co-ordination of the preparation effort of European countries' telecommunications administrations for the World Radiocommunication Conference (WRC-07). In CPG meetings, the CTO representatives contributed to drawing up the background documents for preparing European common proposals on the individual points of the WRC-7 agenda.

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

The European Union

On 1 May 2004, when the Czech Republic acceded to the European Union (EU), the CTO was included in the EU regulatory structures. CTO representatives took part in the sessions of the European Regulators Group (ERG), in the regular meetings of the European Commission's Communications Committee (COCOM), the Radio Spectrum Policy Group (RSPG) and the Radio Spectrum Committee (RSC).

The European Regulators Group (ERG) is an advisory body to the European Commission. ERG members include representatives of the Member States' national regulators and representatives of the European Commission. The ERG supports the development of the

EU's internal market in the area of electronic communications and services, based on the new regulatory framework.

The ERG extensively uses the results of the work of the Independent Regulators Group (IRG). The IRG is not a part of EU structures: it associates the national regulators both in the EU Member States and non-member countries. Its primary activity is to share experience and prepare common positions related to issues of common interest to support the development of the European electronic communications market. The Czech Republic uses this experience to regulate the Czech telecommunications market and to draw up draft legislative measures.

In 2004, the CTO took part in the work based on the ERG/IRG joint working programme, which is published under the name Work Programme 2004 at the web pages of [ERG](#).

The Communications Committee (COCOM) is a legislative advisory body of the European Commission. It addresses various tasks, including the transposition of the new regulatory framework for electronic communication networks and services to the national legislation in the EU Member States. The Committee also provides a platform for the exchange of information about market development and the regulatory activities.

The Radio Spectrum Policy Group (RSPG) is an advisory body of the European Commission in the strategy issues of frequency spectrum utilisation. In 2004, among other things, the RSPG developed and adopted positions in relation to the re-sale of spectrum use rights and in relation to the impact of the transition from analogue to digital broadcasting on spectrum utilisation. The CTO took part in the work of the RSPG as such as well as in the work of the working group established to prepare the above-mentioned positions.

The Radio Spectrum Committee (RSC) is an executive body of the European Commission, taking measures for a harmonised and effective utilisation of the spectrum in the EU. The CTO has been represented in the RSC since its establishment. In 2004 the most important issues addressed by the RSC include, for example, the definition of the frequency for automotive short-range radars (SRRs), harmonisation of the conditions for traffic in the access RLANs in the 5GHz range and for the operation of short-range equipment, and the issues of how to use the frequency bands that are to remain after the ERMES and TFT systems etc.

A CTO representative also attends the meetings of the Telecommunications Conformity Assessment and Market Surveillance Committee (TCAM) – an advisory body which assists the European Commission in the implementation of Directive No. 1999/5/EC, on Radio Equipment and Telecommunications Terminal Equipment and the Mutual Recognition of its Conformity.

In 2004, for the first time as an EU Member State, we took part in drawing up the Report on the Implementation of the New Regulatory Framework in EU Member States (the tenth one now), containing information about the implementation and enforcement of the electronic communication regulatory framework in EU Member States. The Reports include assessment of the development of markets, analysis of the key regulatory principles etc. Like all the previous reports, this summarising Report also covers a period of one year, using the required set of parameters that were provided by the CTO in co-operation with the Ministry of Informatics of the Czech Republic and the Czech Statistics Office (CSO). The Report

documents the individual progress achieved in each of the Member States over the given period, and evaluates the EU electronic communications market in a general context.

The CTO takes part in the activities of the Departmental Co-ordination Group (DCG) established by the Ministry of Informatics of the Czech Republic under the Committee for the EU; at the same time, the CTO shares responsibility in the Working Groups of the EU Council. The DCG prepares, for the Czech Republic, the framework positions or instructions for the current issues to be discussed at the EU Council's Working Group on Telecommunications and Information Society.

The CTO also actively co-operated with the Office of the Czech Republic Government and with the Ministry of Foreign Affairs of the Czech Republic by providing evidence for the assessment of how the list of the outstanding legislative and non-legislative tasks within the Czech Republic - EU relation was fulfilled and updated (the Electronic Communications Act, the numbering plans, the automated system for frequency spectrum monitoring).

For purposes of free movement of persons among the Member States of the EU and the European Economic Area, a database of regulated professions was developed at the Ministry of Education, Youth and Sports of the Czech Republic. A regulated profession or regulated activity means a profession or activity for which an EU Member State has defined, in its legal regulations, certain requirements to be met by anyone wishing to perform such a profession or activity (e.g., a certain degree of education, certain length of experience, integrity, health fitness etc). The database – List of Regulated Professions and Activities in the Czech Republic – is administered by the Ministry of Education, Youth and Sports of the Czech Republic (MEYS), which bears the general responsibility for these issues.

The database of regulated professions is available at the web pages of [MEYS](#). CTO employees also prepared positions and comments on EU and MEYS documents and took part in the seminars organised by the National Equivalence Information Centre (NARIC) for the EU and the Council of Europe, in co-operation with the UNESCO.

The Phare Project

In 2004, the European Commission approved the revision of the project fiche for the Phare Project CZ 2002/000-282.04.01 “Introduction and Management of a Global Automated System for Frequency Spectrum Monitoring – GASFSM”). The Project was extended also to include a third part 2002/000-282.04.01.03 – GASFSM II – for the purchase of hardware and software worth EUR 2.4 million. The CTO committed itself to co-finance this third part of the Project by contributing EUR 0.8 million (about CZK 25 million) from the state budget. Upon approval by the European Commission, a tender was launched in July 2004 and the tender bids were then assessed by the tender commission. Four contracts for the supply of equipment for unattended fixed stations, mobile stations, and other instrumentation and control facilities were concluded as a result of the tender.

As to the first two parts of the Project, the supply of software and equipment worth EUR 2.78 was completed by the end of the year 2004. Equipment for the third part of the GASFSM Project will be delivered in 2005. The mandatory co-financing (EUR 1.73 million) from CTO funds for all the three parts of the Phare Project was fulfilled.

NATO

In 2004, the CTO was actively involved in the activities of the Civil Communications Planning Committee (CCPC NATO) and in the work of the subcommittees and specialised groups. A number of meetings and seminars took place within the planned NATO activities. An exercise for new NATO experts was also held. CTO representatives attended the plenary meetings of the NATO Subcommittee on Civil Communications, which were held in Tbilisi (May 2004) and Brussels (November 2004).

Particular attention was paid to the issues of civil-military co-operation, issues of the national preference scheme, crisis communication legislation and the use of the local loop and public radio broadcasting for the purposes of civil protection. Efforts were also focused on preparing the CCPC NATO 2004 exercise for new experts in co-operation with other NATO committees, the purpose being to test the co-operation between the individual NATO committees. The spring session also addressed the issues of helping Greece in the preparations and security precautions for the 2004 Olympic Games in Athens. The information gained from the discussions served as source material for the activities of CTO's crisis management bodies and entities subject to economic mobilisation in the telecommunications area in crisis situations; in addition, it was also used in preparing the draft Government Order for regulatory measures in crisis situations and in preparing the Electronic Communications Act.

Meetings of the Working Group for Telecommunications under the Civil Communications Subcommittee (WGT CCPC NATO) paid special attention to the following issues: activities of the CCPC and CEP (Civil Emergency Planning); finalization of the work on the issues related to the international preference scheme; the issue of national emergency networks; the status, role and nomination of telecommunications and postal experts; the agenda of the seminar for new NATO experts; and the preparation of the new Compendium. As its main output, the Working Group produced materials that were used for the completion of the tasks of preparing the draft Government Order for regulatory measures in crisis situations and the Electronic Communications Act.

The spring session of NATO's joint civil-military Frequency Modulation Subcommittee Policy Working Group (FMSC PWG), attended by a CTO representative, focused on preparing NATO's common document for the World Radiocommunication Conference to be held in 2007 and on the issues of NATO enlargement.

Organisation 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). The CTO actively participates in the meetings of the Working Group and regularly provides telecommunications information and data for OECD reports and publications.

The primary tasks of the Working Group is to encourage the exchange of experience among the Member States, monitor the current developments in the telecommunications and information service policy area, analyse the economic and social aspects of the telecommunications markets in OECD countries, and contribute to the development of the information infrastructure. During the meetings of the Working Group in June and November 2004, attention was mainly focused on the draft documents concerning voice over internet

protocol (VoIP), development of the new generation networks (NGNs), issues of the introduction of the generic top-level domains (GTLDs), and developments in the area of voice over the wireless fidelity technologies (VoWiFi). The June meeting also discussed the work schedule for preparing the publication of OECD Communications Outlook 2005. This publication monitors developments in OECD countries. Now the document has been extended also to cover the area of radio and television broadcasting. The CTO provided the data and the required indicators in the form of completed OECD questionnaires.

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 the ETSI's supreme body meets twice annually. It makes decisions on the substantial issues of the ETSI's activities, management and membership. At its meetings in 2004, the General Assembly discussed and approved the report on the ETSI's activities for the previous period, the financing of projects, activities of working groups and technical commissions, and proposal for co-operation with EU/EFTA and with the European organisations responsible for preparing technical standards, including the European Committee for Standardization (CEN) and European Committee for Electrotechnical Standardisation (CENELEC). Much attention was also paid to the ETSI's future activities and to the extension of co-operation with external organisations – especially the establishment of contacts with institutes such as research institutes and universities. Formation of a European Standardisation System (ESS) and a unified European Standardisation Organisation (ESO) is one of the ETSI's strategic tasks, strongly supported by the European Commission.

Bilateral and Multilateral International Contacts

CTO representatives also took part in many bilateral and multilateral international meetings, seminars and discussions with representatives of the telecommunications administration bodies from other countries, focusing on exchanging experience applicable to the performance of the tasks of the specialised departments of the CTO, on issues associated with the accession of the Czech Republic to the EU and on gaining information about new telecommunications technologies in the world. The most important events that took place in the Czech Republic during 2004 were:

- Meeting of the leading officials of the CTO with representatives of the Telecommunication Office of the Slovak Republic, held in Košice. The purpose was to share experience in the preparation of the Electronic Communications Act in Slovakia, in the harmonisation of the EU legislation, in the implementation of the Public Service Act in Slovakia, and in the activities of the specific departments and regional units;
- Quadrilateral co-ordinating negotiations between representatives of the Czech Republic, Germany, Poland and Austria, held in Vienna, where the possibilities of European countries' common approach to the preparation of the DVB-T network planning were discussed;
- Participation at the workshop on "Enlarging the European Information Society – Potential IS Strategies towards Lisbon 2010 Objectives". The workshop was held in Seville to discuss the strategy of the information process development towards the year 2010 and

the impact of those strategies on economic growth in the EU accession and candidate countries;

- Visit to the CeBIT 2004 information and telecommunications technology trade fair in Hanover;
- Participation at the “Numbering Master Class” seminar on the numbering and addressing principles in connection with the new multimedia services and the advancing convergence in electronic communications. The seminar, held in Bath, U.K., was attended by representatives of a number of telecommunications regulators.
- Quadrilateral co-ordinating negotiations of the telecommunications administrations of the Czech Republic, Austria, Germany and Poland on the use of frequencies in the VHF and UHF bands, reserved for the radio service, on the basis of which the individual countries would submit their requirements within the second part of the Regional Radiocommunication Conference (RRC-06). Attention was also focused on the experience and findings from DVB-T experimental broadcasting;
- Working visit of CTO representatives to the electronic communication and postal regulators in Sweden and Finland to gain information about the mission, structure and financing of those offices in relation to the adoption of the relevant legislation to implement the new EU electronic communication regulatory framework;
- Participation at the meetings of the RAINWAT Committee (Regional Arrangement Concerning Radiotelephone Services on Inland Waterways) aimed at achieving European-level harmonisation in this area and at defining the conditions of the operation of radio stations aboard vessels within the VHF frequency band on European inland waterways;
- Visit to the SYSTEMS 2004 Trade Fair in Munich, focusing on information and telecommunications technology. CTO representatives gained information about the current status and innovation in telecommunications technology in the world and met representatives of the manufacturers and operators of new technologies;
- Hexalateral co-ordinating negotiations of the telecommunications administrations of the Czech Republic, Austria, Germany, Poland, Hungary and Slovakia on the DVB-T issues and on preparation of the frequency plan for the RRC-06.

In 2004, the CTO organised or co-organised several major international meetings and other events held in the Czech Republic. These included:

- Meetings of the long-term policy and strategy working group of the Electronic Communications Committee (ECC/CEPT), where attention was focused on how best to reflect the framework of EU legislation for electronic communications in the ECC’s work and also on the conception of continued harmonisation of the use of the frequency spectrum.
- Trilateral co-ordinating meeting of the telecommunications administrations of the Czech Republic, Poland and Slovakia on the co-ordination of the DVB-T frequency plan;

- Working meeting of the CTO employees with representatives of the Telecommunication Office of Slovakia. The main points on the agenda of the meeting was to discuss the issues of the new telecoms legislation and the implementation thereof, and the international activities of the Offices – particularly in relation to the European Commission and European regulators; the delegates also discussed the personnel issues of securing the Offices' activities and other topical issues.

3. Activities at the National Level in 2004

3.1 Economic Regulation

Economic Regulation

In the pricing area, the Czech Telecommunication Office issued 4 pricing decisions and 6 amendments to pricing decisions in 2004.

Issues related to the prices of the universal service were addressed in 2004. The maximum prices of the universal service were modified as a result of the changes in the value added tax, which were made as at 1 January 2004 (increase from 5% to 22%) and as at 1 May 2004 (reduction from 22% to 19%). These pricing changes were reflected in pricing decision No. 02/US/2003, issued on 8 December 2003 to come into effect on 1 January 2004; this decision was then repealed by pricing decision No. 01/US/2004.

In the disputes related to prices for interconnection, 3 pricing decisions were made in 2004 on the basis of the detailed analyses of the proposals submitted by the individual public telecommunications network operators – these decisions determined the prices for interconnection of the public telecommunications networks, structured by the telecommunications services based on Section 78 of the Telecommunications Act. In addition, amendments were issued for six pricing decisions: 08/PROP/2002; 09/PROP/2002; 02/PROP/2003; 03/PROP/2003; 04/PROP/2003; 06/PROP/2003.

In 2004, the Office's attention was focused, in particular, on the prices of services provided through the ADSL (Asymmetric Digital Subscriber Line) technology. The CTO addressed mainly the wholesale pricing aspect of these issues. In April 2004, the CTO issued a pricing decision, addressing the calculation method and the maximum prices for interconnection of public fixed telecommunications networks for the provision of broadband access to Internet services, using the ADSL technology.

In 2004, the Office calculated new prices for interconnection of the public fixed telecommunications networks, using the long-run average incremental cost method (LRAIC). The input data for this method had been verified before use. Also verified was the calculation of the prices of interconnection of public telecommunications networks for the calls terminated in public mobile networks, using the method of fully allocated historical costs (FAHC). As a result, the maximum interconnection prices were reduced in respect of both services: for the calls terminated in public fixed telecommunications networks and for the calls terminated in public mobile telecommunications networks.

In the interconnection area, the CTO also addressed the issues of local loop unbundling (LLU). The CTO examined the LLU costs in relation to the calculations submitted by ČESKÝ TELECOM, a.s. The LRAIC method was used for the calculation. The LRAIC method uses the long-run average incremental costs, which means that the calculation is not based on historical costs maintained in the undertaking's accounts: instead, it is based on the network model whose components are valued at current prices taking account of the pricing trends for the years to come.

In the pricing area, the Czech Telecommunication Office issued 11 pricing decisions and 2 amendments in 2004.

Number/ effective date	Name
01/PROP/2004 (8 Jan 2004)	Pricing decision determining the maximum prices for the interconnection of public telecommunications networks for the service of calls terminated in public fixed telecommunications networks.
Amendment No. 2 to 09/PROP/2002 (8 Jan 2004)	Amendment modifying the Czech Telecommunication Office's pricing decision No. 09/PROP/2002 of 20 December 2002 as a result of the issue of pricing decision No. 01/PROP/2004.
Amendment No. 1 to 04/PROP/2003 (8 Jan 2004)	Amendment modifying Czech Telecommunication Office's pricing decision No. 04/PROP/2003 of 23 September 2003 as a result of the issue of pricing decision No. 01/PROP/2004.
Amendment No. 1 to 03/PROP/2003 (8 Jan 2004)	Amendment modifying Czech Telecommunication Office's pricing decision No. 03/PROP/2003 of 2 June 2003 as a result of the issue of pricing decision No. 01/PROP/2004.
Amendment No. 1 to 02/PROP/2003 (1 Apr 2004)	Amendment modifying Czech Telecommunication Office's pricing decision No. 02/PROP/2003 of 2 June 2003 as a result of the issue of pricing decision No. 01/PROP/2004.
02/PROP/2004 (1 Apr 2004)	Pricing decision laying down the method of calculation of the prices for interconnection of public telecommunications networks and the maximum price for the interconnection of public telecommunications networks for the service of calls terminated in public mobile telecommunications networks.
03/PROP/2004 (1 Apr 2004)	Pricing decision laying down the calculation method and the maximum monthly price for the interconnection of public fixed telecommunications networks for the provision of broadband access to Internet services and other services using the technology of asymmetric digital subscriber line (ADSL).
Amendment No. 1 to 06/PROP/2003 (15 Aug 2004)	Amendment complementing and modifying the Czech Telecommunication Office's decision No. 06/PROP/2003 of 26 September 2003.
Amendment No. 1 to 08/PROP/2002 (15 Aug 2004)	Amendment complementing and modifying the Czech Telecommunication Office's decision No. 08/PROP/2002 of 27 October 2003.
01/US/2004 (1 May 2004)	Pricing decision reflecting the change in the value added tax rate in the maximum prices set out in the Czech Telecommunication Office's pricing decision No. 01/2002, issuing the list of telecommunications services with regulated prices applicable to specified natural and juristic persons as sellers and purchasers of the telecommunications services indicated in this pricing decision, including any amendment thereto – and also reflecting those changes in prices in “ZERO”-type pricing plans, and repealing the Czech Telecommunication Office's pricing decision No. 02/US/2003.

Price Inspections

ČESKÝ TELECOM, a.s was subjected to a pricing inspection in 2004 in accordance with Act No. 526/1990 Coll., on Prices, as amended, and with Decree No. 580/1990 Coll. (implementing the Act). The purpose of the inspection was to see – in the context of the change of the length of the interval between impulses in public payphones – whether pricing regulations were respected.

Within the context of calculating the market shares and issuing Measure No. OÚ-1/5/2004, eighteen telecommunications companies were subjected to price inspections to check the input data for correctness.

Administrative proceedings were instituted in 2004 against ČESKÝ TELECOM, a.s. to impose a fine for breach of pricing regulations based on Section 15(1)(f) of Act No. 526/1990 Coll., on Prices, as amended. The imposition of the fine became effective in 2004.

The CTO also instituted administrative proceedings against two telecommunications companies (ČESKÝ TELECOM, a.s. and TELTO, s.r.o.) to impose fines for failure to meet the obligations specified in Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended – more specifically, for not maintaining separate records of costs and revenues and, in the case of ČESKÝ TELECOM, a.s., for submission of incorrect data to account for the provable loss on the provision of the universal service. Administrative proceedings for breach of pricing regulations based on Act No. 526/1990 Coll., on Prices, as amended, were conducted in three cases, the specific reasons being failure to comply with the duty to provide information (MBC TELECOM, s.r.o.) and failure to respect the maximum price under a pricing decision issued by the CTO (T-Mobile Czech Republic a.s. – in two cases).

Statistical Surveying

The CTO's activities in statistical surveying were dictated by the need to provide basic information and data about Czech telecommunications for the Czech Statistical Office, for the Regulator and for international telecommunications statistics. The main purpose was to prepare statistical surveying in the form of sectoral reports for the 2005 Statistical Survey Programme.

The statistical survey reports in telecommunications for 2005 were approved by the Czech Statistical Office in 2004 and were included in the 2005 Statistical Survey Programme, issued as Decree No. 576/2004 Coll. This decree was published in the Collection of Laws, Part 196.

During 2004, data were collected on the telecommunications market in 2003 and in the first quarter of 2004. Report forms for the year 2004 were distributed among about 2300 reporting entities active in the telecommunications business. 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 from the reporting entities and subsequently summarised.

Administrative proceedings were commenced in 2004 against the reporting entities on imposing a fine on the basis of Article 97(2)(c) of the Telecommunications Act for failure to submit statistical reports for 2003.

Economic Analyses

In the area of economic analyses, 15 companies were examined in 2004 for financial capability based on Article 17 of Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended. The applications submitted by those companies were checked for content correctness and formal accuracy and their business plan was subjected to financial analysis.

Methodologies of maintaining separate records of the costs, sales and capital invested were approved in 2004 for 28 companies: these methodologies are to serve as a basis for cost analyses and for pricing.

