

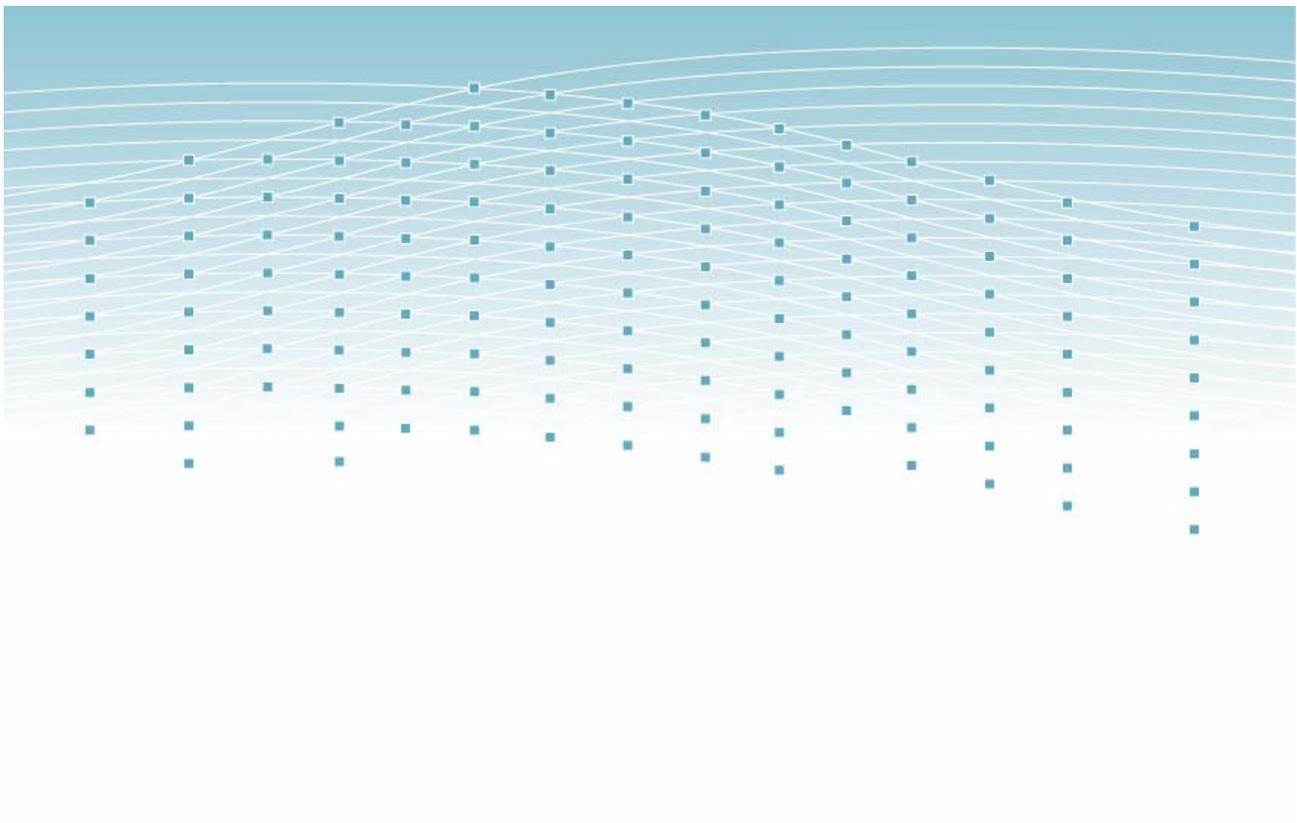


Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Federal Office of Communications OFCOM

Swiss Confederation

# Annual report 2006



Index see page 35

# Editorial

For parliament to bring large-scale revision projects to a conclusion is not an everyday event. Against this background, 2006 is a special year for OFCOM: after year-long debates, the National Assembly and the Council of States adopted the revised Law on Telecommunications (LTC) and the new Law on Radio and Television (LRTV).

The conditions under which access is to be opened up to the infrastructures of market-dominant companies was the most disputed issue in the telecommunications industry. The new law clarifies this and we trust that the new access facilities will stimulate competition. Not least the consumers should profit from this; they will also benefit from new clauses concerning consumer protection.

The Law on Radio and Television confirms the significance of an efficient public service for democratic opinion-forming and the cultural development of our country. The extension of fee-splitting should facilitate corresponding services at the local and regional levels. Broadcasters who do not receive any public funds will also benefit: thanks to new advertising opportunities, they will be able to open up new sources of revenue.

