



Czech telecommunication office

April 2016

Telegraphically on communications

Jaromír Novák will continue to be the Chairman of CTU Council

On 27 April, the government appointed Mr Jaromír Novák the Chairman of CTU Council for the subsequent period. He will therefore be continuing as the head of the regulator even after 15 May when his current mandate is over.

CTU published its annual report for 2015

On 22 April CTU Council approved CTU annual report for 2015. The first part of the report is focused primarily on evaluating the basic indicators of decisive segments of the electronic communications services market and postal services market. In other sections, the report comments in detail about the activities that CTU secures, as well as achieved results in individual areas, including comments to the international activities of CTU.

An auction has begun for the 1800 MHz and 2600 band frequencies that have not yet been assigned

On 27 April, in accordance with the time schedule, the auction phase of the Tender for the purpose of granting rights to use radio frequencies to secure public communication networks in bands 1800 MHz and 2600 MHz began. The tender was announced on 8 February 2016.

Czech Post increased profits in 2015

On 26 April 2016, Czech Post announced its financial results for 2015¹. They show that in 2015 Czech Post maintained positive economic results. Consolidated profit before tax grew year-on-year by 36.62% to 291 million CZK; Czech Post posted a profit before tax in the amount of 302 million CZK and thus posted a year-on-year profit increase of 25.31%. Overall, consolidated operating revenues rose by 5.22% year-on-year to 20,285 million CZK. As a result of accounting accruals to offset the net cost of universal service for 2015 in the amount of 700 million CZK, other operating income increased by 701 million CZK. There was a year-on-year decline in revenues from postal operations by 102 million CZK to 14,340 million CZK. The amount of domestic letter mail (ordinary, registered and insured letters) recorded a year-on-year decline of 9.4% due to the increased use of electronic communications, and customer demand for printed media (-5.4%) and payments via postal orders (-10, 6%) also declined. There was also a decrease in revenues in delivery of promotional materials and business letters due to competitive pressure. The decrease in the number of shipments was partially offset by an increase in prices of selected services (e.g. for registered letters, registered packages and insured letters). By

¹ The consolidated data includes the results of subsidiaries Poštovní tiskárna cenin Praha, a.s. and Česká pošta Security, s.r.o.

contrast, there was an increase in revenues also due to the growing number of packages and a growing interest in the services of Czech POINT. The decrease in revenues was negatively influenced by the transition of citizens to non-cash pension payments, banking operations of Poštovní spořitelna (Postal Savings Bank) and the SIPO (Joint Collection of Utility Payments) service. There was also a sharp decline in sales of duty stamps. Operating expenses rose year-on-year by 4.7% to 20,015 million CZK. Declining fuel prices had a positive impact on economic results in the amount of 63 million CZK. Further savings were achieved in energy costs, telecommunications infrastructure costs and costs for pre-processing of shipments. These savings enabled the purchase of larger volumes of operational materials (in particular containers, pallets, bags, uniforms), and the renewal of a significant portion of the much depreciated operational equipment.

Market Analysis

(Former) market no. 1 – Access to the public telephone network at a fixed location² and (former) market no. 2 – Call origination on the public telephone network provided at a fixed location³

CTU announced measures of a general nature – Market Analysis No. [A/1S/03.2016-3](#), Market No. 1 – access to public telephone network at a fixed location, and Market Analysis No. [A/2S/03.2016-4](#), Market No. 2 – call origination in a public telephone network at a fixed location in [Section 7/2016](#) of the Telecommunications Journal, which was published on 8 April 2016. The measures of a general nature came into effect on the fifteenth day after their publication. Based on the results of analyses of the aforementioned markets, it was found that they did not pass the three-criteria test, and therefore they can no longer be considered markets eligible for ex ante regulation. CTU initiated administrative proceedings on these markets with O2 Czech Republic a.s. (Former Market No. 1) and Česká telekomunikační infrastruktura a.s. (Former Market No. 2) in the matter of withdrawing the designation of undertakings with significant market power (SMP decision), and subsequently initiated administrative proceedings in the matter of withdrawing imposed obligations (REM decision), including the withdrawal of the imposed obligation related to price regulation (CEN decision).