Telecommunications market shares were evaluated on the basis of the data taken from statistical statements and supplementary reports, and then, in accordance with Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended, the Czech Telecommunication Office issued CTO Measure No. OÚ-1/S/2004, which came into effect on 30 April 2004 and was published in Telekomunikační věstník (Telecommunications Bulletin) No. 5/2004 of 17 May 2004. This Measure determines undertakings with significant market power. The regulatory measures taken by the CTO in 2004 were all based on Measure No. OÚ-1/S/2004.

List of Telecommunications Licence Holders with a Significant Market Power and the Justification of such a Position

- a) 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 93.64%);
- b) public mobile telephone network operators and public telephone service providers through the public mobile telephone network with a significant market power – Eurotel Praha, spol. s r. o. (market share of 49.20%) and T-Mobile Czech Republic a. s. (market share of 40.88%);
- c) public telephone network operators and public telephone service providers through the public telephone network with a significant market power – ČESKÝ TELECOM, a.s. (market share of 37.85%) Eurotel Praha, spol. s r. o. (market share of 29.31%);
- d) provider of the telecommunications service of leasing telecommunications lines with a significant market power – ČESKÝ TELECOM, a.s. (market share of 40.09%);
- e) provider of the telecommunications service of data transmission via public data network – ČESKÝ TELECOM, a.s. (market share of 74.57%).

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 licence 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, Market for Public Telecommunications Services Provided through Public Data Networks

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

where

- V_{11} = revenues and sales generated from the services by the individual service provider;
- V_1 = revenues and sales generated from the services on the telecommunications lease 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.

Implementing EU Directives, the CTO was preparing itself in 2004 for amendment to the rules of the determination of undertakings with significant market power on the relevant markets. The Office co-operated with the CET advisers in preparing the methodology for the determination of the relevant markets and the methodology for analysing those markets in order to find out whether those markets are competitive.

Provable Loss from the Provision of Universal Service in 2004

In accordance with Article 32(1) of Act No. 151/2000 Coll., on Telecommunications and Amendment to Other Acts, the CTO opened the Universal Service Account in 2002 as an instrument to provide compensations for losses objectively attributable to the provision of universal service in 2001.

The provable loss is settled after the expiry of the calendar year in which the loss was suffered. The settlement is based on the audited financial statements and separate book-keeping. The universal service provider must submit the calculation of provable loss to the CTO by 30 June of the following year.

Information about Universal Service Account management in 2002 was published in Volume 1/2003 of Telekomunikační věstník (Telecommunications Bulletin). In 2002, the provable loss for 2001 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 contributions amounting to CZK 5,823,936.- in 2002 and 2003. As at 31 December 2004, the accumulated loss for 2001 was CZK 129,859,233.-.

Information about Universal Service Account management in 2003 was published in Volume 2/2004 of Telekomunikační věstník (Telecommunications Bulletin). In 2003, the provable loss for 2002 was calculated at CZK 6,698,840.-, which corresponds to the loss computed in accordance with Points 1 and 3 of Annex No. 1 to Decree No. 235/2001 Coll., laying down the details of the calculation of and compensation for the loss objectively attributable to the provision of universal service by the licence holder (“the Decree”). The CTO did not include in the loss calculation the services referred to under Point 2 of Annex No. 1 to the Decree, because – as found by the inspection of a selected sample of primary evidence for the records concerning ČESKÝ TELECOM’s subscribers enjoying discounts under Section 29(2)(g) and (h) of the Telecommunications Act – it was impossible to check this part of the loss owing to wrong supporting evidence.

The share of ČESKÝ TELECOM, a.s. was CZK 2,365,004.- Holders of telecommunications licences paid contributions amounting to CZK 2,638,394.- in 2003. As at 31 December 2004, the accumulated loss for 2001 was 1,695,442.-.

In accordance with Section 32(3) of the Telecommunications Act, ČESKÝ TELECOM, a.s. submitted to the CTO on 30 June 2004 its calculation of the loss it had suffered from the provision of universal service in 2003. The calculation was submitted on the form issued by the CTO under Ref. No. 11812/2002-611 and published in Volume 5/2002 of Telekomunikační věstník.

The loss calculation was submitted in two parts: part A for the loss-generating services referred to in Annex 1 to the Decree and part B for other services comprised under the universal service, which are not referred to as loss-generating in the Decree. However, the loss submitted in part B, computed by the universal service provider at CZK 5,712,744,234.-, does not comply with the provable loss calculation method set out in Section 2 of the Decree and as such it was not acknowledged. The CTO only recognised part A and verified the submitted calculation in accordance with Section 3 of the Decree. Several faults were identified during the inspection of the data and documents supporting the calculation of costs and revenues 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 entire income from the lease of advertisement space on the public telephone booths. An item of “Account Formation and Distribution” was included in the service of connection to and operation of the termination point for reception of emergency calls, and also in the service of identification data provision, although no such account, or bill, is issued. The faults were corrected in the new calculation of the loss from universal service provision, submitted on 26 July 2004.

Verification of provable loss on the basis of accounting data from the separate records of costs, sales and revenues, 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(1) 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 (“discount subscriber database”). When examining the 2002 loss, the CTO was unable to check the discount subscriber database because part of the underlying primary evidence had not been submitted to it. In 2003, ČESKÝ TELECOM, a.s. updated the database and the CTO examined it thoroughly. The inspection of the database was split into two stages. In the first stage, the CTO selected a sample of lines installed in 2003 and operated in 2003. The inspection was commenced before the submission of the 2003 loss calculation and before the

completion of ČESKÝ TELECOM's own inspection of the lines removed in 2003. Once ČESKÝ TELECOM, a.s. notified the completion of the inspection of the removed lines, the CTO started examining a sample of lines operated in 2003 and removed in 2003. Both samples were supported by complete documentation and no faults were found.

Having examined the data, on 2 August 2004, the Office determined the provable loss for 2003 at CZK 290,510,226.- At the same time, the Office determined the level of the contributions to be paid by the individual telecommunications licence holders to the universal service account under Ref. No. 20051/2004-611. The verified level of the loss and the contributions of the individual licence holders were published on the following day on the official notice board in the CTO building, as well as at the CTO web site and in Volume 8/2003 of Telekomunikační věstník (Telecommunications Bulletin). Then followed a call on the licence holders to pay their contributions to the universal service account.

In accordance with Section 32(5) of the Act and in accordance with the Decree, ČESKÝ TELECOM, a.s. submitted its calculation of the additional settlement to cover the 2002 loss under Points 2.1., 2.2. and 2.3. of Annex No. 1 to the Decree. The additional charge was submitted with reference to the "Determination of the Amount to be Paid on the Universal Service Account for 2002", Ref. No. 23007/2003-611 of 31 July 2003, in which the CTO declined to recognise the entire amount of the 2002 loss as submitted, because the inspection of the discount subscriber database had revealed faults, which did not allow for checking this part of the loss as submitted by ČESKÝ TELECOM, a.s. The CTO verified the submitted calculation and examined the discount customer database, doing so in the same manner as with the 2003 database. Having verified the loss, on 2 August 2004, the CTO fixed the additional charge to cover the provable loss for 2002 from the provision of universal service at CZK 250,795,635.- under Ref. No. 20052/2004-611. At the same time, on the basis of the results of the pricing inspections of the input data, the corrected contributions for 2001 and 2002 were quantified.

Administrative proceedings were then commenced with the telecommunications licence holders in respect of the imposition of the obligation to pay the outstanding part of the contributions. The administrative proceedings have not yet been completed.

The table below shows the 2004 figures for the universal service account.

Report on the Management of the Universal Service Account in 2004

Report on the management of the universal service account in 2004	Loss from universal service provision in CZK	Contributions to universal service acct. in CZK	Date of payment in CZK
Provable loss for 2001 Accumulated loss from 2001 – balance as at 31 December 2004	129,859,233		
Provable loss for 2002 Accumulated loss from 2002 – balance as at 31 December 2004	1,695,442		
Provable loss for 2003 ČESKÝ TELECOM's loss from universal service provision, as verified by the CTO	290,510,226		

Deduction of ČESKÝ TELECOM's contribution		94,381,102	
Contributions paid to the universal service account		9,524,488	
including:			
Advantel, a.s.		180,063	19. 08. 2004
Aliatel, a.s.		2,905,289	25. 08. 2004
Contactel, s.r.o.		877,038	22. 10. 2004
Czech On Line, a.s.		72,882	24. 08. 2004
Dial Telecom, s.r.o.		45,871	13. 08. 2004
EMEA Telecom, s.r.o.		11,303	22. 08. 2004
ETEL, s.r.o.		445,042	24. 08. 2004
GTS CZECH, a.s.		2,988,341	24. 09. 2004
			26. 10. 2004
NEW TELEKOM, spol. s r.o.		122,228	23. 09. 2004
			20. 10. 2004
NEXTRA Czech Republic, s.r.o.		6,627	24. 08. 2004
Option One, a.s.		475,338	26. 08. 2004
T-Systems PragoNet, a.s.		59,808	23. 08. 2004
RACOM, s.r.o.		5,158	20. 08. 2004
SkyNet, a.s.		6,648	13. 08. 2004
TELE2, s.r.o.		1,171,428	19. 08. 2004
TISCALI Telekomunikace Česká republika, s.r.o.		74,817	19. 08. 2004
UPC Česká republika, a.s.		76,606	26. 08. 2004
Accumulated loss from 2003 – balance as at 31 Dec 2004	186,604,636		
Accumulated loss total – balance as at 31 Dec 2004	316,159,311		

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 2004

Balance as at 31 December 2003	CZK 159,141
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(The CTO issued orders for payments from the universal service account for ČESKÝ TELECOM, a.s. in the amount of, and structured as, the contributions paid).

The balance in the account as at the end of the year 2004 originated as follows:

On 2 August 2004, the CTO determined the additional charges for the provable loss from the provision of universal service in 2002. The amounts of the contributions for corrections from previous years will be fixed and the obligation to pay the additional contributions will be imposed on the licence holders in the individual administrative proceedings that are still on-going. However, in 2004, before the decision was issued, two contributions related to the additional charges had been sent in advance to the universal

service account. The total amount of CZK 159,141, received as those contributions, represents the balance on the account as at 31 December 2004.

3.2 Regulation of Telecommunications Networks and Services

In addition to the routine work in the regulation of telecommunications networks and services, CTO primarily focused its attention in 2004 on the activities aimed at enhancing the competitive conditions on the telecommunications market.

Although the current legislation – Act No. 151/2000 Coll., on Telecommunications and on Amendment to Other Acts, as amended – does not provide the CTO with sufficient powers, the CTO made maximum use the authorisations available to it in order to make the necessary regulatory interventions as documented below. However, it must be emphasised in this context that in 2004, like in the previous years, the CTO resorted to the application of the individual provisions of the Telecommunications Act related to telecommunications networks and service regulation exclusively in those cases where such interventions were essential.

The CTO submitted its opinions and comments in the process of preparing the new electronic communication legislation, seeking to reflect in those opinions and comments its practical findings from the implementation of the regulatory measures in the area of telecommunications networks and services. In co-operation with the Ministry of Informatics of the Czech Republic, the CTO contributed to defining specific conditions for the draft Electronic Communications Act, which would allow improving the effectiveness of the necessary regulation of electronic communications networks and services in the future.

Participation in Preparing the New Electronic Communications Act

As a participant in preparing the new electronic communications legislation, the CTO sought to ensure that the new statutory conditions for communication activities as well as the necessary level of the CTO's regulatory powers are defined with sufficient clarity and transparency.

The CTO also applied these principles in the process of drafting a number of related implementation regulations, which it prepared during the year and for which it also organised a partial debate with the professional public. The debate covered, in particular, the articulated texts of the following draft decrees and orders:

- a) Decree laying down the characteristics of the adequate request for access to universal service and conditions for access to the Internet;
- b) Decree laying down universal service quality parameters, their limit values and performance objectives;
- c) Government Order laying down the amounts of fees for the rights based on the authorisation to use frequencies and numbers, and the methods of calculation thereof;
- d) Decree laying down the minimum content of a draft agreement on access to, or interconnection of, public communications networks;

- e) Decree laying down the characteristics of the functions of telecommunications terminal equipment specially adapted for various disabilities, and special terminal equipment.

The CTO also prepared introductory texts for all measures of general nature to apply to the specific conditions of electronic communication service provision and electronic communication network operation – these are the measures for the issuance of which the CTO is to be authorised under the electronic communications legislation being prepared.

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 the already existing FWA network operators, as well as other telecommunications operators, in further frequency band allocations for FWA network construction and broadband service provision, the CTO decided to make three sections in the 28 GHz band available for three networks to be used in the delineated geographical territory of the City of Prague. On 8 December 2003, the CTO launched a tender and announced it on its official notice board and then also at its web site. 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 CTO President established a steering committee to assess and evaluate the tender bids. The Committee held three sessions during the tender process. At its last, third, session on 3 March 2004, the Steering Committee prepared a “Report on the Assessment and Evaluation of Tender Bids” and ranked the bids.

On the basis of the results of the tender, telecommunications licences to establish and operate P-MP telecommunications networks in the 28 GHz band in the delineated area of the City of Prague were granted to BroadNet, a.s. on 30 August 2004, to Telenor Networks, s.r.o. on 13 October 2004 and to STAR 21 Networks on 15 October 2004.

All types of telecommunications services can be provided through these networks. However, the main benefit is going to be the expected extension of the offer of broadband services, especially the Internet access service.

Tender for Telecommunications Licence to Establish and Operate a UMTS Standard Public Mobile Telecommunications Network

In response to the demands for granting telecommunications licences to establish and operate the UMTS-standard public mobile telecommunications networks, which exceeded the capacity of the defined section of the 2.1 GHz frequency band, the CTO decided to launch a tender for one UMTS telecommunications licence.

The CTO announced its intention to launch the tender in Volume 12/2004 of Telekomunikační věstník. The issues related to the granting of a third UMTS

telecommunications licence were discussed by the Government, which adopted a Decision No. 1295 on this matter on 15 December 2004, laying down that in the first round of the tender the licence would be offered to Oskar mobil, a.s. for CZK 2 billion. The tender was to be completed early in 2005.

Tender for Telecommunications Licence to Establish and Operate a Public Mobile Telecommunications Network in the 872 MHz Band

Considering the capacity available in the given part of the 872 MHz band and the interest in the allocation of frequencies in this part of the spectrum, the CTO decided to prepare and launch a tender for one telecommunications licence to establish and operate a public mobile telecommunications network in the 872 MHz band. The intention behind this decision was to support the development of effective competition mainly in the data services area including, in particular, the mobile broadband Internet access service.

The CTO announced its intention to launch the tender in Volume 12/2004 of *Telekomunikační věstník*.

On the basis of the tender results, the CTO expected that the telecommunications licence to establish and operate a public mobile telecommunications network in the 872 MHz band would be granted in March 2005. Taking into account the criteria of the tender, the commencement of the operation of this telecommunications network in 2005, together with offers of specific telecommunications services, can be expected to lead to a substantial expansion of the range of mobile broadband data services, including, in particular, the Internet access service.

By this tender, the CTO supported the government's plan to ensure a substantial improvement of the availability of the broadband Internet access service to the end users as indicated in the CTO's National Broadband Strategy.

Other

A stagnation of undertakings' interest in telecommunications activities requiring a telecommunications licence based on Article 14 *et seq.* of the Telecommunications Act) occurred in 2004. Compared to the 58 telecommunications licences granted in 2001 and the 39 telecommunications licences granted in 2002, the number of these licences was much lower in 2003 and 2004: eighteen in both these years.

This is probably due to the fact that certain saturation has been reached in the establishment and operation of public telecommunications networks and provision of public telephone services and that the market has been diversified. The change being prepared in the system of telecommunications activities licensing, which is to take place upon the entry into effect of the new electronic communications legislation, has also undoubtedly contributed to this situation.

On the other hand, in the telecommunications activities that do not need a telecommunications licence under the Telecommunications Act and that are only subject to registration under the so-called general licences, the total number of registered

telecommunications service providers increased again in 2004. In 2003, the number of undertakings registered for the provision of telecommunications services under the general licences was 975 and in 2004 it was as high as 1,728. The key factor that contributed to this growth was the extensive interest in registrations in the category of Internet access services, where the number of registrations almost doubled in 2004.

Number Management and Numbering Plans

In 2004, 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 on 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 ensure approximation and harmonisation of numbering source administration with EU requirements and, thereby, to support the development of telecommunications services on the national, European and global scale.

Therefore, the CTO representatives actively participated in the working groups for numbering within the work done under CEPT/ECTRA, and also contributed to developing a uniform approach to regulation in number administration in the IRG and ERG bodies. On the basis of the obtained findings, documents and legal regulations were drawn up, which are commended on in detail below.

Draft Amendment to the Numbering Plan for the Public Telephone Networks

The CTO examined the requirements for further development of telecommunications services and for the provision of the numbering sources to support this development, also taking into account the requirements for number source management, as specified in the European electronic communications legal framework and the draft Electronic Communications Act, which is being prepared in the Czech Republic. In this context, the CTO established in June 2004 a working group for preparing an amended Public Telephone Networks Numbering Plan. Representatives of the major associations of fixed and mobile telecommunications network operators, a representative of the Ministry of Informatics and people from the TESTCOM Company and the NIC.CZ Association were invited to take part in the working group.

It was, and still is, the task of the working group to prepare solutions to certain specific numbering issues in the public telephone networks and, in particular, to subject them to technical debate. Subsequently, these solutions are to be reflected in the amended public telephone network numbering plan to be issued on the basis of the authorisation based on the newly prepared Electronic Communications Act.

The working group focused on issues related to the principles of number allocation and the conditions of the use thereof (also in the already functioning environment of number portability in public fixed networks and contemplated number portability in public mobile networks), issues related to the ENUM method – translation of telephone numbers into web addresses, issues related to the definition of the rules for numbering in the services provided through the Internet or through the networks using the Internet protocol etc.

By the end of the year 2004, the CTO prepared for the working group two draft texts of the amended Public Telephone Networks Numbering Plan. The range of issues being considered is large and the issues are directly related to certain provisions of the newly prepared Electronic Communications Act (e.g., the terminology, transferability of the authorisation for the use of numbers, numbers of special economic worth etc.). Work on preparing the amended Public Telephone Networks Numbering Plan will therefore continue in the working group during the first half of 2005.

Numbering Plan of Numbers Identifying International Telecommunications Cards Issuers

It was already at the end of the year 2003 that the CTO prepared the draft Numbering Plan of Numbers Identifying International Telecommunications Cards Issuers and exposed it to discussion among the professional public by publishing it in Volume 11/2003 of Telekomunikační věstník. With respect to Recommendation of the ITU-T E.118, this document lays down the principles of regulation of the numbers identifying the cards issues.

On the basis of the comments from the debate on the published CTO proposal, the CTO drew up and issued the Numbering Plan of Numbers Identifying International Telecommunications Cards Issuers and made it public in Volume 2/2004 of Telekomunikační věstník.

Amendment No. 2 to the Numbering Plan for the Signalling Points of Signalling System No. 7

In the context of preparing and issuing the network signalling plan, published in Volume 8/2004 of Telekomunikační věstník, and with respect to the issues addressed in that plan, the CTO prepared a draft Amendment No. 2 to the Numbering Plan for the Signalling Points of Signalling System No. 7. The text of the draft was already prepared when preparations of the network signalling plan were still under way and was exposed to discussion in Volume 5/2004 of Telekomunikační věstník. On the basis of the results of the discussion and with respect to the time schedule of publishing the related network signalling plan, the CTO published Amendment No. 2 to the Numbering Plan for the Signalling Points of Signalling System No. 7 in Volume 8/2004 of Telekomunikační věstník.

Other

In 2004, 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 299 applications for number allocation (allocation of number series, codes, names and addresses) or for amending the decisions on number allocation, and to 56 requests for withdrawal of previous allocations (355 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 110,621 thousand in total in the year 2004.

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, codes, names and addresses):		
Type of number (destination)	Service / network access provided	No. of decisions
10 (destination)	Carrier selection or pre-selection (CS/CPS)	3
11	European harmonised short codes and the so-called "mandatory services"	2
12	Nation-wide socially important operator services	7
13	Access to the service equipment of telephone network operators	7
14	Information provided by public telephone network operators. Commercial, informing and offering, emergency and security services	11
601÷608;72X,73X,77X	Mobile network services	4
700	Personal numbers (UPT)	0
712 and 713	Selective signalling services (ERMES, paging)	0
800	Freephone services	39
800 (A=0, B=0)	Home Country Direct-type services	1
81Y; 83Y; 84Y	Shared cost services	20
82Y	Virtual prepaid calling card services	10
84Y (Y=0,1,2,7,8,9)	Shared cost services – universal access number services (UAN)	12
900; 906; 909	Premium rate services (PRS)	81
93	National answering service	0
950-959	Access to non-public telecommunications networks	1
960-969	National answering service, voice message delivery service	3
971	Access to Internet	44
97Y (Y=2,3,4)	Access code to other telecommunications services	0
976	Special-tariff access to services provided on the Internet or other data networks	42
977	Public data networks and interactive services	1
980 and 983	Voice virtual private network services	1
Numbers by individual TOs	Subscriber numbers in the telephone districts (TOs) applicable after 22 September 2002	19
IIN	Numbers Identifying International Telecommunications Cards Issuers	2
Domain names and addresses	Administrative management domains (ADMDS)	1
DNIC	Public data network identification code	2
ISPC	International signalling point codes of the SS7 signalling network	6
SPC	Signalling point codes of the SS7 transition signalling network	15
OpID	Operator identification number	17
ExID	Exchange identification number	4
Total number of decisions issued:		355

Issues of Dispute Settlement in the Area of Public Telecommunications Network Interconnection, Access to Telecommunications Services and Local Loop Unbundling

Settlement of Disputes Related to Contracts for Interconnection, Access and Unbundling

Like in the previous period, the CTO's activities in this area were primarily focused on making administrative decisions in cases of failure to reach agreements on public telecommunications networks interconnection, on access to public telecommunications

networks or local loop unbundling, or amendments to already existing agreements. The CTO applied in such cases the principle of “open access to networks” defined in Article 37 *et seq.* of the Telecommunications Act.