On the frequency management side, we can report on a major step towards the digitisation of radio and television. After lengthy preparations, which have been made in close cooperation with the competent agencies in neighbouring countries, we obtained the desired frequencies at the Regional Radiocommunication Conference (RRC-06) in Geneva. In the future, additional distribution facilities will be available which we hope will also benefit the public, in the form of more varied programming and improved reception quality.

Passing legislation is one thing; implementing the new statutes, however, is another. Much remains to be done here and the legislators' efforts will have to be validated in practice. In this context we are dependent on the cooperation of all those concerned, since in the final analysis it is only possible to work out concrete solutions within a framework of communication.

Martin Dumermuth, Director

# The year 2006 in review

## Chronology of major OFCOM, DETEC and ComCom decisions

28 December 2006: The directory enquiries numbers 111 (national) and 115x (international) will no longer be available after 1 January 2007. In accordance with the Federal Council's decision of 31 October 2001, telecommunication service providers must cease operating these numbers on 31 December 2006. After that date, directory enquiries services can be reached using 18xy numbers.

08 December 2006: The Federal Council has decided to increase radio and television reception fees by 2.5%. This measure recognises the additional SRG funding requirement of CHF 25 million. The SRG has claimed an additional funding requirement of CHF 72 million. The fees will rise from the current level of CHF 450 to CHF 462.

05 December 2006: On behalf of the Federal Communications Commission (ComCom), the Federal Office of Communications (OFCOM) is launching the invitation to tender for two country-wide licences for Broadband Wireless Access (BWA).

14 November 2006: A new technology means that the service offering on digital radio can be further improved. A new coding technique has made it possible to double the number of radio programmes which can be transmitted on a frequency/platform. OFCOM is therefore increasing the number of DAB licences to be awarded from three to eight.

06 November 2006: By the end of the year, ComCom intends to put out to tender two remaining national BWA licences for subsequent award by auction, under comparable conditions to last year. If these licences are not awarded within the framework of the new invitation to tender, ComCom intends to allocate the corresponding frequencies, on application, for local use.

03 November 2006: OFCOM allocated four additional 18xy numbers on the lottery principle. 1800, 1880, 1881 and 1888 will be added to the fifteen directory enquiries short numbers that have already been allocated. This means that consumers will benefit from an even broader directory enquiries service offering, replacing 111.

23 October 2006: According to a Federal Department of the Environment, Transport, Energy and Communications (DETEC) recommendation, Switzerland will be divided into thirteen regional TV coverage areas with licence fee contributions. Planning regarding VHF radio sees little change: increased competitiveness of local broadcasters, though no new coverage areas for additional VHF stations.

10 October 2006: ComCom is launching the competitive tender for the new universal service licence. The licence will cover the entire national territory and will run for ten years from 1 January 2008. ComCom will award this licence by the end of June 2007.

18 September 2006: Since 1 July 2006, the Swiss GSM mobile telephone networks have supported caller localisation for emergency calls made using the following numbers: 112, 117, 118, 144 und 1414 (Swiss air rescue REGA). OFCOM has been monitoring the implementation of this measure.

13 September 2006: The Federal Council is adapting the content of the universal service in order to take account of changing social and economic requirements. From 1 January 2008, the entire population will be able to have broadband access. Other changes have been made regarding content and upper price limits. This lays the foundation for the ComCom to launch a public invitation to tender for the next universal service licence.

