



Czech Telecommunication Office

March 2018

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## Telegraphically on communications

### Operators deliver more localisation and operating data

Last year, mobile operators delivered almost one-fifth more data to the competent bodies than in 2016 (253,380 cases in total). This data is mainly required for the purposes of investigating crimes. By law, operators are obliged to store data on operation in their networks and localisation data for a period of six months.

### Minister of the Interior dismisses Director of Czech Post Martin Elkán

Elkán left his position at the head of the post office at the end of February. According to resigning Minister of the Interior Lubomír Metnar, Elkán was dismissed because of the absence of a vision on how Czech Post (Česká pošta) should work.

The new head of Czech Post will be chosen in selection procedure. According to the Minister, he or she will have the task of preparing a change in how the enterprise works and develops. The post office employs 30,000 people and earned a profit of CZK 193 million in 2016.

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## EC: Czech Post can be paid net costs from the state budget

**CTU, in cooperation with the Office for the Protection of Competition and other bodies of state administration, successfully completed notification proceedings at the European Commission in the matter of state aid concerning the payment of net costs from the provision of universal service by Czech Post between 2013 and 2017.**

Czech Post, as the holder of a postal licence, was obliged, according to the Act on Postal Services, to provide universal services on a continual basis throughout the country during the period of time in question, to all users, under the same conditions, at an affordable price and in the specified quality. It is entitled to payment of the net costs which fall within the regime of state aid for these services.

The European Commission had the calculation of net costs from the provision of universal services for the individual years 2013 through 2017 at its disposal in relation to notification. At the same time, the Act on Postal Services lays down limits for the payment of net costs, which for 2015 were CZK 700 million, for 2016 CZK 600 million and for 2017 CZK 500 million. An aggregate limit of CZK 800 million has been proposed for the years 2013 and 2014 in the prepared amendment to the Postal Act. The sum of balance payments for the entire period is CZK 2.6 billion.

The European Commission reached the conclusion that the balance payment for Czech Post for the provision of universal postal services is compliant with EU rules on state aid in the sphere of compensation for public services.

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## Decision-making practice: Czech Post delivers to the wrong town, addressee had to inform it of its mistake

**Czech Post does not have effective control mechanisms in place that would be able to identify errors in the delivery of consignments and ensure accelerated rectification. This was shown by the case of a valuable parcel from abroad which the post office delivered on the day before Christmas Eve to a town other than the one stated on the consignment.**

Czech Post attempted to deliver the parcel to a street of the same name, but in the district capital, some 65 kilometres away. The street numbers in that town only have three digits, whereas a four-digit number was correctly shown on the consignment. After an unsuccessful attempt at delivery, the postman wrote the comment “wrong number” in the operating documents for the consignment. However, neither he/she nor any other employees at the storing post office noticed that the consignment did not even belong to their delivery district.

It was only after the post office was contacted by the addressee requesting the delivery of the mistakenly stored consignment that the parcel was sent to the correct post office, with a delay of fourteen days. CTU imposed a penalty of CZK 2,500 on Czech post for an administrative offence. The decision is now final.

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## 5G network tests to begin in the Czech Republic in September

**As early as this year the Czech Telecommunication Office will offer the chance to test access to 5G networks in cooperation with Finnish company Nokia. It will launch a time-limited pilot project in the autumn, designed to identify any obstacles to developing the next generation networks. Mobile operators and representatives of industrial undertakings will be involved in testing.**

This was agreed at the recent Mobile World Congress by Chairman of the CTU Council Jaromír Novák and the undertakings contacted. “We want to identify possible obstacles to the development of 5G networks in the Czech Republic (if there are any) so that there is nothing to prevent the launch once commercial application is possible,” said Novák.

Practical tests of speed and response will be carried out during the first phase of the pilot project. Although the standardisation of 5<sup>th</sup> generation mobile networks has not yet been completed, it counts on up to 20 times the speed of the existing 4<sup>th</sup> generation networks and latency of under 5 milliseconds.

5G networks will open the way to services which have not been possible to implement so far, for which data rate, latency and throughput are crucial. They could find a use in technology for autonomous cars and voice assistants, in mining, in telemedicine and in smart homes with sensors for the Internet of things.

“We want to build on success achieved in the speed and level of coverage by 4<sup>th</sup> generation networks. We don’t want to get stuck on the starting blocks once 5G networks have been fully standardised,” adds the Chairman of the CTU Council.

The commercial launch of 5G networks is expected after 2020 based on the planned auction of appropriate frequencies.

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## Market analyses

### Regular analysis of the Mobile Backhaul Market

CTU launched a public consultation regarding a preliminary analysis of the mobile backhaul market at the discussion site on 26 February. Based on this, CTU does not currently see any risks associated with disrupting or restricting competition and has not therefore found any reasons for the need to apply ex-ante regulation.

In the analysis, CTU also dealt with possible obstacles to the future development of new generation mobile networks, when the main risk it found was the unavailability of suitable optical infrastructure for the purposes of high-capacity mobile backhaul in rural areas. The Office identified possible measures in this regard which could contribute toward the development of mobile networks in rural areas.

CTU informed the Ministry of Industry and Trade of having compiled the analysis of the mobile backhaul market, of its preliminary conclusions and the subsequent launch of the public consultation. The public consultation will continue until 26 March.

### The Mobile Services Market

After completing a public consultation regarding the proposal of a three-criteria test for the mobile services market, CTU dealt with the comments received and took these into consideration in the updated version of the document. It then sent a proposal to the Office for the Protection of Competition on 19 February for a statement to be made.

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## Hang up, you're not in line

**An increased number of complaints have recently arrived, mostly from senior citizens, in relation to high bills caused by calling lines charged at a higher rate per minute or a higher one-off charge for connection (audiotex services). Audiotex means calls to special numbers beginning 900, 906, 909 or 908. These lines are often used to pay for participation in various television quizzes, consumer competitions, predictions and so on.**

In their complaints, consumers complain that after getting through to the line of the television competition they want to take part in, they were not connected to the television studio, even after a long wait, and could not therefore provide the correct answer and win the competition. At the same time, they were charged a higher rate for the time spent waiting to be put through (often accompanied by music or advice to wait to be connected to the studio). It emerges from what we have learned that such calls can last tens of minutes and taking part in these competitions can therefore cost the consumer several thousand crowns. Operators do not satisfy billing claims in such cases, making reference to the fact that it is not an electronic communication service, but a content service, thereafter referring to the specific content service provider.

CTU has no authority to check the correctness of the television competitions, knowledge quizzes, etc.. Neither is it authorised to deal with the question of why the caller was not put through to the television studio or whether connection was not made intentionally. As part of its powers, CTU may only check whether a telephone call was made to a telephone line used for the operation of audiotex services. If it is found that telephone contact was made (which, for that matter, consumers often do not dispute themselves), CTU has no option in disputes over the payment of the price of such services but to satisfy the claim of the service provider.

In light of the increasing number of complaints and of the fact that in most cases the complainants are elderly people, CTU considers it important to recommend everyone who is tempted to take part in such competitions to first consider whether the possible prize balances out the possible risks associated with the higher price of the call made.

Claims must be made with the content service provider, in the cases described with the operators of the relevant television competition. However, a claim lodged with the content service provider does not automatically mean that the consumer will not have to pay the price of the audiotex call made. The Czech Trade Inspection Authority may be contacted in the case of an unsuccessful claim.