Over the period under review, the CTO held 51 administrative proceedings. Comparison with the years 2002 (46 administrative proceedings) and 2003 (54 administrative proceedings) shows that the relations between operators still need to be consolidated. This applies, in particular, to the relations between the operators with significant market power (SMP) and other (alternative) operators. Most of the disputes no longer arise from failure to agree on the interconnection of the operated telecommunications networks as such: the disputes primarily relate to interconnection (access) rules and conditions for specific service types. Based on those 51 administrative proceedings conducted in 2004, the CTO issued:

- a) 27 administrative decisions in respect of the interconnection of networks or access to a network;
- b) 2 administrative decisions to unbundle the local loops;
- c) 4 administrative decisions on suspending administrative proceedings mainly in those cases where the CTO’s entry in the interconnection negotiations facilitated the process of reaching agreement between the parties.

Out of the administrative decisions issued by the CTO in 2004, those that should be considered as decisions of substantial importance relate to the dispute over the interconnection of the public telecommunications networks of ČESKÝ TELECOM, a.s. and networks of selected alternative providers for the purposes of the broadband internet access services using the ADSL technology in the access network. These decisions were issued in administrative proceedings in which the CTO faced a number of economic, technical as well as legal counter-arguments raised by ČESKÝ TELECOM, a.s. The issues of prices for interconnection for the broadband internet access services were addressed at the same time. The CTO fixed those prices by its pricing decision No. 03/PROP/2004, issued on 1 April 2004 and published in Volume 5/2004 of *Telekomunikační věstník*.

Looking back on the previous period, we can say with satisfaction that this regulatory intervention made it possible for alternative operators to apply on the telecommunications market their own offer of ADSL services, which represent a satisfactory alternative to ČESKÝ TELECOM’s broadband services: this resulted in a general reduction of the prices of these services and an improvement of their accessibility for the end users.

In November 2004, within the first-instance decision-making, the CTO also completed the proceedings in respect of the interconnection between the networks of ČESKÝ TELECOM, a.s. and TISCALI Telekomunikace Česká republika, s.r.o. for the dial-up Internet access with flat-rate payments at the inter-operator interface (“FRIACO” model). In its decision, the CTO ordered both companies to interconnect their networks for this type of service and to use the above form of payment for the interconnection; at the same time, the CTO fixed the related conditions. It was also in these proceedings that the CTO had to cope with numerous objections and comments raised mainly by ČESKÝ TELECOM, a.s.: besides the economic and legal aspects, these included many technical objections. To clarify the issues related to these and other objections, the CTO had three expert opinions prepared, on which it then relied when making its administrative decisions.

As to disputes concerning local loop unbundling, the CTO conducted administrative proceedings in accordance with Section 37b of the Telecommunications Act to amend certain provisions of local loop unbundling agreements (including also co-location agreements) concluded between ČESKÝ TELECOM, a.s. and entitled operators.

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

Like in 2003, the CTO used in 2004 its authorisation based on the Telecommunications Act to conduct administrative proceedings in respect of requests for amendments to the reference interconnection offers (RIOs) by ČESKÝ TELECOM, a.s. and T-Mobile Czech Republic a.s. to comply with all the requirements of the Telecommunications Act.

On the basis of an analysis of the reference unbundling offer (RUO) issued by ČESKÝ TELECOM, a.s. in the second half of 2003 under Section 37a of the Telecommunications Act, the CTO made use of its authorisation based on Section 37b of that Act to commence administrative proceedings to amend this reference offer.

In all the above administrative proceedings in respect of the Reference Interconnection Offers (RIOs) and Reference Unbundling Offers (RUOs), the CTO issued, by the end of 2004, administrative decisions to make the necessary amendments to those documents in order to ensure that they comply with the Telecommunications Acts and, at the same time, support the accessibility of interconnection and unbundling for other alternative operators; the ultimate objective was to enhance the competitive conditions on the telecommunications market.

Other

During 2004, the CTO's activities regulating telecommunications networks and services were also focused on determining the basic conditions for functional co-operation between the telecommunications networks and conditions for ensuring the integrity of the networks. The CTO's authorisation in this area is stipulated in Section 42 of the Telecommunications Act. In co-operation with the Association of Public Telecommunications Network Operators (APVTS) and applying the results of the debate with the professional public, the CTO prepared a draft Network Signalling Plan and Network Transmission Parameters Plan.

After settlement of the comments from the debate, the CTO issued the final version of the Network Signalling Plan and published it in Volume 8/2004 of *Telekomunikační věstník*. The other plan – the draft Network Transmission Parameters Plan – was published (as a draft to be debated) in Volume 1/2005 of *Telekomunikační věstník*. Its final version, reflecting the comments from the debate, is to be published in the first quarter of 2005.

Further, the CTO conducted negotiations with the APVTS on the amendment proceedings concerning the Carrier Selection (CS), Carrier Pre-selection (CPS) and Number Portability documents. These negotiations were to continue in 2005. The resultant documents will reflect the impact of the new Electronic Communications Act.

3.3 Frequency Spectrum Management

Frequency spectrum management is an important area within the scope of the CTO's authority. It consists in the following activities: preparing and implementing amendments to the frequency band allocation plan (the national frequency table) and the frequency spectrum utilisation plan (by issuing annexes to the spectrum utilisation plan for the individual frequency bands); co-ordinating the frequencies and frequency bands (national and international); allocating the calling symbols and identification numbers and codes; issuing decisions concerning the operation of radio transmission equipment (general licence and individual authorisation); and, last but not least, inspecting compliance with the prescribed conditions for the use of radio frequencies. The CTO also fixes and collects charges for the frequencies allocated.

In October 2004, after approval by the Ministry of Informatics of the Czech Republic, an updated frequency band allocation plan (the national frequency table) was issued, reflecting the conclusions of the ITU World Radiocommunication Conference (WRC-03) to come into effect on 1 January 2005. This updated plan already contains in its "Note" column a reference to the respective annex to the spectrum utilisation plan, where the conditions for frequency utilisation are specified in detail. The National Table of Frequency Allocation as well as the annexes to the Plan of Frequency Spectrum Utilisation are publicly accessible on the CTO web site www.ctu.cz.

Before issuing individual authorisations for the operation of radio transmission equipment, all the requested frequencies were subjected to national and (in specified cases) international frequency co-ordination. In the fixed service, the international co-ordination covered 1,866 radio relay (RR) communications, in the mobile service it covered 156 radio networks, in the radio service 49 radio and 169 television transmitters (including 151 for DVB-T). As the international co-ordination also applies to foreign requests, which might affect the use of the frequency spectrum in the Czech Republic, the CTO – to fulfil its international obligations – considered 1,402 frequency requests from the neighbouring states' administrations in the fixed service area, 863 in the terrestrial mobile service area and 328 in the radio service area (including 150 for DVB-T). At the same time, the CTO examined 84 requests concerning the VHF FM foreign transmitters to see whether they comply with the equipment of the aviation radio navigation services located in the Czech Republic.

In the fixed service, no significant changes did occur in the mode of frequency use. For the RR communications of the point to point (PP) type, 4,598 authorisations were issued and 1,203 were withdrawn (due to termination of operation). For the point to multipoint (PMP) systems, the number of base stations increased again (168 authorisations were issued and 38 were withdrawn): at the end of the year 2004, on the whole, 352 base stations were in operation in the 3.5 GHz band, 54 base stations in the 36 GHz band and 1 base station in the 28 GHz band. The use of the 15 GHz band was terminated as at 31 December 2004, but part of this band has been reserved for the Czech Army since 1 January 2005. The remaining part, or in other words the new 15 GHz band, can be used for the new fixed service equipment with parameters defined in the appropriate Annex to the Plan of Frequency Spectrum Utilisation.

In the amateur radio communication service, a total of 881 authorisations were issued in 2004 (this involved extension of the authorisations in the majority of cases). Of the total

number, 97 authorisations were issued in 2004 to new holders of the HAREC certificate who had passed the required special competence examination.

In the satellite service, all frequencies are used on the basis of general licences. Only 6 authorisations were issued to terrestrial stations with a very small antenna (VSAT) and 66 authorisations for short-time SNG transmissions, which are mainly used by foreign entities.

The database of terrestrial aviation stations was consolidated in 2004. On the whole, 242 stations with different numbers of allocated frequencies are registered in the database. As to aircraft stations, 613 authorisations were issued and 136 were withdrawn.

In the naval service, 89 authorisations for stations aboard ships were issued and 46 were withdrawn, primarily owing to changes of the owners of the ships. No change occurred in the coastal stations: on the whole, 57 coastal stations serving to secure traffic on inland waterways are registered.

The trend of reduction of the number and extent of non-public radio networks continued in the terrestrial mobile service (652 authorisations were issued, 725 were withdrawn). A significant improvement in the effectiveness of the use of the frequencies occurred as the CDMA network in the 450 MHz was put in operation (August 2004). As many as 339 base stations enabling the provision of mobile data services were in operation at the end of the year 2004. This network significantly improved the possibilities of wireless (mobile) high-speed Internet access. In December 2004, the CTO announced its intention to launch a tender for telecommunications licences to establish and operate UMTS public mobile communication networks and networks in the 873 MHz band – this is another important step toward a higher effectiveness of using the frequencies of the terrestrial mobile service and toward better competitiveness on the markets for the respective telecommunications services.

As a response to the worldwide, or pan-European, process of digitalisation, emphasis in the radio service is being shifted from the analogue broadcasting to digital broadcasting. In the television area, digital broadcasting is replacing analogue broadcasting in the same frequency bands, so that the issues of the introduction of digital television broadcasting must be given maximum priority. In radio broadcasting only minor changes were made in the VHF FM band (87.5 to 108 MHz). In the radio broadcasting area, 66 authorisations were issued and 20 were withdrawn with respect to the validity of the programme licences issued by the Radio and Television Broadcasting Council. In the television broadcasting area, 205 authorisations were issued and 30 were withdrawn. The issue of 70 authorisations for DVB-T broadcasting in July 2004 had the greatest impact on television broadcasting, as it created technical conditions for launching regular digital broadcasting in the Czech Republic. These authorisations were issued to the holders of licences to operate public telecommunications networks for transmission of digital television broadcasting, which licences had been granted by the CTO early in 2004. However, these technically prepared frequencies failed to start being used in 2004 because the Radio and Television Broadcasting Council did not permit the broadcasting of the existing programmes and has not yet granted any new content licences.

As to short-term licences (valid for up to 14 days), 196 such licences were issued in 2004 to cover unexpected short-term needs for radio equipment operation (test broadcasting, technology testing, covering official foreign visits etc.).

To ensure simplified use of frequencies, the CTO continued in issuing general licences for the operation of the Iridium system satellite terminals and for the user terminals of broadband digital radio networks. Owing to the lack of clarity in the conceptions held by CEPT and EU bodies, it was impossible again in 2004 to issue a general licence for using the much desired frequency band of 5 GHz by the RLAN systems: this is so because the issue of the protection of the other services using the 5 GHz band has not yet been solved.

Intersectoral 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 discussed with the Ministry of Defence of the Czech Republic, 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 of the Czech Republic.

Issues primarily related to frequency band harmonisation were addressed at the joint meetings in 2004.

The most important issues discussed in 2004 include:

- Refining the timetable of clearing the frequency bands for the Army;
- Completion of the process of vacating the Army part of the 15 GHz frequency band by the civil users;
- Preparing data and materials for the ITU Regional Radio Communication Conference in respect of the protection of the Army's communication systems to be protected before the new ITU frequency plan;
- The related issues of vacating the television channels, now used by the Czech Army, for the purposes of digital broadcasting;
- Issues of interference with the local access network systems by the facilities of the Czech Army Radiolocation Service;
- Preparing a joint position toward the individual points of the agenda of the WRC-07 World Radio Communications Conference;
- Issues of the frequency requirements for the future needs of the Czech Army in the PPS bands;
- Issues relating to the use of frequencies in crisis situations.

Co-operation with the Radio and Television Broadcasting Council

In 2004, the Radio and Television Broadcasting Council and the CTO co-operated in accordance with the Telecommunications Act and the Broadcasting Act. In the area of analogue broadcasting (both radio and television), the co-operation between the two bodies followed a standard pattern. The CTO submitted to the Radio and Television Broadcasting Council the co-ordinated frequencies upon the Council's request, including the technical parameters set out in Act No. 231/2001 Coll., on Radio and Television Broadcasting and on Amendment to Other Acts, as amended, and provides the Council with the operating database of transmitters on the Czech territory, including their parameters, on a regular (monthly) basis. Forty-four frequencies for VHF FM broadcasting and 31 for analogue television broadcasting were handed over to the Council in 2004. Partial problems were addressed during the ordinary course of work. In 8 cases the CTO rejected the Broadcasting Council's request because of the impossibility to provide co-ordination for the requested VHF FM frequency.

To secure digital television broadcasting, the CTO gave over to the Broadcasting Council 46 frequencies related to group connection for three digital television broadcasting networks, for which the CTO had issued licences. Although co-operation between the CTO and the Broadcasting Council in addressing the frequency issues is required not only by the Telecommunications Act but also Act No. 231/2001 on Radio and Television Broadcasting Operation, the two bodies continued being unable to reach agreement on how to proceed in addressing the issues of the DVB-T digital television broadcasting. The CTO showed a positive approach: it took steps to clarify the issues of the DVB-T broadcasting networks to make it possible to start regular digital television broadcasting as described above; however, the Broadcasting Council failed to respond adequately, and even made an unprecedented step: they filed an application with the Supreme Prosecutor to examine the legality of the CTO's activity related to this matter. The Supreme Prosecutor's Office examined the Broadcasting Council's application as well as the CTO's submissions in this matter and found no fault or, in other words, did not identify any conditions for applying the Supreme Prosecutor's powers.

3.4 Conformity Assessment of Telecommunications Equipment on the Basis of Government Order No. 426/2000 Coll.

The year 2004 saw a substantial change in the conformity assessment of radio and telecommunications terminal equipment. As at the date of accession of the Czech Republic to the European Union (1 May 2004), the CTO discontinued its activities as authorised body under Section 10(2) of Government Order No. 426/2000. As a result, the CTO changed its organisation structure: the Certification Department was dissolved and its responsibilities were taken over by the Frequency Spectrum Management Department.

The CTO continues representing the Czech Republic on the advisory body to the European Commission – the Telecommunication Conformity Assessment and Market Surveillance Committee (TCAM) – and plays a co-ordinating role for appropriate implementation of the 1995/5/EC Directive under the conditions of the Czech Republic. All the information concerning conformity assessment and the putting of telecommunications equipment on the market remains displayed in the Conformity Assessment part of the CTO's web site <http://www.ctu.cz>.

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

As required by Annexes No. 4 and 5 to Government Order No. 426/2000 Coll., laying down the Technical Requirements for Radio Equipment and Telecommunications Terminal equipment, as amended, an authorised body must take part in putting radio telecommunications terminal equipment on the market. Until 30 April 2004, the CTO acted as authorised body for radio and telecommunications terminal equipment conformity assessment in accordance with Article 10(2) of Government Order No. 426 Coll.; and on the basis of Notice No. 34/01 of the Czech Office for Standards, Metrology and Testing (“ÚNMZ”), published in Věstník ÚNMZ, No.7/2001, the CTO was entitled to use the identification number AO 260.

With the continuing harmonisation in the standardisation area, it is now possible to put most of the equipment on the market on the basis of conformity assessment based on Annexes No. 2 or 3 to Government Order No. 426/2000 Coll., i.e. without the involvement of the authorised body. The authorised body must only be involved in the conformity assessment of equipment to which the harmonised standards have not been applied or in the cases where the producer itself expressed its interest in the authorised body’s participation in the conformity assessment process. Since 1 May 2004, the role of authorised body for telecommunications equipment has so far been only played by notified foreign entities.

From 1 January 2004 to 30 April 2004, fulfilling its tasks based on Government Order No. 426/2000 Coll., the CTO issued 19 opinions, which were binding on the telecommunications equipment manufacturers and importers in respect of the issuance of conformity statements. The income from this activity amounted to CZK 128,960. The majority of the opinions (15) were related to assessment of the radio relay equipment to which harmonised standards had not been applied.

Transition to Full Harmonisation of Conformity Assessment Based on Directive No. 1999/5/EC

Provisions of Title II of the Telecommunications Act, containing references to Act No. 22/1997 Coll., on the Technical Requirements for Products and on Amendment to Some Acts, as amended, created conditions for a full transition to conformity assessment based on European Parliament and Council Directive No. 1999/5/EC on Radio Equipment and Telecommunications Terminal Equipment and the Mutual Recognition of their Conformity (the “RTTE Directive”).

The Sector Annex “Radio Equipment and Telecommunications Terminal Equipment” to the PECA (Protocol for European Conformity Assessment) came into effect on 1 April 2004. As at the date of accession of the Czech Republic to the EU (1 May 2004), the procedure of putting radio and telecommunications terminal equipment on the market became fully harmonised with the requirements of the RTTE Directive. The CTO co-operated with the Czech Office for Standards, Metrology and Testing on the legislative aspects related to the transition.

Co-operation with the Public and the Media

The legislative changes in the period before accession of the Czech Republic to the EU and at the moment of accession itself were very challenging for telecommunications equipment producers, distributors, operators and users. The CTO therefore offers at its web site complete practical information and procedures concerning the market launching of telecommunications equipment under the conditions of the European common market as well as the details of connecting and operating this equipment. The CTO web site contains both Czech and English instructions for conformity assessment, a brief list of harmonised standards information for users, forms for product notification and other information. The CTO employees actively participated in a number of telecommunications technology seminars, exhibitions and trade fairs in the Czech Republic. They also replied numerous inquiries from the public concerning the launching of telecommunications and the operation thereof.

Inspection Work in Respect of Conformity Assessment and the Previously Issued Decisions on Approvals

Inspections for compliance with the provisions of Government Order No. 426 /2000 Coll. and for compliance with the conditions under which each decision was issued were carried out in 2004 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.

Notification of Telecommunications Equipment Launched on the Market

After 1 May 2004, every producer, its authorised representative in the EU, or importer, must notify the CTO about its intention to launch selected types of radio equipment four weeks before the intended date. The obligation to notify the CTO is laid down in Section 4(6) of Government Order No. 426/2000 Coll., as amended by Government Order No. 483/2002 Coll. and Government Order No. 251/2003 Coll. and is in full compliance with the requirements of Article 6.4 of the RTTE Directive 99/5/EC.

In 2004, the CTO received 533 justified notifications of putting radio products on the market. These notifications are maintained in a database serving for frequency planning and market surveillance. The selected items of the database are publicly accessible at the CTO's web site.

The received notifications (90% of them are received from foreign entities) are first subjected to evaluation and the CTO then informs the notifying entity about the conditions under which the given equipment may be launched and operated in the Czech Republic. There were forty-four notifications of the launching of equipment that could not be operated in the Czech Republic, or could only be operated with certain limitations (only in a part of the required radio spectrum, at a lower performance level etc.).

The CTO actively participates in the work on preparing a joint European notification procedure in a working group under the European Commission's Telecommunication Conformity Assessment and Market Surveillance Committee (TCAM).

3.5 Exercising State Inspection of Telecommunications

State inspection in the telecommunications area, based on Article 96 of the Telecommunications Act, is performed by authorised employees of the CTO's Department of State Inspection of Telecommunications and the Departments for the individual regions.

In performing state inspection in the telecommunications area, 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.

State Inspection in the Telecommunications Area

In 2004, the activities of state inspection in the telecommunications area were primarily focused on:

- Inspection of how the holders of telecommunications licences to build and operate public telecommunications networks and the holders of telecommunications licences to provide public telephone services comply with the obligations set out in the Telecommunications Act and in the telecommunications licences;
- Inspection of submitted assessments of the fulfilment in 2003 of the universal service quality parameters and indicators in the fixed telecommunications network by the public telephone service providers upon whom the fulfilment of such parameters and indicators was imposed by the telecommunications licence;
- Inspection of compliance with the conditions defined in the decision on the allocation of numbers and number series, compliance with the conditions defined in the general licences 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;
- Assessment and handling of comments on the draft Public Telecommunications Service General Conditions, as submitted by the public telecommunications service providers to the CTO;
- Handling the submissions concerning the quality of the services provided, unless such submissions were subject to administrative procedure.