31 August 2006:	ComCom is retrospectively lowering Swisscom's interconnection prices by around 30% for the period 2000 to 2003, thereby essentially confirming its decision of 10 June 2005. After this first instance decision, two of the three parties involved appealed to the Federal Court. In its decision of 21 April 2006, the Federal Court stopped ComCom from adjusting the calculations in part and exempted the parties from part of the costs of the proceedings. For the time being, the price reductions decreed apply only to the two applicants TDC and Verizon (formerly MCI). In the medium term, end customers should also benefit from lower prices.
30 August 2006:	OFCOM has reduced the prices charged to Radio Engiadina and Radio Grischa for their sharing of Swisscom-owned broadcasting infrastructure by 30%.
15 August 2006:	The range of terrestrial radio stations in Switzerland is to be extended. OFCOM has issued an invitation to tender for three radio licences in German-speaking Switzerland. Digital technology will be used to broadcast the programmes (T-DAB Digital Audio Broadcasting).
04 July 2006:	As part of an interconnection procedure for the years 2004 to 2006, ComCom is reducing Swisscom's prices for porting individual numbers within the fixed network. For these years, the applicant, Cablecom, will benefit from price reductions of about 40-60%.
29 June 2006:	The draft amendments to the implementing decrees of the Law on Telecommunications (LTC) are being put out for consultation. These drafts contain the implementing provisions of the revised LTC adopted by parliament on 24 March last.
16 June 2006:	At the Regional Radiocommunication Conference (RRC-06) of the International Telecommunication Union (ITU) in Geneva, the new Geneva 2006 broadcasting plan (GE06) was adopted and the revision of the 1961 Stockholm broadcasting plan (ST61) was decided. These two frequency plans pave the way from analogue to digital technology in terrestrial broadcasting and also for additional services in the relevant frequency bands.
09. June 2006:	DETEC is submitting the draft of a new Federal Council Decree on Radio and Television to interested parties for consultation. The Decree contains the regulatory provisions relating to the completely revised Law on Radio and Television, which was adopted by parliament on 24 March.
07 June 2006:	ComCom awarded a licence to Swisscom Mobile for Broadband Wireless Access (BWA).
31 May 2006:	Cablecom GmbH's two TV licences can now be officially transferred to the new holders. The Federal Council has approved US-based Liberty Group's acquisition of Cablecom Digital Cinema and Cablecom Infokanal.
31 May 2006:	The Federal Council has decided to provide swissinfo/SRI with CHF 5 million of transitional aid for 2006. From 2007, financing of the company will be regulated within the framework of the new Law on Radio and Television.
30 May 2006:	On behalf of ComCom, OFCOM has launched a public consultation on the renewal of the GSM licences of Swisscom Mobile SA, Orange Communications SA and TDC Switzerland SA.
24 May 2006:	The Federal Council has awarded Teleclub a new television licence until the end of May 2013. The pay-TV broadcaster thus acquires the right to extend its offering to seven channels and can now also offer domestic sport.

13 April 2006:	ComCom is revoking 3G Mobile AG's UMTS licence. This measure was forced on the Commission as 3G Mobile is not using its licence and is not fulfilling the coverage conditions. At the same time ComCom has decided on the definitive auction rules for the award of three licences for Broadband Wireless Access (BWA).
11 April 2006	DETEC approved the acquisition of 15% each of the share capital of the Geneva television broadcaster Léman Bleu by the Swiss Stéphane Barbier-Mueller and the Frenchman Phillippe Hersant. However, DETEC rejected the majority holding of the city of Geneva in this broadcasting company, with reference to the guarantee of the independence and autonomy of the media in the constitution.
11 April 2006:	DETEC has commissioned Billag AG to collect licence fees for reception of radio and television programmes until 2014.
29 March 2006:	The Federal Council is opting for digital radio for terrestrial broadcasting of regional-language radio programmes. It is therefore giving the green light to the establishment of a second terrestrial digital radio platform in German-speaking Switzerland. The Federal Council is not making any radical changes to the analogue broadcasting of radio programmes on VHF.
24 March 2006:	The amendment to the Law on Telecommunications (LTC) of 30 April 1997 was adopted by parliament on 24 March 2006. The new text of the law opens up the way for liberalisation of the so-called "last mile". The new law improves consumer protection, particularly in the areas of mass electronic advertising (spam) and value-added services. The implementing decrees still have to be drafted. The new law enters into force 1 April 2007.
24 March 2006:	Securing a strong public service through the SRG, relaxation of various regulations for private broadcasters and extending the support for private local-regional broadcasters from fee revenue (splitting): On 24 March 2006, parliament adopted the new Law on Radio and Television. The new law enters into force 1 April 2007.
20 March 2006:	DETEC Decision against Sat1 CH on the basis of the "Live Ran" broadcast (advertising slogan).
07 March 2006:	ComCom issued a supervisory decision (non-compliance with the minimum operation obligation specified in the WLL licence) and a licence transfer decision against Star21.
23 January 2006:	The Federal Council has revised its strategy for an information society in Switzerland dating from 1998. It is now focusing on e-government and the use of information and communication technologies in the health sector (e-health). In addition, the Federal Council has acknowledged the 7th Report of the Information Society Coordination Committee (the ISCC Report).
11 January 2006:	The Federal Council has granted a national TV licence to "Elevator-TV". Dominik Kaiser, co-founder of Street Parade Zurich and long-time television, film and music producer, can now start transmitting with his German-language TV project. The licensee Elevator TV AG is based in Zurich and is owned by Dominik Kaiser.