(New) market no. 1 - Wholesale voice call termination on individual public telephone networks provided at a fixed location and (new) market no. 2 – Wholesale voice call termination on individual mobile networks

CTU announced measures of a general nature – Market Analysis No. [A/1/04.2016-5](#), Market No. 1 – wholesale call termination services in individual public telephone networks provided at a fixed location, and Market Analysis No. [A/2/04.2016-6](#), Market No. 2 - wholesale call termination services in individual mobile networks in [Section 8/2016](#) of the Telecommunications Journal, which was published on 13 April 2016. The measures of general nature came into effect on the fifteenth day after their publication in the Telecommunications Journal. Based on the results of analyses of the relevant markets, it was found that these markets are not effectively competitive and that undertakings with significant market power act on them. In relation to the publication of the above-mentioned measures of a general nature, CTU will initiate administrative proceedings in the matter of the determination of undertakings with significant market power (SMP decision) and subsequently initiate administrative proceedings in the matter of the imposition of obligations on undertakings with significant market power (REM decision), and the imposition of obligations associated with price regulation of undertakings with significant market power (CEN decision).

² Former relevant market no. 1 according to OOP/1/02.2008-2 updated by OOP/1/04.2012-4

³ Former relevant market no. 2 according to OOP/1/02.2008-2 updated by OOP/1/04.2012-4.

CTU working for the consumer

In April 2016

- **CTU initiated 3,313 administrative proceedings** to concern subscriber disputes between a person performing communication activity on the one hand and a subscriber on the other, in the matter of financial payment and proposals for the commencement of proceedings regarding an objection to the settlement of claims relating to the billing of a price or to the publicly available electronic communication service provided, CTU deciding on such matters according to Section 129 of the Act on Electronic Communications.
- **CTU issued 17,568 decisions on subject matter**, 17,543 of these decisions concerning matters of financial payment (payment of the price of services)

CTU is encountering an increase in complaints about the automatic extension of contracts without the consent of the participants. The possibility of automatic renewal is often stipulated in the contract and complainants simply do not realize that they granted their consent with the automatic extension commitment by concluding or amending their contracts.

The Electronic Communications Act regulates in detail the information obligation of providers in connection with automatic contract extensions. According to the Act, providers are **legally obliged to inform consumers** (this does not automatically mean all participants) **at the earliest 3 months and no later than 1 month before the expiration of the contract**, in which there is an agreement about the automatic renewal of the contract, that the contract is being extended, and about the possibilities of how to terminate the contract.

The information must be provided in the manner that a consumer chooses for bills to be sent. This information is very often found directly in the text of the bill. Cases wherein the information is not printed on the first page of the bill, but rather on one of the following pages, for example with the service specifications that the extension of the commitment concerns, are not rare. We therefore recommend that consumers pay attention to their bills. In their bills, there should always be information concerning the automatic extension of the commitment, in particular about when the original commitment ends, when the commitment will be extended, and how to prevent automatic renewal if the consumer does not want an extension of the commitment.

If a contract was renewed automatically and the consumers are not aware that their contract contains an agreement on the possibility to automatically extend their commitment, or if they are of the opinion that their provider did not adhere to the information obligation, they can contact CTU with a complaint or request for the matter to be investigated. Failure to provide information about an automatic extension of a contract to a consumer is an administrative offense, and if guilt is proven then the offender faces sanctions of as much as ten million crowns.

Universal Service

Monitoring Commercial Provision of Partial Services

On 21 April, CTU published a [report](#) for 2015 on evaluating the findings on providing partial services that are not imposed within the universal service.