In 2004, as many as 861 inspections were carried out and completed 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 mobile network. Eight fines, totalling CZK 810 thousand, were imposed in administrative procedures for faults detected during those inspections.

In the first half of 2004, an inspection was performed to see how telecommunications licence holders fulfilled their obligation to submit to the CTO their assessment of the parameters of the quality of telecommunications services in 2004 by 31 March 2004. As found during the inspection, five telecommunications licence holders did not respond even to repeated telephone queries, reminding them of their duty to fulfil the above-mentioned obligation. On 26 May 2004, a written reminder was sent to them, urging them to submit the required assessment. Two of them responded to that, but the other three (TELE2, s.r.o., MBC TELECOM, s.r.o., and ha.vel voice, a.s.) did not. Administrative proceedings were instituted against these three licence holders for failure to comply with telecommunications licence conditions. Two of these proceedings were stayed because the companies concerned immediately submitted the assessments with apologies, as soon as they had learned about the proceedings. As to MBC TELECOM, s.r.o., the CTO decided to impose a fine for failure to meet the above-mentioned obligation.

Detailed examination of the assessment reports submitted by the licence holders showed that 15 undertakings providing public telephone services met the quality parameters for telephone service provision as laid down for 2003 by Decree No. 196/2000. The CTO President therefore approved their reports. ČESKÝ TELECOM, a.s. failed to meet quality indicator No. 1 "Time to Install or Relocate a Subscriber Line" in its parameter No. 1, which requires that the time to set up the telephone service should be up to 10 days in 95% of the cases: ČESKÝ TELECOM, a.s. missed it by 0.7 days. Aliatel, a.s. also failed to meet the parameters of quality indicator No. 1: it exceeded by 25.17 days the required time for setting up the telephone service within 10 days in 95%, and also exceeded by 35.67 days the requirement for setting up the telephone service within 15 days in 99% of the cases. Administrative proceedings were instituted against these companies and, by the decisions issued in those proceedings, a fine was imposed on ČESKÝ TELECOM, a.s. and Aliatel, a.s. for failure to meet the required levels of the parameters of the quality indicator.

In 2004, the CTO also performed an inspection of how the holders of telecommunications licences for the provision of public telephone service fulfil their obligations under Section 35 of the Telecommunications Act. In administrative proceedings a fine was imposed on ČESKÝ TELECOM, a.s. for failure to fulfil the obligations related to the issuance of a uniform telephone directory, which obligations were given to it, under Section 35(2)(a) of the Telecommunications Act, as a telecommunications licence holder on which the duty to provide universal service had been imposed. ČESKÝ TELECOM, a.s. lodged an appeal against this decision. Then, in December 2004, administrative proceedings were instituted against Eurotel Praha, spol. s r.o., T-Mobile Czech Republic a.s. and Oskar Mobil, a.s., for failure to fulfil the duty imposed on them as public telephone service providers by Section 35(1)(c) of the Telecommunications Act – in more specific terms, for failure to provide their subscribers' data for the purposes of the issuance of a uniform telephone directory. The administrative proceedings in these cases were not completed before 31 December 2004.

Permanent attention is paid to inspection of compliance with the conditions set out in the general licences, particularly licence No. GL 25/S/2000 for the provision of complementary and

other services based on audio transmission and licence No. GL 28/S/2000 for the provision of the telecommunications service of mediation of access to the Internet services. There were 138 inspections in 2004 with focus on compliance with the Numbering Plan for public telephone networks and compliance with the conditions specified in decisions on the allocation of numbers for special-tariff services, i.e. the access code numbers 900, 906, 909 and 976. Non-compliance with the Numbering Plan and with the conditions of the number allocation decisions was ascertained in a number of cases. Administrative proceedings were instituted in 9 cases, and proceedings commenced in 2003 were continued in 2 cases. Based on decisions issued in 10 cases, fines were imposed for failures to comply with the Numbering Plan and with the conditions set out in the decision on the allocation of the number (numbers, number series); the total amount of those fines was CZK 8,112 thousand. The highest fines were imposed in the cases (identified by the subscribers) of undemanded forwarding of the calls to the Internet services through the numbers of access code 971 by diallers placed at certain www sites over the numbers (976) of special-tariff services.

On the basis of reports from telecommunications network operators and telecommunications service providers, 601 administrative proceedings were instituted in 2004 for unauthorised interruption of telecommunications service provision or for another unauthorised intervention with the service. 453 fines were imposed for identified and proved interruption of the service, the total amount of the fines being about CZK 4,598 thousand. In one case, a fine (CZK 1 thousand) was imposed for banned activities in a protective zone.

For unauthorized performance of telecommunications activities (performance of telecommunications activities without telecommunications licence, without permit or authorization, or certificate of registration for service provision under the general licence), as found in 147 inspections and investigations, 731 fines were imposed, totalling about CZK 1,049 thousand.

As to the decisions made in disputes in the area of telecommunications services, a decrease was recorded in 2004 compared with 2003 in the number of filed objections against the way in which complaints regarding the settlement of telecommunications service prices were handled (from 1,024 to 662). Most of the disputes related to disagreement as to the price for additional and complementary telecommunications services such as the special-tariff Internet access service. The process of addressing and handling such cases is challenging in terms of the CTO employees' time and qualification. Search of the premises was performed in 348 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 2004. Decisions in favour of the subscriber were made in 12.7% of the concluded cases.

A significant decrease was recorded in 2004, compared with 2003, in the number of submissions related to decisions on disputes concerning subscribers' obligation to make payments on the basis of telecommunications service provision contracts between the public telecommunications network operator or telecommunications service provider and a subscriber: a total number of 38,887 administrative proceedings in these matters were instituted in 2004, whereas in 2003 the number of such proceedings had been 60,574 (decrease by about 35%). It can be stated that the continuous growth of the number of submissions from the date of entry into effect of the Telecommunications Act reached a climax in 2003. 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 that 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). Of the total number of decisions issued in these disputes, 93% were in favour of the telecommunications service providers.

Six administrative proceedings instituted within the framework of state telecommunications inspection in 2004 related to disputes that had arisen after the signature of a network interconnection / network access contract, or to failure to comply with CTO decision imposing the obligation to interconnect networks or to provide access to a network under the conditions specified by the CTO. One dispute handled in 2004 had commenced in 2003. Decisions were issued in six proceedings. Fines totalling CZK 5,500 thousand were imposed by decisions issued in two cases for failure to enable network interconnection or to provide access to the given undertaking's network. These decisions were appealed against, so that as at 31 December 2003 they were still to become final.

State Inspection in the Radio Communication Area

State inspection in the radio-communication area had the following key focuses in 2004:

- 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 in co-operation with the Czech Army and the next steps in removing the interference were agreed. The performance of the filters installed at the radars was measured and evaluated;
- The test operation of the CDMA technology, applied by Eurotel Praha, spol. s.r.o. in the 460 MHz band, was subjected to evaluation. This included addressing the cases of interference with other permitted radio communication services in that band and interference with television reception. The conditions of co-existence of the CDMA system with other services were defined;
- GSM signal coverage by all the three operators was measured and evaluated in the border regions of the Czech Republic, and so was the extent to which foreign operators' signals overlapped to the Czech territory. Crisis communication coverage and provision was also measured in selected regions of increased security exposure in crisis situations. On the whole, coverage was measured in 318 villages and towns in regions endangered by floods, in the vicinity of nuclear power plants and near large chemical operations. Insufficient coverage was recorded in the territory of 18 municipalities. The results were submitted to the Ministry of Interior for further use;
- Compliance with the technical parameters of frequency allocation, as defined in the general licences for operation of radio transmission facilities, RLAN 2.4GHz and short-range equipment in the 5.8 GHz band used for securing user access to Internet services, was inspected on a systematic basis;
- Within the framework of the inspection of effective utilisation of the frequency spectrum, the CTO measured the occupation of the frequency bands, utilisation of the allocated

frequencies, compliance with the prescribed frequency allocation conditions, and other facts and circumstances relevant to frequency spectrum management. The inspecting efforts were primarily focused on the frequency bands and frequencies for terrestrial digital DVB-T television broadcasting. Occupation and background of the Czech MW frequencies were also measured as preparation for the DRM digital radio broadcasting on medium waves;

- Inspections were carried out to examine compliance with the conditions of the general licence for operation of radio transmission facilities and compliance with the conditions of authorisations for the operation of radio transmission facilities;
- Cases of transborder interference with radio communication services were addressed in co-operation with foreign administration authorities, particularly in the frequency bands of the aviation service, GSM, terrestrial mobile service and television reception;
- investigation and exploration were conducted in respect of the sources of identified or reported interference with radio and television reception, interference with radio equipment and networks and interference with the public telecommunications networks designed solely for one-way radio signal transmission along lines;
- As to international activities, measurement of short-wave frequency bands was performed as preparation for the WRC07 Conference upon requests from the CEPT and ITU.

In the process of building the Automated System of Frequency Spectrum Monitoring (“ASFSM”), the main task for 2004 was to start implementing the project. For this purpose, on the basis of Act No. 199/1994 Coll., on Public Procurement, as amended (“the Act”), the CTO launched a public tender for “ASFSM Project System Integrator” on 28 April 2004. In accordance with the Act, the CTO President issued the decision on the selection of the best bid on 20 September 2004. The winning tenderer was ROHDE & SCHWARZ – Praha, s.r.o., with which a “Framework Agreement on the Implementation of the Automated System of Frequency Spectrum Monitoring in the Form of System Integration” was signed on 19 October 2004. ROHDE & SCHWARZ – Praha, s.r.o. has three subcontractors to provide the work and supplies under the project. These include TECHNISERV, spol. s r. o. for the construction and installation work, DELTAX Systems, a.s. for part of the IT processes, and AUROTON COMPUTER, spol. s r.o. to supply the IT technologies. Three specific agreements were concluded under the Framework Agreement to address the implementation of the individual units or provide preparation materials needed for further activities under the project. The objects of those agreements were fulfilled before the end of 2004 and appropriate invoices were issued. The construction work, including the outdoor installations, was completed in the České Budějovice, Plzeň and Hradec Králové fixed unattended monitoring stations (FUMS) and in the Prague fixed unattended direction finding station (FUDES). Technological equipment will be installed in the FUMS and FUDES in the first quarter 2005. FUMS construction was started at Jihlava.

The first Phare project, registered under No. Europe Aid / 114353/D/S/CZ, was completed in 2004. All the technological components were gradually supplied, including operators’ training. Under this project, equipment and antenna systems were supplied for 8 FUMS, and radio direction finders were supplied for fixed attended monitoring stations (“FAMS”) and for FUDES. However, the project was not closed in accounting terms by the Centre for Foreign Assistance of the Ministry of Finance of the Czech Republic in 2004, so

that the equipment could not be included in fixed asset records. However, the individual components were used in the implementation work on the entire project.

The second Phare project, registered under No. Europe Aid / 19517/D/S/CZ, was approved in 2004. Tender bids were evaluated and an agreement was signed with the winner of the tender. Under the project, instrumentation and antenna systems will be supplied for 6 mobile unattended monitoring stations (“MUMS”) of the open-air type and for 4 MUMS of the indoor type; in addition, 11 sets of hand instruments will be supplied. The deliveries are to be provided in accordance with the agreement in the first half of 2005.

CTO employees frequently met representatives of the Ministry of Finance to discuss the financing issues. The needed documentation was submitted within the ISPROFIN information system. The negotiations on financial coverage were closed as at 31 December 2004.

As to the interference issues, 1,671 investigations and identifications of sources of interference with radio and television reception, 166 investigations concerning the interference with the authorised radio equipment and networks and 547 investigations of interference with public telecommunications networks intended solely for one-way transmission of television or radio signals via lines were performed in total in 2004. Twelve fines, amounting to CZK 3 thousand, were imposed on the operators of the interfering facilities. As many as 1,110 inspections were performed to examine compliance with the conditions of individual authorisations or general licences for radio transmission equipment, and 38 inspections were performed to examine compliance with the conditions of the general licence for operating public telecommunications networks intended solely for one-way transmission of television or radio signals via lines. On the whole, 82 fines, totalling CZK 1,820 thousand, were imposed for breaches of the Telecommunications Act.

As many as 597 restricted radio telephone operator certificates for the aviation mobile service were issued to applicants who had passed an examination and 563 such certificates were issued to applicants who requested extension of the period of validity of their certificates or the issue of a substitute certificate.

3.6 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 the Czech Telecommunication Office’s first-instance decisions in respect of ordinary and extraordinary remedies. The advisory body created by the President examines the cases that were returned by the High Court of 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 issuance 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 and other cases, which represent a majority of cases considered, are examined for the CTO President and his decisions are prepared by the Decision Reviewing Department.

In 2004, the Office recorded 2,164 received submissions and 506 cases had remained outstanding from the previous periods. On the whole, 2,670 cases were recorded as cases to be examined. Of this, 2,393 submissions were settled and 277 cases remained open (to be addressed in 2005).

An overview structured according to the cases described above is shown in Table No. 12 in the Appendix.

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 network operators and their subscribers and users. There are an increasing number of decisions in the area of regulation of telecommunications activities and, at the same time, there are an increasing number of sanctions imposed by the state telecommunications inspection authority for identified cases of failure to fulfil the obligations set out in the Telecommunications Act.

Generally it can be said about instance II decisions that the number of cases requiring such a decision keeps decreasing but the cases being addressed at present, compared with the period immediately following the effective date of the Telecommunications Act, are much more complex in terms of the facts as well as in legal terms. Most of the cases are related to disputes on interconnection between operators.

It must also be noted that the table does not cover cases that have been brought to courts, including both public law decisions and private law decisions. The CTO submits its written opinion on these cases if so requested by the respective courts and also takes part in the court proceedings. There were 46 such "live" cases in 2004.

3.7 Legislative and Legal Activities

In the external legislation area, the CTO commented on the draft legal regulations within the area of its powers, i.e. the telecommunications area, as well as from the more general point of view of its competence as an administrative body.

As an administrative body, the CTO participated in addressing the changes in the area of administrative law, e.g. the new Act No. 634/2004 Coll., on Administrative Fees. During the development of this Act as well as during the legislative process, the CTO was trying through repeated submissions and interventions to ensure that all administrative fees are maintained in the new legislation as the CTO has been collecting for its acts as an administrative authority under Act No. 368/1992 Coll., on Administrative Fees, as amended, which acts have undergone no change (in terms of facts or in procedural terms) under the new legislation. The efforts in this matter, undertaken by the CTO in the legislation area, have not been reflected in the legislation process. As a result, when the new Act comes into effect, the CTO will not be able any more to collect administrative fees for decisions in cases of applications for the payment of amounts due for telecommunications service provision within the meaning of the applicable provisions of Act No. 151/2000 Coll., on Telecommunications and on Amendment to other Acts, as later amended; in addition, before appropriate

implementing regulations are adopted, the CTO will also be unable to collect administrative fees for decisions on objections against how complaints were settled. Until now, on the basis of the current legislation (Act No. 368/1992), the administrative fee in both cases was CZK 100 per one submission; the CTO received for settlement 42,028 such cases in 2004.

The CTO as an administrative body also raised comments on the draft legal regulations generally related to the status of administrative authorities and their employees within the context of the governmental reform of state administration. Among other things, the Office of the Czech Republic Government (which prepared the draft) took further steps towards implementing the plan to create a “General Model of State Regulatory Authorities”. The CTO as one of the regulatory bodies to which this legislation is to directly apply repeatedly submitted its comments on the conception developed by the working group that had been created (including also CTO representatives) with the Office of the Czech Republic Government already in 2002. The task of this group was to draw up supporting materials for the above-mentioned further steps, the general objective being to unify the status of the so-called regulatory authorities in the Czech Republic.

Within the range of its powers, the CTO also submitted substantial comments on conceptual materials including, but not limited to, materials prepared by the Czech Ministry of Informatics such as, for example, “Updated Concept of Transition to Terrestrial Digital Radio and Television Broadcasting in the Czech Republic” or “National Policy for High Speed Access (the Czech Broadband Strategy)”. In the area of frequency spectrum administration, the CTO provided evidence and support to the Ministry of Informatics for preparing the material for the Government, entitled “Report on Securing Radio Frequencies up to 2006 for the transmission of Terrestrial Digital Television Broadcasting over Both National and Regional Networks”.

Participation in preparing the draft Electronic Communications Act, including the respective implementing regulations, remained the CTO’s primary legislative task in 2004.

The Electronic Communications Act is to repeal the current Act No. 151/2000 Coll., on Telecommunications and on Amendment to other Acts, as amended. The main objective of the Act is to transpose the regulations of the new European electronic communications legal framework to Czech laws. The CTO actively participated in the legislation process of this bill – from preparing the draft, through the intersectoral commenting procedure, up to the process of adoption by the Czech legislative bodies. By submitting its opinions, comments and specific proposals to modify certain provisions, as well as by taking part in the negotiations on the major issues related to the newly prepared legislation, the CTO provided all the necessary support to the Ministry of Informatics of the Czech Republic as the body responsible for preparing the bill.

As the adoption of this bill was not completed by the end of the year 2004, the CTO will continue in these efforts in 2005. According to the latest projections, the Electronic Communications Act is to come into effect no later than in the first half of 2005.

It must be noted in connection with the draft Electronic Communications Act that the CTO also takes part in other legislative efforts, related to the over-all preparation of legislation in this area. The CTO has so far prepared draft versions of 10 regulations for implementing the Electronic Communications Act. All these drafts have been exposed to commenting processes in two rounds, in which both expert and lay public have participated.

In their final versions, these drafts are to be submitted in 2005 to the Ministry of Informatics of the Czech Republic to continue in the legislation process. There are a number of other legal regulations to be adopted in connection with the Electronic Communications Act, so that the CTO will continue in its legislative work in 2005.

The CTO's activities in the external legislation area also include its comments in the intersectoral consultations concerning the draft legislation to amend Act No. 26/2000 Coll., on Postal Services and on Amendment to Certain Acts (Postal Service Act as amended, and some other Acts), or in respect of the draft legislation on the protection of certain services in the area of radio and television broadcasting and information society services, which – as designed – is to have a substantial impact on the competences of the CTO including, but not limited to, the extension of the CTO's activities to the areas to which that legislation is to apply.

What should also be mentioned is the CTO's active participation in preparing and creating (including the bargaining discussions) contractual documents with the individual suppliers under the project of "Automated System of Frequency Spectrum Monitoring" (a non-legislative governmental task for which the CTO is responsible).

The Czech Telecommunication Office represented the Czech state in disputes before courts in cases of challenged decisions of the CTO on pricing regulation, universal service and others (e.g. in the labour law area).

The CTO also met numerous requests from the public and administrative bodies for legal opinions and positions related to the issues covered by the Telecommunications Act or to the area of activity of the CTO. This work also includes the provision of information under Act No. 106/1999 Coll., on Free Access to Information, as amended.

Further, the CTO attended to complaints, reports and suggestions under Decree No. 150/1958 Coll. and intensively co-operated with the Public Protector of Rights (the Ombudsman) on addressing cases in which the Ombudsman investigated the CTO's activities.

Complaints

In 2004, the CTO received 7 submissions, which were handled as complaints with respect to their nature and contents, in accordance with Government Decree No. 150/1958 Coll., 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 the Telecommunications Act; some of the complaints alleged flagrant breaches of that Act.

Three of the complaints were unsubstantiated and only one was found justified. The remaining three were left to be addressed in 2005, because the preparation of a reply required detailed verification of certain facts. It can be stated, in comparison with the year 2003, that the total number of complaints decreased substantially, and so did the number of those that were justified.

As to the complaints settled as unsubstantiated, two of them alleged CTO 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). One complaint criticized the alleged inactivity of the CTO and delays in administrative proceedings. No corrective measures needed to be taken in the case of unsubstantiated complaints.

The legitimate complaint criticized the conduct of a CTO employee in administrative proceedings based on the Rules of Administrative Procedure (failure to observe the procedural time limits). In the given case it was found that the faults in the administrative procedure were of formal nature. There was no serious breach of the Rules of Administrative Procedure or the Telecommunications Act. Admonition was imposed as punishment for this fault.

The CTO consistently applies complaint-handling procedures based on the Decree. In addition, the CTO made certain improvements and clarifications in recording the complaints in the "Complaint Records" database and emphasised compliance with the principles of maintaining clear complaint files. The CTO also made, on a consistent basis, thorough analyses of the settled complaints related to its competences. Emphasis was also laid on timely and complete processing of the complaints. Generally speaking, complaints and the handling thereof enjoy consistent attention in the Office.

Besides complaints, the Office did not have to address any suggestion in 2004, nor did it receive any petition suggesting how to address any specific situation.

3.8 The CTO's Annual Report for the Year 2004 on the Provision of Information in Accordance with Act No. 106/1999 Coll., on Free Access to Information

The Czech Telecommunication Office ("the Office") hereby makes public this Annual Report on the Provision of Information in 2004, 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 organisation 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 December 2004) and at the Office's web site (www.ctu.cz).

a) The number of the submitted applications for information:

- In 2004, twelve written (or electronic) requests for information were submitted to the Office. The requests concerned both the telecommunications and radio communications areas; in two cases the inquirers wished to know the number of the Office's employees, including also the number of those with reduced working capability and with a serious handicap, and also demanded information about any increase or reduction of the number of job positions as a result of the adoption of the Act on Electronic Communications and on Amendment to Certain Related Acts.
- The inquiries in the radio communications area concerned the following issues: the use of the 89.0 MHz frequency in Prague-Vinohrady; the rate of use of the frequency spectrum in the 450-470 MHz band; information about the procedure of measuring the EIRP radiation

power in WiFi equipment (2.4 GHz); and the procedure of handling complaints in respect of international frequency co-ordination for FM VHF broadcasting, which are referred to the Office from the Radio and Television Broadcasting Council.

- The remaining inquiries related to the telecommunications area and/or the issues of prices and pricing regulation. They were specifically focused on the following issues: explanation of the process of adjusting the inputs, and input calculations, for the LRAIC model as used or modified by the Office; disclosure of the data provided by ČESKÝ TELECOM, a.s. for the calculation of the loss from the provision of universal service in 2001 and 2002; method of calculation of the prices for interconnection and for call termination in mobile networks in accordance with the respective pricing decisions (2 inquiries); the total estimated monthly number of minutes of telephone traffic in the CPS service in the Czech Republic, or any other time information used by the Office in CPS price calculations. Information about the method of calculation of the cost price of interconnection circuit lease was also requested.

b) Number of appeals filed against decisions

Two appeals against a decision to reject a request for information were filed in 2004.

c) Copy of substantial part of every court ruling

Courts did not make any decision in respect of rejection of requests for information in 2004.

d) Results of proceedings on sanctions for breach of law

In 2004, the CTO did not apply any sanctions because there was no failure to comply with statutory proceedings.

e) Other information

In 2004, the Office collected and delivered to the state budget a total amount of CZK 2,869.- This amount represents the compensation for the costs of the provision of information on the basis of Act No. 106/1999 Coll., on Free Access to Information.

The written applications for information, included in the 2004 records, were met in compliance with the Act and with the Office's internal regulations. The Office did not maintain records of the requests for information over the telephone, because of the quantity of such requests and because they were promptly answered over the telephone. Two requests for information were rejected in accordance with the applicable provisions of Act No. 106/1999 Coll., on Free Access to Information. Two cases of requests for information are still open because of appeal against the rejection of the requests.

An overview of the settled written requests for information for 2004, compared with the previous periods starting from 2000, is given in a table and in the graph below.

3.9 Crisis Management and Security

The main tasks of the Czech Telecommunication Office in the crisis management and security area are related to the provision of telecommunications support to state administration and public self-government bodies, crisis management bodies, the intervening crews and to the public in crisis situations. Co-ordination work and task-fulfilment efforts were primarily focused on civil emergency planning, defence planning and economic measures for crisis situations with emphasis on the telecommunications area. A number of other tasks were fulfilled in the area of protection of confidential information and in the international activities related to the meetings of the Civil Communications Planning Committee (CCPC-NATO).

In 2004, the CTO protected confidential information in accordance with Act No. 148/1998 Coll., on Confidential Information, as amended, with focus on personal, administrative and facilities security. The Office also provided support to the National Security Office (NSO) when they performed a focused inspection of compliance with the above-mentioned Act performed by the NSO in the CTO in October 2004.

Selected representatives of the CTO fulfilled the CTO's tasks in the Central Crisis Staff with emphasis on permanent accessibility.

The CTO employees took part, in accordance with the adopted plans, 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. In particular, they participated in the work of the temporary special intersectoral working group developing the draft "Plan of Operating Preparation of the Territory of the State" under the "State Defence Plan". In the first half of 2004, designated the CTO employees performed tasks associated with the preparation, performance and evaluation of the NATO CMX 2004 international exercise and the EU CME-2004 exercise.

Through appointed representatives, the CTO was actively involved in the activities of the Civil Communications Planning Committee (CCPC-NATO), its subcommittees and working groups. The CTO representatives attended the working meetings, a seminar and an exercise, from which they gained information and data for preparing conceptual and legislative documents. In addition, these events contributed to enhancing international co-operation on preparing and providing help in crisis situations in the telecommunications area. The information gained from these events was used in the process of preparing and formulating the provisions of the draft Electronic Communications Act applicable to periods after announcement of the state of crisis. Within an intersectoral working group, employees of the CTO participated in drafting the Government Order to ensure priority electronic communication services in states of crisis, and contributed to the related tasks of preparing the national and international preference scheme.

The "Crisis Staff of the Czech Telecommunication Office" met three times during the year to draw up, discuss and approve the "CTO Crisis Plan" and to ensure conditions for the CMX and CME 2004 exercises.

In Government Decision No. 180 of 26 February 2004, it is laid down that conditions should be provided for electronic distribution of European Union documents. The CTO has

built its “Extranet ČTÚ” electronic information system for receiving, processing and sending EU documents, both confidential and non-confidential.

4. Securing the CTO’s Activities

4.1 Economic Results

Specific Issues Related to the Budget

During 2004, the CTO faced the problem of the lack of funds for employee salaries and for severance pay for employees who leave the CTO and are entitled to the severance pay.

A sixteen-class salary system was introduced in the first quarter of 2004 with effect from 1 January 2004. As a result, the CTO did not have sufficient funds to cover the new salaries: an additional amount of CZK 6,300 thousand was needed. Of this amount, the CTO planned to cover CZK 3,300 thousand from the payroll funds to be saved from employees’ sickness periods, and proposed to use another CZK 3,000 from the reserve fund. The Ministry of Finance of the Czech Republic met this request and permitted us to exceed the limit parameter by CZK 3,000, using the balance in the reserve fund. The increased expenses for mandatory insurance payable by the employer and for the welfare fund transfer (CZK 1,110 thousand in total) were covered by the budgetary funds intended for the purchase of consulting, advisory and legal services.

To comply with Government Decision No. 808 of 6 August 2003, the CTO had to reduce the number of established positions (jobs) by 10 by 31 December 2004. As at that date, 5 employees who were entitled to severance pay terminated their employment contracts. As the “other personnel expenses” item did not contain a sufficient reserve from which the severance pay could be made, the CTO sent a letter to the Ministry of Finance of the Czech Republic, asking them to increase by CZK 180 thousand the Office’s 2004 funds for other payments for work done. The CTO met this request and the needed increase was covered from saved expenses for the purchase of services, including postal charges.

The Government decided by its Decision No. 1023 of 20 October 2004 to make an additional salary payment (25%) in the second half of 2004 to employees in public service and state administration. For this, the Ministry of Finance sent a letter to the CTO (Ref. No. 19/120 467/2004-191, dated 26 November 2004), increasing the level of the mandatory parameters of employment regulation (including insurance and the welfare fund transfer) by CZK 2,076 through transfer of funds from the budget head of General Cash Administration.

Additional EU funds for the continuation of Phare Project CZ2002/000-282.04.01, amounting to EUR 2,400 thousand, were provided to extend the Project by including in it the GSFSM II part. To be able to draw on these funds, the CTO undertook to provide co-financing (EUR 800 thousand, i.e. about CZK 25,000) by transferring budgeted sums within the item of expenses for financing asset reproduction programmes from Project 228011A005 GASFSM E II to Project 228011A001 Phare Co-financing. This shift of funds had no impact on the total expenditures indicator or capital expenditures indicator of the approved 2004 budget and was performed with the consent of the Ministry of Finance.

The total amount invoiced for co-financing in 2003 and 2004 amounted to CZK 53,767,597.20 (at the exchange rate of CZK 30.523/EUR, this is EUR 1,761,543.70). The requirement for co-financing the Phare Project (EUR 1,730,000) from CTO funds was thereby fulfilled.

In 2004, there was one programme registered for the CTO in the ISPROFIN Register. Its registration number and title were 228010 – Development and Renewal of the CTO Material and Technical Base, and its total budgeted volume was CZK 139,000 thousand. In order for the Czech Republic to meet the conditions for new Member States' accession to the EU (non-legislative tasks of the Czech Government), the CTO has to build an ASFMS system. This is an important system, as also indicated by the fact that Phare funds were allocated to it. The approved programme 228010 was therefore extended to cover subprogramme 013 – ASFMS, including 21 partial projects for building the ASFMS system. A modified version of the programme documentation was submitted for approval to the Ministry of Informatics and the Ministry of Finance. The Ministry of Informatics agreed with the entire programme. The Ministry of Finance sent to the CTO a letter Ref. No. 19/120614/2004-194, dated 7 December 2004, approving the extraordinary registration of 10 projects to be financed in the form of expenditures assessed on a system basis and requiring further refinement of the approved programme documentation. The capital expenditure requirements for two projects exceed CZK 100 million. On the basis of Ministry of Finance Decree No. 40/2001 Coll., on the Participation of the State Budget in Asset Replacement Programmes, such projects must be financed in the form of expenditures assessed on an individual basis. Projects financed in this manner are subject to a special regime, requiring approval by the Ministry of Finance. By its letter Ref. No. 19/119669/2004 -194, the Ministry of Finance granted approval of the participation of the state budget in the financing of those projects in the form of expenditures assessed on an individual basis. The CTO therefore requested the Czech National Bank to open two accounts, one with the prefix 908 and the other with the prefix 10903. The implementation of the projects has been financed from these accounts.

The issue of additional funds to finance the programme in 2006 to 2007 (or 2008) has not yet been solved.

Budgetary Compliance

An overview of the budgetary compliance of the aggregate indicators, uniform partial indicators and specific partial indicators is shown in Table No. 13. The non-tax income indicator of the 2004 budget was fulfilled at 113.02%, i.e. it was exceeded by CZK 679,616 thousand. The sums spent under the adjusted budget in 2004 amounted to 100.45% of what was budgeted, including the exceeded total expenditure indicator, i.e. the budget was exceeded by CZK 2,092 thousand. The budget income is much higher than the expenditures, the difference being 5,428,105 thousand.

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

4.1.1 Total Income

The total income received by the CTO during the year 2004 includes 2 instalments (as at 14 April 2004 and 14 August 2004) from mobile operators for the UMTS licences granted

to them. The total amount of these instalments is CZK 4,856,400 thousand. If this amount is deducted from the CTO's total budgetary income, the remaining types of fees will represent CZK 1,043,216 thousand, of which CZK 918,903 thousand (88.08%) comes from frequency spectrum management, CZK 119,823 thousand (11.48%) from fees for allocated numbers, and the remaining CZK 4,490 thousand (0.43%) from other sources.

Compared with the year 2003, the budgetary income generated in 2004 is higher by CZK 4,794,554 thousand.

The good income results in the area of frequency spectrum management are primarily due to the extension of the capacity of all transmission networks, the narrow-band connections being replaced by broadband, and to the extension of the fixed wireless access networks (FWA) serving for Internet connection (they are used mainly in the 3.5 GHz band). As the volume of the data being transmitted increases, the transmission capacity of other links increases and new frequency bands and new transmission systems start being used.

As to the structure of the budget,

- 99.93% of all income is maintained in Item 2111 – Income generated from the services provided;
- 0.07% is represented by sundry minor amounts of casual nature, including, but not limited to:
 - lease of other property (non-residential space leased to the facilities manager in the building in the Sokolovská Street);
 - interest accruing on bank accounts;
 - sale of low-value long-term assets (disposal of obsolete assets);
 - non-capital contributions and compensations received (compensations from natural persons for damages they caused and credit notes in respect of expenses from previous years);
 - other non-tax receipts not included elsewhere (subscriber fees in tenders, fees for information provided in accordance with Act No. 106/1999 on Free Access to Information, as amended);
 - other receipts from the sale or long-term assets (also disposal of obsolete assets);
 - transfers from other own funds (balance on the deposit account and transfer from the reserve fund).

A detailed breakdown of the 2004 income is shown in Table No. 14.

4.1.2 Total Expenses

The CTO's total expenses for the year 2004, including transfer of the saved amount to the Reserve Fund, amounted to CZK 471,511, i.e. 100.45% of what was budgeted (in the adjusted budget), including the permitted overdraft. Out of this amount, current expenses accounted for CZK 340,563 thousand (budgeted funds were drawn at 100.63%) and capital expenditures accounted for CZK 130,948 thousand (budgeted funds were drawn at 99.96%).

Compared with the previous year, the total expenditures were 11.54% higher; of this, current expenses were higher by 13.23% and capital expenditures by 0.04%.

The CTO transferred to the statutory reserve fund a saved amount of CZK 64,507 thousand, i.e. 13.65% of the total expenses of the adjusted 2004 budget (including the permitted overdraft). The largest amount was saved in the expenses earmarked for vacating the 12th television channel for digital radio broadcasting, which is paid by the government through the CTO to the broadcasting radio equipment operator in accordance with Section 60 of Act No. 151/2000 on Telecommunications and on Amendment to Other Acts. The transfer of the saved amounts to the reserve fund does not include transfer of the saved sums to the salaries of the employees and to other payments for work done, nor does it include transfer to mandatory insurance (the part payable by the employer). A balance of CZK 1,535 remained unused from the amounts for the salaries and CZK 50,924 remained unused from the amounts for the mandatory insurance. Out of the total saving,

- CZK 63,367 thousand (98.23%) was saved from other current expenses;
- CZK 220 thousand (0.34%) from non-investment transfers to international organisations;
- CZK 920 thousand (1.42%) from the expenses for financing asset replacement – this splits into current expenses (CZK 700 thousand) and capital expenditures (CZK 220 thousand).

Current Expenses

On the basis of the budget structure, current expenses included the following items:

- Section 2461 – activities of central bodies of state administration in the communications area, for which 91.36% of all expenditures was earmarked in the budget;
- Section 2491 – international co-operation in communications, for which 4.17% of all expenditures was earmarked in the budget;
- Section 2549 – general economic services not included elsewhere (accounting for 4.43% of the expenses) and those newly included;
- Section 2573 – other administration in the crisis management area, for which 0.02% of all expenditures was earmarked in the budget.

As to the expenses in Section 2461,

- 57.81% went to salaries and other payments for work done, including the mandatory insurance payable by the employer and the welfare fund transfer;
- 15.90% went to the purchase of services;
- 3.65% to the purchase of materials;
- 2.56% to other purchases, including repairs and maintenance;
- 1.62% to the purchase of water, fuels and energy;
- 18.46% to other expense items, including transfer of the saving to the reserve fund.

As to the expenses in Section 2491,

- 65.33% went to other purchases, particularly travel expenses abroad;
- 11.24 % to non-investment transfers to international organisations;
- 0.84% to the purchase of materials (books, teaching aids);
- 0.26% to the purchase of services;
- 22.31% to other expense items, including transfer of the saving to the reserve fund.

As to the expenses in Section 2449,

- 74.65% went to the purchase of services – solutions ordered from entities outside the CTO in respect of special and complex tasks necessary for good performance of state administration in the telecommunications area;
- 25.35% went to the transfer of the saving to the reserve fund.

Expenses in Section 5273 were associated with the activities of the CTO Crisis Staff. A detailed breakdown of current expenses is shown in Table No. 15.

Capital Expenditures

CTO's 2004 capital expenditures were drawn down at 99.96%. On the basis of the budget structure, capital expenditures included the following items:

- 36.82% was used for the item of buildings, halls and structures;
- 29.11% for software;
- 14.36% for other purchases of long-term intangible assets;
- 11.81% for machines and equipment;

- 5.88% for computers;
- 1.82% for vehicles.

A detailed breakdown of the capital expenditures is shown in Table No. 16 and in the paragraph under the heading Expenses to Finance the Asset Replacement Programmes.

Employee Salaries and Other Payments for Work Done

The CTO used the opportunity allowed by the Ministry of Finance to exceed the budgeted amount and overdraw the initially available funds for employee salaries and other payments for work done at 102.33% of the adjusted budget. The remaining budgeted funds for the settlement of salaries for December 2004 were transferred to a deposit account up to the level of the adjusted budget, including the approved overdraft, i.e. up to the amount of CZK 131,513 thousand. The balance remaining undrawn on the deposit account was only CZK 1,535.-, which was transferred in accordance with Ministry of Finance instructions to CTO income for the year 2005 as at the pay date, i.e. 14 January 2005.

Mandatory Insurance Payable by the Employer

This expense item is interlinked with the amounts for employee salaries and for other payments for work done. As funds available for salaries could be exceeded, the adjusted budget for the mandatory insurance payable by the employer was drawn down at 102.34% (CZK 1,050 thousand more than initially budgeted). This was covered by the same amount in other current expenses.

The remaining amount, including the permitted overdraft, was transferred to the deposit account for the payment of the mandatory insurance for December 2004. The balance remaining on the deposit account after settlement of salaries for December 2004 was CZK 50,920.-. This amount was transferred to the CTO's income account as at the pay date, i.e. 14 January 2005.

Transfer to the Welfare Fund

For 2004, an amount of CZK 2,608 thousand, representing 2% of the volume of salaries settled for 2004, was transferred to the Welfare Fund. It was also in this indicator that the permitted overdraft (by CZK 60 thousand) was covered by the same amount in other current expenses.

Expenses to Finance the Asset Replacement Programme

In the 2004 budget, there was one programme registered for the CTO in the ISPROFIN Register. Its registration number and title were 228 010 – Development and Renewal of the CTO Material and Technical Base, and its total budgeted expenses were CZK 139,000 thousand. Of this amount, CZK 131,000 thousand was earmarked for capital expenditures and CZK 8,000 for current expenses maintained in the ISPROFIN.

Capital Expenditures Maintained in the ISPROFIN

During 2004, three budgetary measures were taken in the capital expenditure area, involving the transfer of budgetary funds between the individual projects under the programme, or between individual items, with no impact on the over-all volume.

From EU funds, an additional amount of EUR 2.4 million was allocated through the Ministry of Finance's Foreign Assistance Centre; as a result, the specific partial indicator of "state budget expenses to finance joint EU/Czech programmes in total, and, of that Phare" was increased by CZK 25,000 thousand (from CZK 15,000 thousand to CZK 40,000 thousand). The first part of the co-financing funds, CZK 15,000 thousand, was maintained in item 6121 – buildings, halls and structures and the newly included part, amounting to CZK 25,000 thousand, was included under item 6122 – machines and equipment. The actual amounts drawn were influenced by the changes in deliveries based on Phare funds and by the expected drawings based on the agreements signed with the contractor – winner of the tender for the project of ASFMS implementation in the form of system integration. The total amount invoiced for co-financing in 2003 and 2004 amounted to CZK 53,767,597.20 (at the exchange rate of CZK 30.523/EUR, this is EUR 1,761,543.70). The requirement for co-financing the Phare Project (EUR 1,730,000) from Czech funds was thereby fulfilled.

Of the total annual amount available for capital expenditures, including the transfer of the saved amount to the reserve fund, 99.96% was spent before 31 December 2004.

Current Expenses Maintained in the ISPROFIN

From 2003, in accordance with the instructions of the Ministry of Finance of the Czech Republic, part of the current expenses intended, in particular, for the purchase of consumable supplies for information and communication technology equipment, is recorded under the programme expenses maintained in the ISPROFIN. For 2004 these expenses amounted to CZK 8,000. The sum spent in this category, including the transfer of the saved amount to the reserve fund, was CZK 700 thousand (99.60% of what was available).

Non-investment Transfers to International Organisations

For 2004, the CTO paid its membership fees to the European non-governmental organisation ETO – European Telecommunication Office (CZK 96.55 thousand) and ETSI – European Telecommunications Standards Institute (CZK 1,476.25 thousand). The latter fee is higher by CZK 414.13 thousand than in 2003, the increase being based on the change in the GDP: for the year 2004, the Czech Republic was included in contribution class 6, which corresponds to 13 payment units, i.e. EUR 46,560.

Expenses from the State Budget to Finance Joint EU/Czech Programmes

In 2004, the CTO co-financed the Phare 2002 project, registered under the number CZ 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.

Additional funds (EUR 2,400 thousand) from EU sources were allocated for continuation of the Phare project CZ 2002/000-282.04.01 – for implementing the project part entitled GASFSM II. The CTO had to allocate EUR 800 thousand, i.e. about CZK 25,000 thousand, to co-finance the extension of the project. The Ministry approved the increase in this specific partial indicator by CZK 25,000 thousand: for this, funds within the indicator of expenses for financing asset replacement programmes (programme 228 010) were transferred from project 228011A005 GASFSM E II to project 011A001 Phare co-financing. This shift of funds had no impact on the total expenditures indicator or capital expenditures indicator of the approved 2004 budget.

The total amount invoiced for co-financing in 2003 and 2004 amounted to CZK 53,767,597.20 (at the exchange rate of CZK 30.523/EUR, this is EUR 1,761,543.70). The requirement for co-financing the Phare Project (EUR 1,730,000) from Czech funds was thereby fulfilled.

The sums spent under the adjusted budget in 2004 amounted to 97.00% of what was budgeted. They were primarily used for the following: the acquisition of technological containers, equipment components and software for mobile stations; the construction and installation work at the fixed station; and the selection of suitable sites for the newly built monitoring stations, including connection to the utilities networks. Structural adaptations and technology installations were carried out at the existing sites and study-type materials were developed.