CTU assessed that partial services not imposed as an obligation within a universal service (i.e. namely a Connection at a fixed location to a public communications network, Access at a fixed location to a publicly available telephone service, Regular issuance of telephone directories and access to these directories for end users, Telephone directory enquiry service, available to end users, to provide information about the telephone numbers of subscribers to the publicly available telephone service

and Additional services to the services of connection and access) are provided on a commercial basis in the required quality to all end users throughout the country at an affordable price in accordance with the requirements of the universal service. CTU found no grounds for imposing an obligation to provide these services within the universal service. In addition, CTU stated that it will continue to monitor the satisfaction of reasonable needs of end users, including the affordability of the relevant services.

Legislative Changes

On 25 April 2016, in Section 49 of the Collection of Laws, Act No. 126/2016 Coll., was published, amending Act No. 18/2004 Coll., on recognition of professional qualifications and other competencies of nationals of Member States of the European Union and on the amendment to some Acts (the Act on Recognition of Professional Qualifications), as amended, and other related Acts.

Its aim is to ensure full harmonization of national regulations on the recognition of professional qualifications acquired in other Member States with the provisions of the relevant European directives, particularly:

- Reducing the complexity of procedures through a European Professional Card - connection with IMI system
- Reforming the general rules for residing in another Member State, or on a temporary change of a sphere of activity,
- Modernizing the automatic recognition system, and others.

This Act also includes the related amendment to Act No. 634/2004 Coll., on Administrative Fees, as amended (Section Seven). The carried out amendments also affected the defining of administrative acts and the amount of their corresponding administrative fees previously specified in Item 108 of the List of Charges of Administrative Fees, i.e. administrative charges levied by CTU in ensuring the agenda pursuant to Section 26 (Professional Competence) of the Electronic Communications Act.

This Act comes into effect on the first day of the calendar month following the day it was announced (i.e. on 1 May 2016), with the exception of its Section concerning the change of the Act on Administrative Fees, which comes in effect on 1 September 2016.

Disputes over payment obligations will stay with CTU

On 11 April 2016, the government adopted Resolution No. 314 for resolving subscriber disputes over payment obligations in electronic communications, by which it acknowledged information about the relevant issue and approved the conclusion on leaving the agenda of subscriber disputes over payment obligations commenced at the proposal of an entrepreneur in electronic communications (Section 129, paragraph 2 of the Act on Electronic Communications) to CTU whilst maintaining the current level of its staff and financial resources; it also simultaneously cancelled the government resolution from 30 March 2015, No. 220, regarding decision-making on subscriber disputes concerning payment obligations in electronic communications.

Management of Radio Spectrum

General Authorisations

On 25 April, CTU Council discussed for public consultation a [proposal of a change](#) to General Authorisation No. [VO-R/1/04.2012-2](#) to operate user terminals of electronic communications radio

networks. The reason for this change in the general authorisation is mainly allowing the operation of the terminals in the 3600–3800 MHz frequency band, for the use of which CTU is announcing a tender.

On 25 April, CTU Council discussed for public consultation a [proposal of a change](#) to General Authorisation No. [VO-R/3/07.2007-13](#) to use radio frequencies, and operate device PMR 446. The reason for this change in the general authorisation is the expansion of the use of both frequency ranges (446.0–446.1 and 446.1–446.2 MHz) for both PMR 446 systems – with analogue and digital modulation, in accordance with the new decision of the European Radiocommunications Committee No. [ECC/DEC/\(15\)05](#).

Block Allocations of Radio Frequencies

In accordance with Section 20, paragraph 3 of the Act on Electronic Communications CTU initiated a review of reasons to limit the number of rights to use radio frequencies in the frequency band 880–915 / 925–960 MHz in the time period up to 2029. The reason for the review is the fact that the duration of block allocations of radio frequencies granted in this frequency band is not unified, which could complicate future efficient use of the frequency spectrum. CTU also received a request from an entity affected by the determined restriction of rights, which is the reason for initiating a review pursuant to Section 20, paragraph 3 of the Act on Electronic Communications.