4.1.3 Administrative Charges in Administrative Proceedings

The CTO collected CZK 40,643.25 thousand as administrative charges and CZK 23,381.14 thousand as fines in 2004.

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

4.1.4 Statutory Reserve Fund

As at 1 January 2004, the balance in the reserve fund was CZK 3,780 thousand. During the year, a saved amount of CZK 64,507 thousand was transferred to the reserve fund and CZK 3,000 thousand was transferred, with the consent of the Ministry of Finance, from the reserve fund to income for 2004 as compensation for the permitted overdraft of the funds for employee salaries in 2004. As at 31 December 2004, the balance of the reserve fund was CZK 65,287 thousand.

4.2 The Human Resources Area

Forty-six new employees joined the CTO in 2004, seven female employees went to the maternity leave and forty-five employees left the CTO. Of the last-mentioned group, nine retired to become old-age or disability pensioners and six terminated their employment contracts on the basis of Section 46(1)(c) of the Labour Code.

As at 31 December 2004, the CTO had 472 employees, the average number of full-time equivalents being 470.

INDICATOR / PERIOD	2002	2003	2004
Number of job positions	486	486	476
Average number of employees as full-time equivalents	474	477	470
Number of new hires	56	54	46
Number of those who left the CTO	55	53	45
Number of employees in post-productive age as at 31 December	52	60	58
- of this, women:	31	32	36

To provide information to, and encourage co-operation with, other administrative authorities in the implementation of the Public Service Act, representatives of the CTO took part in the working groups established with the Office of the Czech Government and contributed to the preparation of materials concerning administrative authorities' organisation, human resources and employee education in 2004.

Two CTO employees were nominated as members of the Project Team for Central State Administration Reform.

In accordance with the intentions of the National Employment Plan, an integrated system of type positions (ISTP) has been under construction since November 2004 under the supervision of the Ministry of Labour and Social Affairs. The system is a new tool to facilitate mediation and consulting on the labour market. A CTO representative was nominated as member of the work team, which is to develop specific positions in state administration.

On the basis of Government Decision No. 808/2003 on the reduction of the number of job positions in the central bodies of state administrations and in organisations controlled or financed by them, it was decided that the CTO should reduce the number of its employees by 6.17%, i.e. 30 job positions, over the period of 2004-2006. Letters were sent to the Prime Minister, Minister of Informatics and the Ministry of Finance, expressing the CTO's protest against this decision, which threatened to affect the quality of the Office's performance and the fulfilment of its tasks; nevertheless, the CTO had to start reducing the number of job position late in 2004.

In accordance with Government Decision No. 808/2003 on the reduction of the number of job positions in the central bodies of state administrations and in organisations controlled or financed by them, the CTO President issued Decision No. 5/2004 on organisation changes and new job classification with effect from 1 January 2005, by which 10 job positions were removed. As a result, 6 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.

On the basis of the CTO President's decision No. 4/2004 on organisation changes, on the issuance of an amendment to the organisation rules and the issuance of new job classification, the CTO's Certification Department was dissolved with effect from 1 August 2004 and the Znojmo Unit of the South Moravian Region Department was dissolved as at 1 October 2004.

On the basis of Government Decision 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 organisation audit on the basis of approved rules, the purpose being to rationalise the organisation structure and optimise the number of job positions. Summary information about the results of the audit was drawn up by the Public Service General Directorate and was submitted to the Government. The CTO respected the recommendations resulting from the personnel audit. The CTO focused its policies on removing any disproportions in how the different activities were covered by employees having the appropriate qualifications. The process of organisation structure streamlining and the dissolution of redundant units and detached workplaces was under way in 2004.

With effect from 1 January 2004, on the basis of Government Order No. 330/2003 Coll., on the salaries of employees in public services and administration, a new sixteen-class salary system was introduced to replace the former twelve-class system. The tariff salary scale was changed to the detriment of the non-tariff salary components. The need to increase funds for employee salaries and for other payments for work done arose in this context. The CTO submitted an application to the Ministry of Finance to take a budgetary measure with permission to exceed the amount of the funds available for CTO employee salaries for 2004 by CZK 3,000 thousand by transferring the required amount from the reserve fund. The Ministry of Finance accepted this application and announced the requested measure in their letter Ref. No. 19/69008/2004-191 of 17 June 2004.

Comparison of the limit of funds for salaries for 2004 (CZK 130,438 thousand) with the actual situation in 2003 (CZK 124,566 thousand) shows an increase by CZK 5,872 thousand. A major part of this growth was used for increasing employee salaries in accordance with the applicable legislation from 1 January 2004, for increasing the statutory salary grades, for increasing the personal bonuses, and for awards granted at jubilees and awards for the most challenging tasks completed in the year 2004.

By its Decision No. 1023 of 20 October 2004, the Government approved the draft Government Order No. 569/2004 Coll., laying down the level of additional salary payment in the second half of 2004 to employees in public service and state administration. Information and data needed for the budgetary measure were sent to the Ministry of Finance on 9 November 2004 under Ref. No. 26 939/2004-602. The total amount of CZK 2,076 thousand was allocated as follows: CZK 1,515 thousand went to the employees' salaries, CZK 531 went to insurance, and CZK 30 thousand was transferred to the welfare fund.

The 2004 budget provided for a growth of the average salary only to reflect the amended legislation. The average salary of CTO employees increased by CZK 1,365.- between the years 2003 (CZK 21,762.-) and 2004 (CZK 23,127.-).

4.2.1 Other Payments for Work Done

The budget for other payments for work done was CZK 895 thousand in 2004. By budgetary measure of the Ministry of Finance Ref. No. 14/114 179/2004-141 of 15 November 2004, an amount of CZK 180 thousand was transferred from other current expenses to other payments for work done and was used for severance payments.

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 organised for the employees of the Office. Severance payments for the employees leaving the CTO amounted to CZK 221 thousand.

4.2.2 Employee Education

In 2004, 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 Bodies and in the Office of the Czech Government, approved by Government Decision 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 2004.

The majority of the educational activities were organised 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 made use of the offers of courses and seminars organised by selected educational agencies and by the Public Administration Institute.

Educational projects were focused on the following major areas:

- Telecommunications technology;
- Law;
- Computer technology;
- European affairs;
- Foreign languages;
- Environmental education;
- Managerial skills.

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

In the first half of 2004, selected employees took part in courses focused on telecommunications technology, organised 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.

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

Employees in the Informatics Department went through specialised computer technology training courses in computer schools. Selected employees attended training courses related to the programmes used in the CTO.

Training related to European Union issues was organised in accordance with Government Decision No. 965/2003. An “EU Minimum” course was prepared for new employees. Selected employees went through other training courses on European issues primarily at the Public Administration Institute.

English language courses took place at the CTO’s Prague offices during the entire school year. Several employees regularly attended the English language self learning centre at the Office of the Czech Government. In addition, some employees (mainly those in the departments for regions) attended foreign language training courses in language schools.

In addition to the above activities, various training events were organised for the employees with respect to the work they do and to their individual needs.

As at 31 December 2004 the costs reflected in the Training and Education Services account amounted to CZK 1,901 thousand.

Overview of Selected Educational Events for the CTO Employees in 2004:

- Seminar on the entry education programme – 50 participants (1 day);
- Universal education package for the entry education – 20 participants (7 days);
- Professional training for employees of the Department of State Inspection of Telecommunications – 136 participants (2 days);
- Professional training for employees of the Department of State Inspection of Radio Communications – 54 participants (3 days);
- Professional training for employees of the controlling and measuring centres – 25 participants (3 days);
- Professional training for employees of the Department of Telecommunications Networks and Services Regulation – 16 participants (2 days);
- Professional training for employees of the Department of Frequency Spectrum Management – 30 participants (3 days);
- Telematics II course – 39 participants (5 days);

- Training course on new technology in telecommunications VII. – 38 participants (7 days);
- Conference Radiocommunications 2004 – 19 participants (3 days);
- Conference All Ways to Internet – 27 participants (2 days);
- Seminar Yellow Pages – unsolicited forwarding during Internet connection – 33 participants (1 day);
- Training course on application of the Rules of Administrative Procedure in Telecommunications – 34 participants (4 days);
- Training course on public procurement – 7 participants (1-2 days);
- Training course on the SIR software – 21 participants (1 day);
- Course entitled Minimum on the European Union – 25 participants (1 day);
- Language courses – 66 participants (2 – 4 hours a week);
- E-learning course entitled Environmental Minimum – 57 participants (equivalent to 1 day of traditional teaching);
- Conference entitled The Present and Future of Crisis Management – 2 participants (2 days);
- Seminar on changes in accountancy in the accounting period of 2004 – 3 participants (1 day);
- Seminar on long-term fixed assets and the classification, accounting, depreciation, improvement and repairing thereof – 5 participants (1 day);
- Seminar on the internal controls system in public administration bodies – 2 participants (1 day).

Qualifications improvement – total numbers of employees

Type	2000	2001	2002	2003	2004
Professional courses, seminars, conferences	706	715	454	1,068	860
Professional training for employees of State Inspections (telecoms, radio coms)	241	206	184	192	190
Computer technology courses	81	134	114	222	65
Training courses about the European Union	38	37	364	45	41
Language courses	75	55	107	98	66
Costs of education, in CZK '000	1,205	1,341	1,269	1,697	1,901

Qualifications improvement – total numbers of employees

Schools	2000	2001	2002	2003	2004
Universities	2	5	4	4	3
Secondary schools	0	1	0	0	0

4.3 Informatics

In the informatics area, funds for both capital expenditures (CAPEX) and for non-CAPEX outlays were drawn as planned in 2004, the objective being to create optimum conditions for the CTO employees in performing their professional work. The challenging activities of the CTO and the continuous active communication with the public require that the CTO's web site is developed on a continuous basis and that the widest possible access to information is provided to the public. A significant portion of available funds was spent in 2004 on the development of the data system, and (because the CTO's workplaces are distributed at a number of sites in the Czech Republic), on secure transmission of the data.

Under the IS CTO security project, server installation of the software of Account Management and Novell ZENworks for Desktops was completed at all the seven regional servers and at three terminal stations at the controlling and measuring centres. Pilot operation of these systems was launched in the entire CTO WAN. The client part of these products covers the Prague centre and 1-3 selected stations at each site.

Security test was carried out, using the Symantec NetRecon product, and its results were evaluated. On the basis of these results, the server operation systems on all servers were unified in terms of their status. This was a condition that had to be met before testing the performance of the security scan in the entire WAN from the centre in order to ensure that this task can be performed centrally on a regular basis. At the end of the year, this central scan was tentatively performed, using the black box-type facility. A Linux server with a ManHunt active network protection system was installed and put in tentative operation with probes at the segment facing the ISP and at the WAN connection, i.e. at the two most endangered places. Installation of the HIDS software was delayed because of the large volume of work. The Symantec SESA console for the integration of logs will be installed later, after they are created and filled up from the ManHunt pilot operation.

An automated system of frequency spectrum monitoring was implemented on a national basis in accordance with Government Decision No. 1298/2002 of 16 December 2002, concerning information about the fulfilment of the tasks listed in the "Summary of the Outstanding Tasks of the Czech Republic for Accession to the EU". A tender for the system integrator for the entire project took place in 2004. The purchase of the upgrades and the consolidation of the AR-GUS frequency spectrum monitoring software at the 5.x version was one of the follow-up tasks for the CTO and represented a large capital expenditure.

In accordance with Government Order No. 180 of 25 February 2004, the CTO provided connection to the VPN MZV (Ministry of Foreign Affairs of the Czech Republic) – EXTRANET EU. On the basis of the conclusions reached by the accreditation commission of the IS MZV-V's EU Extranet ČR subsystem, which were contained in the report on accreditation of the generic node of the EU Extranet ČR subsystem, the operation of the IS

CTU-V node was approved on 25 October 2004 and instructions for its activation were issued.

Other tasks in 2004:

- a) The modular system for telecommunications networks and services – Register of Undertakings – was completed. In compliance with the new Electronic Communications Act, this system will be used in the future instead of the trade authorisation for business activities in the telecommunications area;
- b) Routine operation of the GINIS-SSL filing system was started in 1 January 2004 and it was interconnected with some of the existing CTO information systems;
- c) New software for simplifying administrative proceedings in the area of state inspection in Radio Communications (SIR) was put in routine operation;
- d) Attestation of CTO's information system based on Act No. 365/2000 Coll., on Public Administration Information Systems and on Amendment to Certain Other Acts was completed (conformity of the IS with the standard of life cycle features):
 - IS VES (general records of files);
 - IS Spectra Plus (unified modular system of frequency spectrum management);
 - IS Číslovací plány (Numbering Plans – system for the management and recording of public telephone networks numbers and codes);
 - IS RTS (decisions in telecommunications services);
- e) Databases at the CTO web site were reviewed to reflect the requirements of the professional public.

The CTO continued in the following activities: refurbishment of outdated computer equipment; transition to a new office system; analysis of information technologies and systems and the development concept thereof; co-ordination of IS CTO development, implementation and maintenance; and inspection of the efficiency of the use of allocated funds.

4.4 Internal Audit

In 2004, four new audits and three follow-up audits were performed on the basis of a plan approved by CTO President. During the audits, emphasis was laid on the inspection of compliance with applicable legal regulations (legislative acts, implementing decrees, government orders etc.) and on compliance with the Office's own internal regulations.

The new audits were as follows:

- Management of the Office's assets – long-term intangible assets;
- Compliance with Act No. 71/1967 Coll., on administrative procedure, as amended;

- Compliance with the provisions of ZP No. 13/2000/ČTÚ on compensations for travel costs in business trips;
- Audit of the flow of information from meetings in the CTO.

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 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 2003 were carried out.

As an important task for 2004, the Office took part in the “personnel and organisational audit in central administrative bodies, the Czech Telecommunication Office and the Radio and Television Broadcasting Council”, which was imposed on the CTO by Government Decision No. 1010 of 13 October 2003.

Annual report on the results of financial inspections for the previous year was prepared in accordance with Sections 28 and 29 of Decree No. 64/2002, implementing the Financial Inspection Act. The report was submitted to the Ministry of Finance of the Czech Republic on the required date.

During the year 2004, employees of the Audit Department attended several training courses organised by the Czech Internal Auditors Institute.

Tables
to the Report on the Activities of the Czech
Telecommunication Office
for 2004

**Overview of licences and number allocation decisions
issued in 2004**

Telecommunications licences

Telecommunications activities		Number of decisions to*)					
		grant	withdraw	grant	withdraw	grant	withdraw
		telecommunication licence					
		2002		2003		2004	
1.	Provision of public telephone service through public fixed telecommunications network	9	0	5	2	6	0
2.	Provision of public telephone service through public mobile telecommunications network	1	0	0	0	2	0
3.	Installing and operating public telecommunications network except telecommunications networks solely intended for one-way dissemination of signals via lines	29	1	13	3	10	0
Total		39	1	18	5	18	0

Number allocation

Number allocation	Number of decisions to *)								
	allocate	withdraw	change	allocate	withdraw	change	allocate	withdraw	change
	number allocation								
	2002			2003			2004		
	208	39	13	240	31	35	212	56	87

*) 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 2004

Number and Name of General Licence		Number of registration certificates					
		issued	cancelled	issued	cancelled	issued	cancelled
		2002		2003		2004	
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	49	0	29	0	29	3
GL-25/S/2000	for provision of additional and other telecommunications services based on voice transmission	110	2	83	3	66	3
GL-26/S/2000	for provision of additional and other telecommunications services based on data transmission	57	1	43	1	54	1
GL-27/S/2000	for provision of data transmission telecommunications services	48	2	110	2	384	3
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	477	4	657	4	1132	8
GL-29/S/2000	for provision of telecommunications service of telecommunication circuits leasing	38	0	25	0	41	1
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	48	3	24	0	16	0
GL-32/S/2001	for provision of public telecommunications service of public paging	0	0	0	0	0	0
GL-33/S/2001	for provision of telecommunications service of sound and television broadcasting signal distribution through terrestrial transmitters	6	0	0	0	2	0
GL-34/S/2001	for provision of public telecommunications services of data transmission and other information through satellite communication	4	0	4	0	2	0
GL-35/S/2001	for provision of public telecommunications services of sound and television broadcasting signal transmission through satellite communication	1	0	0	0	2	0
Total		838	12	975	10	1728	19

Decisions in the area of public telecommunications networks interconnection in 2004

Matter	Number of commenced	Number of issued	Number of commenced	Number of issued	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	
	2002		2003		2004					
1. Network interconnection or access to networks ¹⁾	29	14	38	23	19	32	4	1	27	24
2. Amendments to contracts of network interconnection or access to networks ²⁾	4	4	0	0	1	2	0	0	2	2
3. Reference offer of interconnection ³⁾ , reference offer of access ⁴⁾	0	0	3	3	2	2	1	0	3	0
4. Amendments to contracts of access ⁵⁾	0	0	0	0	0	5	0	0	2	3
5. Disputes arising after signature of network interconnection contract ⁶⁾	8	4	6	6	1	3	0	0	3	1
6. Other ⁷⁾	4	3	1	1	1	7	0	0	4	4

Matter	Number of solved pricing decisions/addendums in the current year		Number of issued	Number of solved pricing decisions/addendums in the current year		Number of issued	Number of pricing decisions/addendums from previous period	Number of solved pricing decisions/addendums in the current year		Number of pricing decisions/addendums issued		Number of pricing decisions/addendums to continue being considered in the next period				
	2002			2003				2004								
	7. Disputes about interconnection prices ^{8) *)}	12	0	9	0	15	5	7	2	8	3	9	7	3	6	5

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

²⁾ Article 39 (3) TA, ³⁾ Art. 39 (7) TA, ⁴⁾ Art. 37b (1, let. a) TA, ⁵⁾ Art. 37b (1, let. d) TA, ⁶⁾ Art. 40 (4) TA, ⁷⁾ Art. 38 (2) and Art.40 (3) TA, ⁸⁾ Art.78 (5) TA

^{*)} In one of these cases the reason of its issue feel away during the year 2004.

Overview of the numbers of permissions to operate radio transmission equipment for 2004

Telecommunications activities		Number of decisions ⁴⁾					
		to grant			to withdraw		
		permission in					
		2002	2003	2004	2002	2003	2004
1.	Fixed service						
	total	8177	2802	4766	556	1439	1241
	of this:						
	point-to-point	7867	2687	4598	498	1390	1203
	point-to-multipoint	310	115	168	58	49	38
2.	Amateur service						
	total	961	794	881	2	4	0
	of this						
	individuals	885	695	726	0	0	0
	club stations	39	45	108	0	0	0
	foreigners ¹⁾	21	37	34	0	0	0
	repeaters & packet nodes	16	17	13	2	4	0
3.	Satellite service						
	total	167	55	72	498	25	10
	of this:						
	VSAT	135	10	6	496	25	10
	SNG	32	45	66	2	0	0
4.	Aeronautical service						
	total	968	432	642	987	265	137
	of this:						
	aircraft stations ²⁾	862	368	613	945	242	136
	aviation stations ³⁾	106	64	29	42	23	1
5.	Maritime service						
	total	169	243	89	85	127	46
6.	Broadcasting service						
	total	124	232	271	32	118	50
	of this:						
	television equipment	62	188	205	21	100	30
	radio equipment	62	44	66	11	18	20
7.	Land mobile service						
	total	1228	2291	652	1064	967	725
	of						
	radio telephone networks	442	1049	295	587	413	357
	data & telemetric networks	718	1115	346	436	518	366
	paging	68	127	11	41	36	2
8.	Short-term permissions						
	total	83	131	196	0	0	0
	of						
	fixed service	56	93	111	0	0	0
	land mobile service	24	24	70	0	0	0
	radio service	3	14	15	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

VSAT - very small aperture terminal

SNG - satellite news gathering

**Examination of special competence to operate transmitting radio stations
in 2004**

Type of Special Competence Certificate ⁾		Number of certificates issued on the basis of examination		Persons who filed for examination	Number of certificates issued upon:	
		2002	2003		exam	application for extension of duplicate
				2004		
1.	General radiotelephone operator's certificate of aeronautical mobile service	151	178	227	151	465
2.	Restricted radiotelephone operator's certificate of aeronautical mobile service	597	584	598	624	578
3.	Radiotelephone operator's general certificate (of maritime mobile service)	150	115	194	249	105
4.	Radiotelephone operator's restricted certificate (of maritime mobile service)	628	337	224	109	214
5.	General operator's certificate of maritime mobile service (GMDSS)	0	0	0	0	53
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	0
8.	Amateur radio operator's certificate (HAREC Certificate)	94	121	106	97	0
C e l k e m		1620	1335	1349	1230	1415

⁾ 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 2004 ¹⁾**

Type of decision		number of decisions issued ²⁾ in		
		2002	2003	2004
1. A	Approval of the type of terminal equipment	286	37	0
	<i>including:</i>			
	a) Telephones	45	4	0
	b) Coin and card pay telephones	2	0	0
	c) Cordless telephones	25	4	0
	d) Answering and recording machines	16	0	0
	e) Security equipment	16	1	0
	f) Faxes, fax modem cards	118	23	0
	g) Modems, modem cards	14	3	0
	h) Direction finders	1	0	0
	i) Private branch exchanges, switching equipment	34	1	0
	j) Teleprint equipment	0	0	0
	k) Equipment with digital interfaces, ISDN	4	0	0
l) Auxiliary passive equipment	11	1	0	
1. B	Approval of the type of radio equipment	171	21	0
	<i>including:</i>			
	a) Radio and TV transmitters, boosters	11	0	0
	b) Radio relay equipment	61	13	0
	c) Equipment for special services (radars, amateur rigs)	0	0	0
	d) PPS radio stations, including data transmission	67	7	0
	e) Citizen band radios	0	0	0
	f) Radio telephones	20	1	0
	g) Command and security equipment	3	0	0
	h) Paging	3	0	0
	i) Other radio equipment	0	0	0
j) Satellite communication equipment	6	0	0	
2. A	Approval of technical capability of individually produced terminal equipment	1	0	0
2. B	Approval of technical capability of individually produced radio equipment	18	7	0
3.	Decisions on the use for test purposes of radio equipment whose type was neither approved nor acknowledged	6	1	0
Total		482	66	0

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, as amended. This equipment is subject to the conformity assessment regime based on Government Order 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 2004

Type of assessment		Number of assessments issued ²⁾ in:		
		2002	2003	2004
1.	Based on Annex No. 4 to Government Order No. 426/2000 Coll.²⁾ (assessment of technical construction documents and data) <i>including:</i>	0	23	19
	a) Telecommunications terminal equipment (voluntary decision of the manufacturer/importer to apply Annex No. 4)	0	2	0
	b) Radio equipment assessed according to harmonized standards (voluntary decision of the manufacturer/importer to apply Annex No. 4)	0	4	1
	c) Radio equipment – TV transmitters and boosters assessed according to non-harmonized standards	0	3	2
	d) Radio equipment – radio relay (rr) communications assessed according to non-harmonized standards	0	14	15
	e) Radio equipment – substructural stations CDMA assessed according to non-harmonized standards	0	0	1
2.	Based on Annex No. 5 to Government Order No. 426/2000 Coll.¹⁾ (assessment of complete quality assurance) <i>including:</i>	2	8	0
	a) Manufacturers of telecommunications terminal equipment	0	1	0
	b) Manufacturers of radio equipment	2	7	0
Total		2	31	19

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 Czech Office for Standards, Metrology and 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, as amended. 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 2004**

Inspecting activities

Inspections focused on:	APs*co- mpleted 2)	Decisi- ons issued 1)	Fines imposed		APs* comple- ted ²⁾	Decisi- ons issued 1)	Fines imposed		APs* comple- ted ²⁾	APs* from previous periods	APs* com- menced	Decisi- ons issued 1)	Other ³⁾	Fines imposed		APs*rol- led over to next period
			Num- ber	Amount in CZK			Num- ber	Amount in CZK						Num- ber	Amount in CZK	
1. Compliance with the conditions of telecom licence (authorization to: a) install and operate public telecommunications network	1	5	2	800 000	829	2	2	250 000	40	1	3	3	0	1	50 000	1
b) provide public telephone services through public fixed network	45	2	2	220 000	3565	4	4	3 265 000	227	0	9	7	0	6	360 000	2
c) provide public telephone services through public mobile network	9	1	1	100 000	1785	2	1	10 000	594	1	4	2	0	1	400 000	3
2. Compliance with the conditions of: a) general licence or authorization to provide telecom services	21	5	5	102 000	58	23	20	8 541 000	138	2	9	10	0	10	8 112 000	1
b) general licence to provide the lease line telecom service	0	0	0	0	1	0	0	0	2	0	1	0	0	0	0	1
c) general licence to install and operate public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	31	3	1	100 000	40	3	1	5 000	35	0	1	1	0	1	10 000	0
d) general licence to operate radio transmission equipment	83	73	65	606 000	107	23	22	512 400	52	8	46	48	0	40	1 429 500	6
e) permission to operate radio transmission equipment	496	54	44	2 561 100	434	20	18	509 000	430	2	52	50	1	41	380 000	3
3. Compliance with the conditions for the displaying of terminal telecommunications equipment and radio equipment and the launching thereof to the market	21	7	7	216 000	34	1	1	20 000	40	0	0	0	0	0	0	0
4. Compliance with the conditions for connecting telecommunications terminal equipment to public telecommunications network	24	24	24	353 900	18	20	21	203 150	6	0	0	0	0	0	0	0
5. Unauthorized telecommunications activities (without licence, permission, authorization or certificate of registration)	641	241	224	6 120 450	138	131	121	4 823 250	147	5	81	78	0	73	1 049 050	8
6. Investigation within the procedure of objections against the handling of claim in respect of the settlement of prices for telecommunications services	737	0	0	0	678	0	0	0	348	0	0	0	0	0	0	0
7. Other	469	6	3	27 000	967	19	10	175 000	913	3	14	15	0	6	16 500	2
T o t a l	2578	421	378	11 206 450	8654	248	221	18 313 800	2972	22	220	214	1	179	11 807 050	27

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 2004

Decisions and sanctions

Disputes and fines	Decisions issued ¹⁾	Fines imposed		Decisions issued ¹⁾	Fines imposed		APs* from previous periods	APs* commenced	Decisions issued	Other ²⁾	Fines imposed		APs* rolled over to next period
		Number	Amount in CZK		Number	Amount in CZK					Number	Amount in CZK	
	2002		2003		2004								
1. Fines imposed for:													
a) faults found during inspections (according to Table No. 6)	421	378	11 206 450	248	221	18 313 800	22	220	214	1	179	11 807 050	27
b) banned activities in protective zone	1	0	0	0	0	0	0	1	1	0	1	1 000	0
c) unauthorized reception, use or interruption of telecommunications service or any other intervention in it	413	372	3 503 700	619	516	4 082 300	101	601	642	3	453	4 598 075	57
d) hindering the performance of state telecommunications inspection	1	1	50 000	1	1	30 000	0	0	0	0	0	0	0
e) other faults (including data from Table No 8)	115	92	1 125 850	36	22	1 035 600	1	28	26	0	19	208 900	3
2. Disputes between public telecommunications networks operators	26	1	250 000	21	3	6 350 000	6	17	14	0	4	7 650 000	9
Total	977	844	16 136 000	925	763	29 811 700	130	867	897	4	656	24 265 025	96

¹⁾ 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 2004

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⁾	Investigations 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	
		2002				rok 2003				rok 2004						
1.	Radio and television reception	1560	88	68	534 750	1417	17	9	233 000	1603	0	9	8	10	27 000	1
2.	Radio equipment and networks	71	6	6	32 700	82	1	1	15 000	84	0	2	2	1	2 000	0
3.	Public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	150	4	3	8 500	129	2	0	0	544	0	6	6	1	1 900	0
4.	Other	22	3	2	115 000	29	1	0	0	4	0	0	0	0	0	0
Total		1803	101	79	690 950	1 657	21	10	248 000	2235	0	17	16	12	30 900	1

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 2004

	Activity focused on:	Inspection in the year		
		2002	2003	2004
	Frequency spectrum monitoring			
	a) for frequency spectrum administration	4898	4442	3926
1.	b) within the international frequency spectrum monitoring system*)	61	2	29
	Detection of sources of interference with the operation of telecommunications equipment and networks, provision of telecommunications services, or with the operation of radiocommunications services			
	a) radio and television reception	53	71	68
	b) radio equipment and networks	89	78	82
	c) public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	5	5	3
2.	d) other	24	38	43
	Frequency spectrum monitoring			
	a) radio equipment and networks	1043	733	628
	b) terminal equipment	2	0	1
	c) public telecommunications networks designed solely for one-way dissemination of television or radio signals via lines	2	5	3
3.	d) other	48	112	23
	Finding of unauthorized transmission radio stations			
4.	Number of unauthorized stations detected	355	115	114

*) 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 2004**

Disputes	APs* com- menced	APs* com- pleted ⁴⁾	APs* com- menced	APs* com- pleted ⁴⁾	APs* from previous periods	APs* com- menced	APs* com- pleted	of this				APs* rolled over to next period	
								number of issued decisions ¹⁾			Other ²⁾		
								in favor of subscriber	in favour of provider	suspen- ded			
2002		2003		2004									
1. Breach of general conditions	1	3	14	14	0	2	0	0	0	0	0	0	2
2. Disputes between user/subscriber and the telecom service provider ³⁾	119	108	172	164	44	151	155	39	75	38	3	40	
3. Objections against the handling of claim in respect of settlement of the price for telecom services	959	951	1024	1094	129	662	631	80	356	126	69	160	
4. Disputes on payments based on the contract between the subscriber and the telecom service provider	68537	68172	60574	67899	9255	38887	41223	1029	38181	959	1054	6919	
5. Other disputes	0	1	9	7	2	18	19	6	7	0	6	1	
T o t a l	69616	69235	61793	69178	9430	39720	42028	1154	38619	1123	1132	7122	

¹⁾ 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 2004**

Matters subject to administrative proceedings	Applicable Articles ¹⁾	Submis- sions receiv- ed	Settled ^{**)}	Submis- sions receiv- ed	Settled ^{**)}	Out-stand- ing from previous period	Submis- sions receiv- ed	Total to consider	Settled	Rolled over to next period
		2002		2003		2004				
1. Objections against the handling of claims	Art. 95(8)(c)	166	164	300	194	134	130	264	227	37
2. Payments – ČESKÝ TELECOM, a.s.	Art. 95(8)(d)	464	525	438	415	101	333	434	392	42
– Eurotel Praha spol. s r.o.		496	411	412	487	56	199	255	203	52
–T-Mobile Czech Republic a.s. (till 30.4.2003 RadioMobil a.s.)		673	634	639	654	116	289	405	357	48
– Český Mobil a.s..		3	4	0	0	0	0	0	0	0
– Other service providers		6	5	28	9	16	89	105	84	21
3. Other disputes in respect of the general conditions	Art. 95(8)(a), (b), (e), (f)	6	8	2	4	0	9	9	7	2
4. Regulation of telecommunications activities	Arts. 13-54; 68-76	32	38	18	15	2	42	44	33	11
5. Frequency spectrum administration	Arts. 65-67	7	7	3	5	0	11	11	11	0
6. Telecommunications equipment	Arts. 4 -12	1	2	0	0	0	0	0	0	0
7. Sanctions imposed on undertakings	Art. 97(1), (2) [except 1(s)]	106	128	117	100	9	95	104	91	13
repeatedly imposed on undertakings	Art. 98	0	0	0	0	0	3	3	2	1
imposed on individuals	Art. 97(3) [except (f)]	26	29	36	32	3	27	30	17	13
repeatedly imposed on individuals	Art. 98	0	0	0	0	0	1	1	1	0
for non-payment of fees - undertakings	Art. 97(1)(s)	4	4	3	3	0	0	0	0	0
for non-payment of fees - individuals	Art. 97(3)(f)	2	2	0	0	0	2	2	2	0
8. Other decisions in administrative proceedings	Art. 95	55	45	54	61	4	53	57	45	12
9. Decision in respect of non-payment of administrative fee		12	8	3	8	0	4	4	4	0
10. Administrative submissions (extension of period etc.)		1067	1086	848	828	0	839	839	839	0
11. Competence (jurisdiction) conflicts		84	65	52	82	65	20	85	65	20
12. Cases that need to be completed	Art. 107 (transient provis.)	0	1	0	0	0	0	0	0	0
13. Decisions in execution proceedings		0	0	23	17	0	18	18	13	5
T o t a l		3210	3166	2976	2914	506	2164	2670	2393	277

¹⁾ Article (§) of Act No. 151/2000 Coll., on Telecommunications and on Amendments to Other Acts, as amended

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

Indicators of budget head 328 (in CZK '000)

Parameters		Actual income & expenses 2003	Approved budget 2004	Adjusted budget 2004	Permitted budget overdraft ^{*)}	Actual 2004 including permitted overdraft	% Compliance	Diference between columns 5 - 1
		1	2	3	4	5	6	7
I.	Summarising parameters							
1.	Non-tax income, capital income and subsidies received, total	1 105 062	5 220 000	5 220 000		5 899 616	113,02	4 794 554
2.	Total expenses	X) 344 529	467 343	469 419	+ 3 000	X) 471 511	100,45	126 982
II.	Partial parameters of expenditures							
1.	Individual partial parameters							
	Employee salaries and other payments for work done	125 590	126 818	128 513	+ 3 000	131 513	102,33	5 923
	of this, PSP 501	124 566	125 923	127 438	+ 3 000	130 438	102,35	5 872
	Mandatory insurance paid by employer ¹⁾	43 957	44 386	44 917	xx) + 1 050	45 967	102,34	2 010
	Allocation to Welfare Fund	2 491	2 518	2 548	xx) + 60	2 608	102,35	117
	Expenses to finance the asset replacement programmes, total, as per Annex No. 5	X) 54 534	139 000	139 000		X) 138 915	99,94	84 381
2.	Specific partial parameters							
	Employee salaries and other payments for work done in public administration	125 590	126 818	128 513	+ 3 000	131 513	102,33	5 923
	of this, public servants	124 566	125 923	127 438	+ 3 000	130 438	102,35	5 872
	Non-investment allocations (transfers) to international organizations	X) 1 254	1 800	1 800		X) 1 793	99,61	539
	Expenses from state budget to finance the joint EU-Czech programmes, total	14 968	15 000	40 000		38 800	97,00	23 832
	of this:							
	Expenses to finance the programs (projects) of incoming instruments	14 968	15 000	40 000		38 800	97,00	23 832
	Phare	14 968	15 000	40 000		38 800	97,00	23 832

¹⁾ Mandatory social insurance & contribution to the employment policy of the State; insurance premiums for public health insurance

^{*)} See Letters of Ministry of Finance Ref. No.19/69 008/2004 of 17. 6.2004

^{x)} Including transfer of saved amounts to the Reserve Fund

^{xx)} Permitted overdraft will covered by resources of Art. 2461-item 5166

Overview of income for 2004 (in CZK '000)

Budget structure	Item	Parameters	Actual income in 2002	Actual income in 2003	Approved budget 2004	Adjusted budget 2004	Actual income in 2004	% Compliance	Difference between columns 5 - 2
			1	2	3	4	5	6	7
		Total income including:	1 997 301	1 105 062	5 220 000	5 220 000	5 899 616	113,02	4 794 554
	2111	Income from provision of services	1 995 332	1 102 611	5 219 948	5 219 948	5 895 562	112,94	4 792 951
	2132	Income from lease of other real property and parts thereof	73	62	52	52	52	100,00	-10
	2141	Interest income	12	12			27		15
	2310	Income from sale of assets other than fixed assets	53	19			67		48
	2322	Insurance compensations received	0	37			24		-13
	2324	Non-capital contributions and compensations received	250	241			169		-72
	2329	Other non-tax income	122	51			253		202
	3119	Income from sale of fixed assets	449	57			310		253
	4132	Transfers from other own funds and accounts not being of public-budget nature	1 010	91			152		61
	4135	Transfers from the funds of the organization units of the State	0	1881			3 000		1 119

Czech Telecommunications Office

Overview of current expenses in 2004 (in CZK '000)

Budget structure	Item	Parameters	Actual expenses 2002	Actual expenses 2003	Approved budget 2004	Adjusted budget 2004	Permitted budget overdraft*1)	Actual 2004 including permitted overdraft	% Compliance	Difference between columns 6 - 2
			1	2	3	4	5	6	7	8
		Total current expenses	238 794	297 719	336 343	338 419	+ 3 000	340 563	100,63	42 844
		<i>including:</i>								
Article 2461		Activities of state administration bodies in telecoms	221 584	283 390	307 123	309 199	+ 3 000	311 495	100,74	28 105
		<i>including:</i>								
	5011	Employees' salaries	111 256	124 566	125 923	127 438	+ 3 000	130 438	102,35	5 872
	5021	Other personnel costs	813	853	895	853		853	100,00	0
	5024	Severance pay	40	171	0	222		222	100,00	51
	5031	Mandatory insurance – social security and contribution to the Government's employment policy	29 176	32 654	32 973	33 367	+ 805	34 172	102,41	1 518
	5032	Mandatory insurance – health insurance	10 062	11 303	11 413	11 550	+ 245	11 795	102,12	492
	5132	Protective aids	74	83	100	100		39	39,00	-44
	5134	Work clothing and footwear	0	0	20	20		0	0,00	0
	5136	Books, teaching aids, press	854	599	700	808		807	99,88	208
	5137	Low-value long-term tangible assets	4 223	7 673	4 450	5 950		4 878	81,98	-2 795
	5139	Purchase of material	6 571	29 722	50 395	50 286		5 653	11,24	-24 069
	5151	Cold water	171	209	250	299		277	92,64	68
	5152	Payments for district heating supply	910	862	1 140	1 140		869	76,23	7
	5153	Gas	428	315	400	400		346	86,50	31
	5154	Electricity	1 822	1 870	2 000	2 000		1 680	84,00	-190
	5156	Fuels and lubricants	1 795	1 840	2 400	2 400		1 878	78,25	38
	5157	Warm water	0	5	10	10		0	0,00	-5
	5161	Postal services	7 422	7 870	8 000	7 420		5 201	70,09	-2 669
	5162	Telecommunications and radiocommunications services	7 662	4 305	5 674	4 160		4 114	98,89	-191
	5163	Banking services	263	284	470	470		288	61,28	4
	5164	Rental	6 882	6 944	7 050	7 050		6 594	93,53	-350
	5166	Consulting, advisory and legal services	1 722	9 036	16 000	16 000	- 1 110	9 907	61,92	871
	5167	Training and educational services	1 269	1 697	1 500	1 901		1 901	100,00	204
	5168	Data processing services	6	6	50	50		6	12,00	0
	5169	Purchase of services	19 068	19 913	23 872	23 612		21 531	91,19	1 618
	5171	Repairs and maintenance	3 689	5 214	4 500	4 700		4 525	96,28	-689

Table No. 15
part 2

Budget structure	Item	Parameters	Actual expenses 2002	Actual expenses 2003	Approved budget 2004	Adjusted budget 2004	Permitted budget overdraft*1]	Actual 2004 including permitted overdraft	% Compliance	Difference between columns 6 - 2
			1	2	3	4	5	6	7	8
Article 2461 continued	5172	Computer software	819	7 603	2 000	2 000		1 369	68,45	-6 234
	5173	Travel expenses (inside Czech Republic)	1 838	1 776	2 000	2 000		1 951	97,55	175
	5175	Entertainment	138	146	200	200		146	73,00	0
	5192	Expenses for non-investment contributions and compens	21	4	10	35		12	34,29	8
	5195	Levies for not employing disabled persons	78	91	100	100		0	0,00	-91
	5342	Allocation to Welfare Fund	2 225	2 491	2 518	2 548	+ 60	2 608	102,35	117
	5346	Allocations to other (OSS**) funds – Reserve Fund	200	3 220	0	0		57 367		54 147
	5361	Purchase of duty stamps	1	0	0	0		0		0
	5362	Payments of taxes and charges	53	52	70	70		57	81,43	5
	5363	Payments (in respect of sanctions) to other budgets	0	11	0	0		0		-11
5429	Compensations paid to individuals	33	2	40	40		11	27,50	9	
Article 2491		International co-operation in telecommunications	8 921	8 382	14 120	14 120	0	13 993	99,10	5 611
		<i>including:</i>								
	5136	Books, teaching aids, press	122	116	300	300		118	39,33	2
	5167	Training and educational services	0	0	0	0		0		0
	5169	Purchase of services	13	187	1 500	1 500		37	2,47	-150
	5173	Travel expenses (outside Czech Republic)	6 572	6 626	10 250	10 250		9 018	87,98	2 392
	5175	Entertainment	62	166	210	210		110	52,38	-56
	5179	Other purchases	2	31	40	40		14	35,00	-17
	5194	Gifts	19	2	20	20		3	15,00	1
	5346	Allocations to (OSS**) funds – Reserve Fund	930	75	0	0		3 120		3 045
	5511	Non-investment transfers to international organizations	1 201	1 179	1 800	1 800		1 573	87,39	394
Article 2549		General economic services	8 289	5 947	15 000	15 000	0	14 996	99,97	9 049
		<i>including:</i>								
	5166	Consulting, advisory and legal services	8 239	5 947	15 000	15 000		11 196	74,64	5 249
	5346	Allocations to (OSS**) funds – Reserve Fund	50	0	0	0		3 800		3 800
Article 5273		Other maintenance in the area of crisis management	0	0	100	100	0	79	79,00	79
		<i>including:</i>								
	5137	Low-value long-term tangible assets	0		50	78		77	98,72	77
	5139	Purchase of material	0		50	22		2	9,09	2

*)See letters from Ministry of Finance Ref. No.19/69 008/2004 - 191 of 17. 6. 2004

Overview of capital expenditures in 2004 (in CZK '000)

Budget structure	Item	U k a z a t e l	Actual in 2002	Actual in 2003	Approved budget 2004	Adjusted budget 2004	Actual in 2004	% Compliance	Difference between columns 5 - 2
			1	2	3	4	5	6	7
Article 2461		Capital expenses, total <i>including:</i>	22 996	46 810	131 000	131 000	130 948	99,96	84 138
	6111	Computer software	9 474	26 944	28 177	38 143	38 124	99,95	11 180
	6119	Other purchases of long-term intangible assets	0	819	0	18 813	18 812	99,99	17 993
	6121	Buildings and constructions	0	2 023	25 887	48 219	48 219	100,00	46 196
	6122	Equipment (machines, instruments, equipment)	2 151	10 614	54 943	15 720	15 471	98,42	4 857
	6123	Vehicles	2 519	3 344	6 000	2 394	2 393	99,96	-951
	6125	Computer hardware	8 852	2 581	15 993	7 711	7 709	99,97	5 128
	6361	Investment-type transfers to OSS**) fund – Reserve Fund	0	485	0	0	220		-265

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

Overview of employment regulation limits as at 31 December 2004 (in CZK '000)

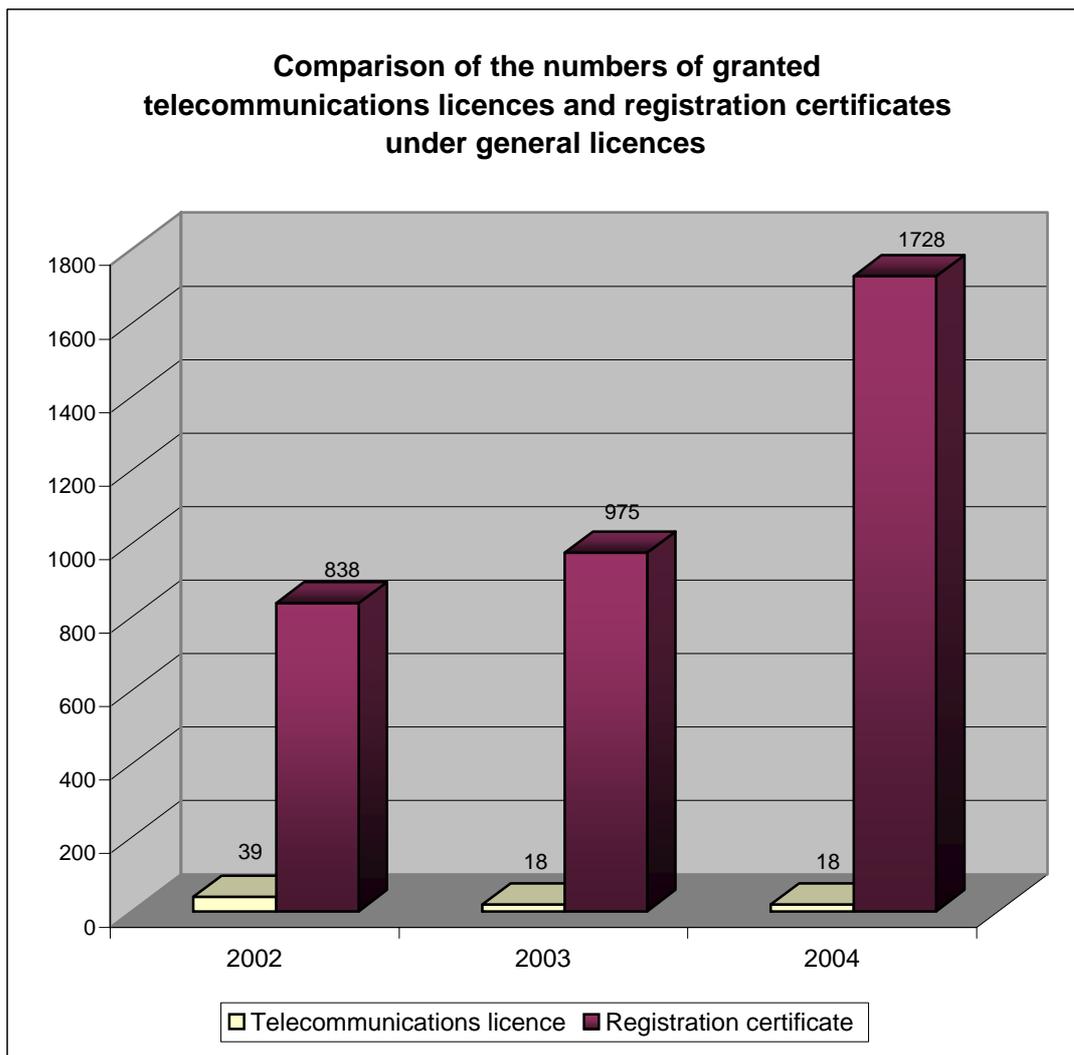
Parameters	Actual in 2002	Actual in 2003	Approved budget 2004	Adjusted budget 2004	Actual in 2004	% Compli- ance	Difference between columns 5 - 2
	1	2	3	4	5	6	7
Limit of funds for salaries and other payments for work done: <i>including:</i>	112 109	125 589	126 818	128 513	131 512	102,33	5 923
Limit of funds for salaries	111 256	124 566	125 923	127 438	130 438	102,35	5 872
Limit of funds for other payments for work done	853	1 023	895	1 075	1 074	99,91	51
Limit on the number of employees (average full-time equiv.)	474	477	476	476	470	98,74	-7
Number of employees as at 31 December	481	478	476	476	472	99,16	-6

**Provision of information according to Act No. 106/1999 Coll.,
on Free Access to Information –
in 2004**

	2002	2003	2004
1. Number of filled applications for provision of information	13	6	12
2. Number of decisions not to provide information	2	0	2
3. Number of filled appeals against the decision	2	0	2

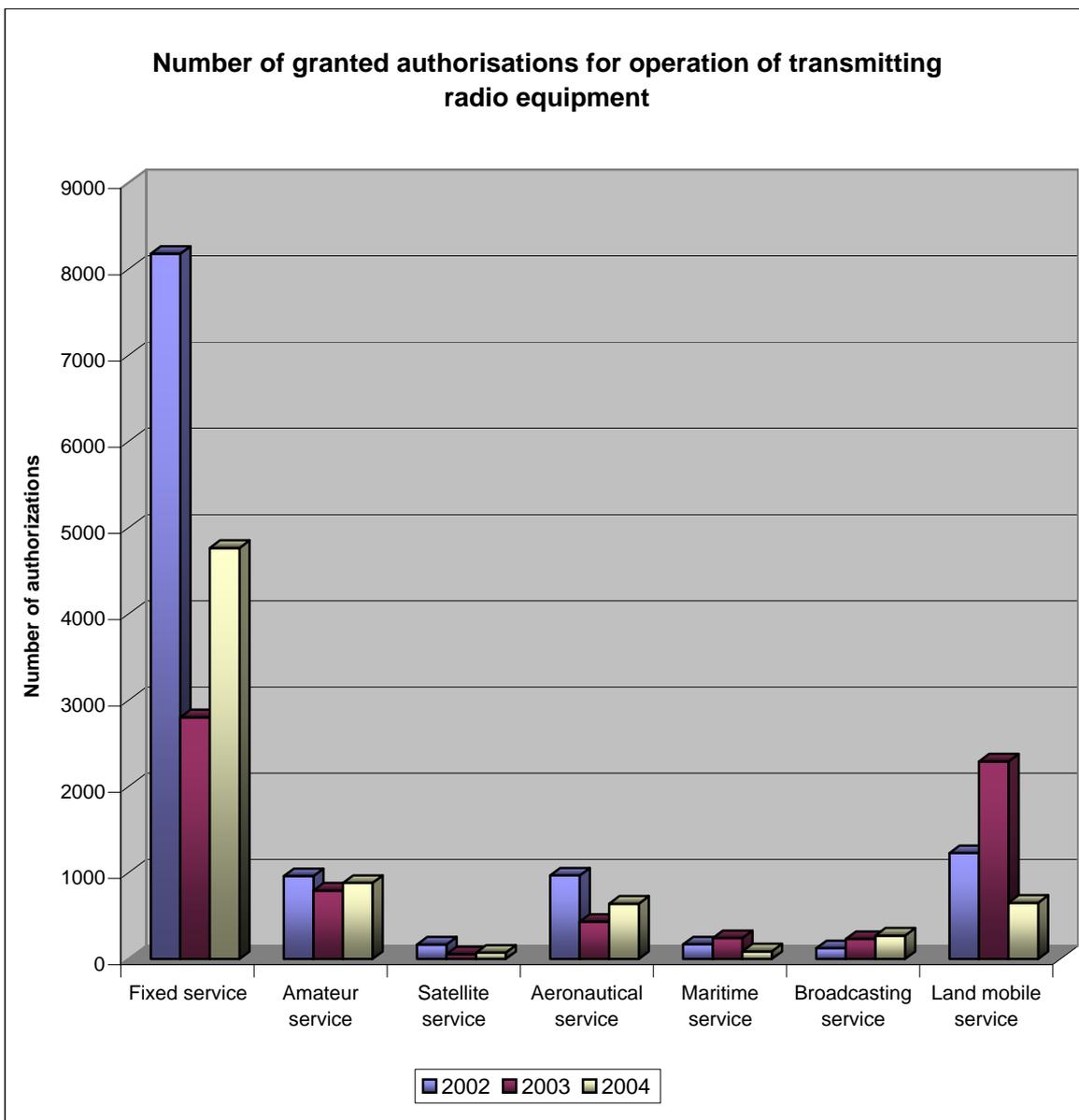
Comparison of the numbers of granted telecommunications licences and registration certificates under general licences

	2002	2003	2004
Telecommunications licence	39	18	18
Registration certificate	838	975	1728



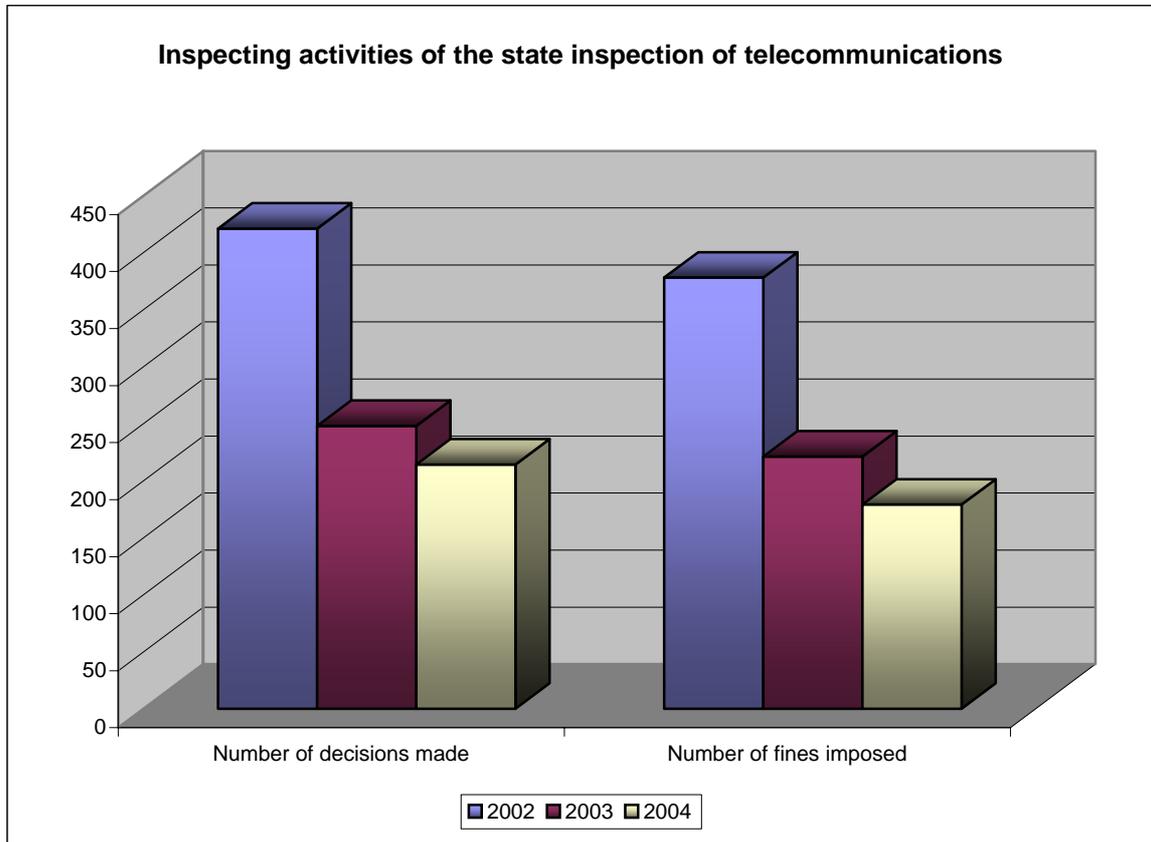
Number of granted authorisations for operation of transmitting radio equipment

	2002	2003	2004
Fixed service	8177	2802	4766
Amateur service	961	794	881
Satellite service	167	55	72
Aeronautical service	968	432	642
Maritime service	169	243	89
Broadcasting service	124	232	271
Land mobile service	1228	2291	652

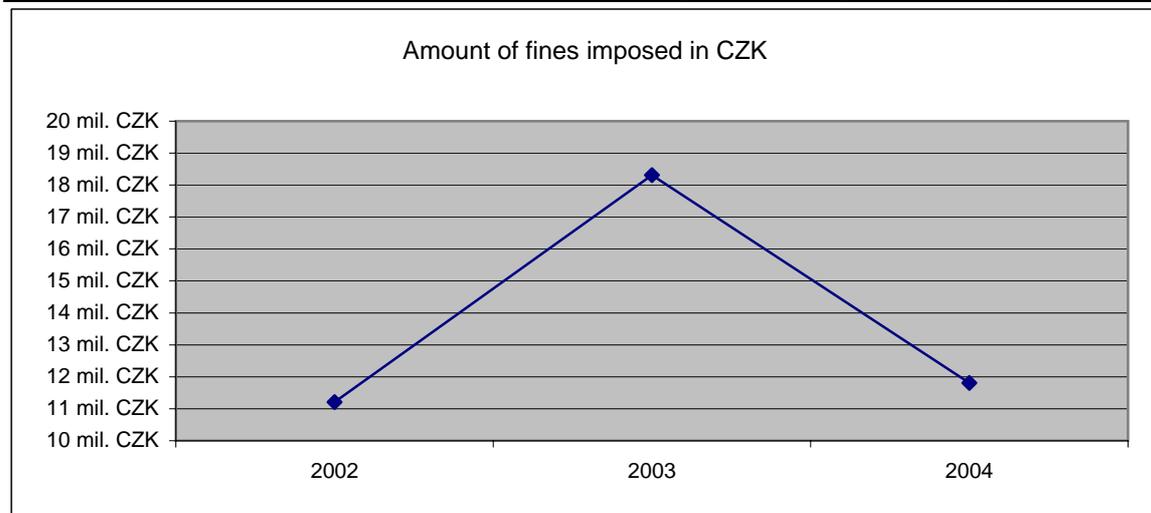


Inspecting activities of the state inspection of telecommunications

	2002	2003	2004
Number of decisions made	421	248	214
Number of fines imposed	378	221	179

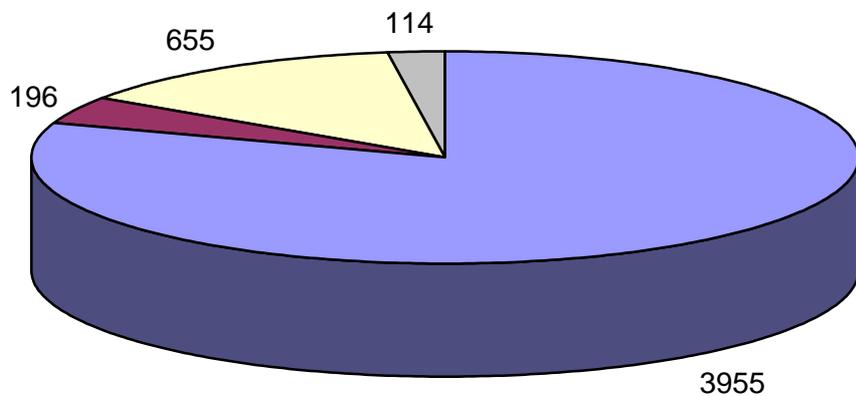


	2002	2003	2004
Amount of fines imposed in CZK	11 206 450	18 313 800	11 807 050



Activities of the controlling and measuring centers of State inspection of telecommunications in 2004

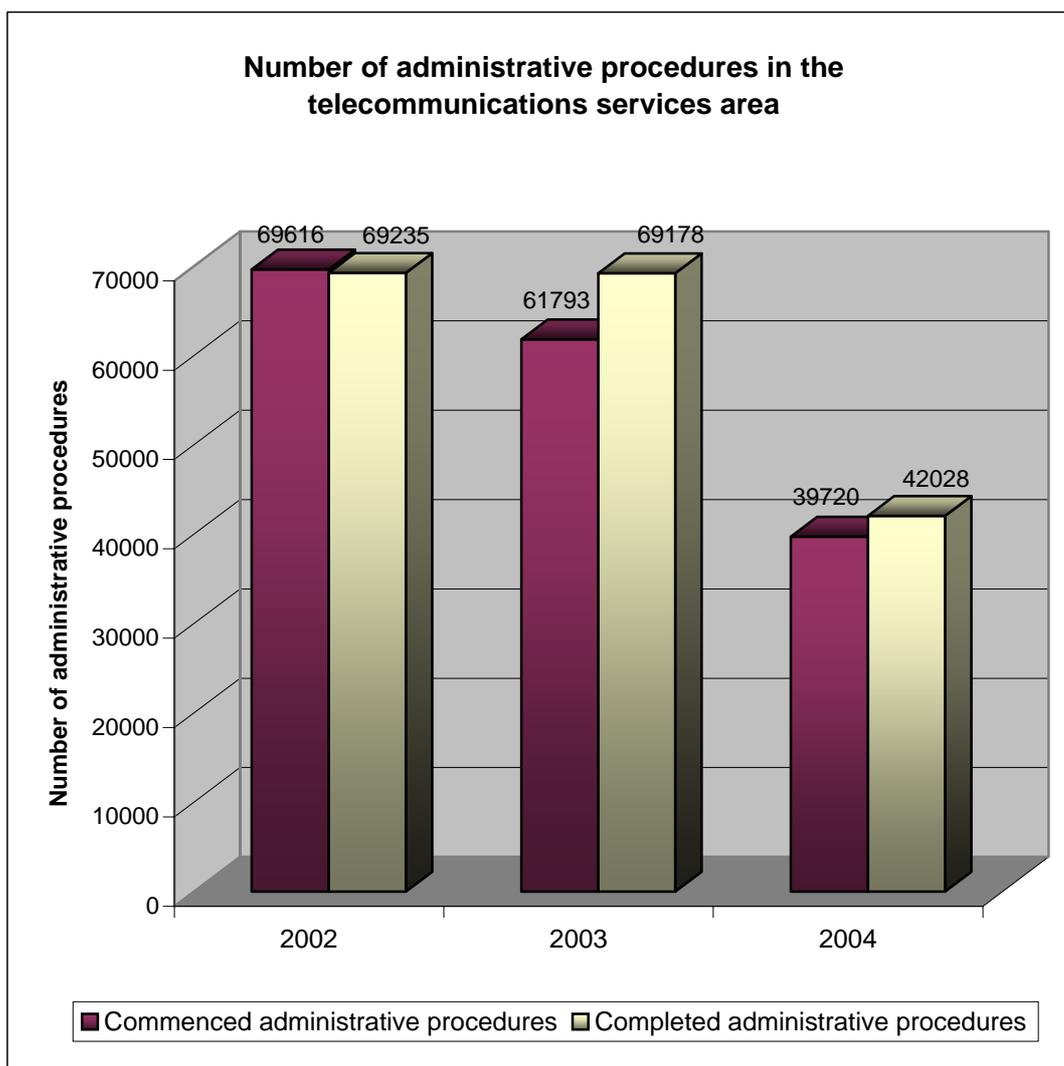
Monitoring the frequency spectrum	3955
Detecting the sources of interference with the operation of telecommunications equipment and networks or with the provision of radiocommunication services	196
Inspection for compliance with the statutory conditions, implementing regulations and the CTO's decisions	655
Direction finding of unauthorized transmitting radio stations	114

Activities of the controlling and measuring centers of State inspection of telecommunications in 2004**Number of inspections**

- Monitoring the frequency spectrum
- Detecting the sources of interference with the operation of telecommunications equipment and networks or with the provision of radiocommunication services
- Inspection for compliance with the statutory conditions, implementing regulations and the CTO's decisions
- Direction finding of unauthorized transmitting radio stations

Number of administrative procedures in the telecommunications services area

	2002	2003	2004
Commenced administrative procedures	69616	61793	39720
Completed administrative procedures	69235	69178	42028



Structure of commenced administrative procedures in the telecommunications services area

	2002	2003	2004
Objections against how complaint against telecommunications price settlement was handled	959	1024	662
Disputes regarding payments based on contract between the subscriber and the telecommunications service	68537	60574	38887
Other	120	195	171