# Radio and television

After the adoption of the Law on Radio and Television (LRT) by parliament in March 2006, drawing up the implementing decrees was a major focal point for our work. We analysed and incorporated more than 130 comments on the draft decree, which we opened up for public consultation in the summer. In addition, the entry into force of the new decree on 1 April 2007 required other preparatory work, in particular the definition of the coverage areas for private radio and television broadcasters, setting the level of the reception fees for 2007 and the preparations for assigning digital frequency platforms for radio and television. Naturally, day-to-day business also had to be dealt with alongside these extraordinary activities.

Matthias Ramsauer, Deputy Director

## Regional-language and national broadcasters

### 3+ has started

At its first session in 2006, the Federal Council granted the licence for Dominik Kaiser's Elevator TV project. The new entertainment channel started broadcasting at the end of August under the new name 3+ and can now be received in analogue and digital form by more than 1.7 million households. On the Cablecom networks, 3+ has received the channel allocation of ORF 2.

<http://www.bakom.ch/dokumentation/medieninformationen/00471/index.html?lang=en&msg-id=1901>

### “Limits of the state”

A number of delicate constitutional and media policy issues were posed for the national government on the occasion of the Swisscom/Teleclub decision on 24 May. A report by professors of constitutional law J.P. Müller und M. Schefer had critically assessed any state participation in the broadcasting sector. In the meantime, the Federal Council deemed a Swisscom AG minority holding in the Teleclub parent company Cinatrade AG to be compatible with the constitutional principle of the independence of radio and television from the state (art. 93 para. 3 of the constitution); subject to this condition, it renewed the Teleclub licence for a further 10 years.

<http://www.bakom.ch/dokumentation/medieninformationen/00471/index.html?lang=en&msg-id=5257>

### More income for the SRG

As part of the periodic examination of radio and television reception fees, on 11 December the Federal Council decided on a 2.5 percent increase. The SRG, which had claimed an additional requirement of CHF 72 million, had to be satisfied with CHF 25 million; it will now be obliged to initiate further economy measures and undertake internal cost optimisations. Additional financial resources will also be needed for the expanded payout of proportions of the fees to private broadcasters, for collection of the fees plus research into use and promotion of new broadcasting technologies. The Federal Council's decision on fees largely corresponds to the recommendations of the price monitoring agency.

<http://www.bakom.ch/dokumentation/medieninformationen/00471/index.html?lang=en&msg-id=9071>

## Local and regional broadcasters

### Discussion on the future configuration of the regional coverage areas

On 23 October, DETEC published its plans on the future coverage areas for regional radio and television broadcasters according to the new LRTV, according to which Switzerland will be divided into 13 regional TV coverage areas with shares of the fees. This is a change away from the current system, which supports smaller TV stations. In the area of radio, the new plan is based largely on the areas which have developed historically. In the summer of 2007, the Federal Council will decide on the definitive layout of the coverage areas.

On 28 June and 15 December, the Federal Council had already enlarged the coverage areas of individual private radio stations in the Lake Geneva area. By doing so, it wished to improve their chances of surviving in the face of the French radio stations.

## **Mergers and acquisitions**

In 2006, DETEC approved the take-over of Radio 3iii (Mendrisio) by the private Ticino television company TeleTicino. At the end of the year two other take-over applications were still outstanding: the transfer of the Geneva radio station Lac to Rouge FM (Crissier/VD) and Edipresse, and the take-over of Radio Ri (Buchs/SG) by St. Gallen's 'Radio aktuell'.

## **OFCOM reduces Swisscom Broadcast AG charges**

On 30 August, we took a decision on the first of several procedures which had been brought by private-sector broadcasters against Swisscom Broadcast AG. The increase in prices decided upon by Swisscom Broadcast AG for sharing of its transmission infrastructure was unjustified; we reduced the prices billed by Swisscom Broadcast AG up to the end of 2000 by 30%. Swisscom Broadcast AG has submitted an appeal against this decision.

## **Digitisation of broadcasting**

### **Universal service by the SRG**

By the end of 2006, the SRG was expanding its terrestrial coverage by four digital SRG TV channels (DVB-T) to the whole of northern Switzerland, the Geneva basin, Ticino, parts of the canton Grison and Glarus. In Ticino and in the Engadine, the analogue TV networks have already been decommissioned. This measure was accompanied by an extensive information campaign and can be described as successful.

Further progress is also being achieved with terrestrial digital broadcasting (T-DAB). In the past year, the SRG has completed expansion phases in Ticino, northern, eastern and central Switzerland, in the Geneva basin and in the Gros de Vaud.

### **New digital radio platform**

On 29 March, the Federal Council adopted the new "strategic orientation for technical audio broadcasting". On this basis, in mid-August we put out to tender three DAB licences for a second DAB platform in German-speaking Switzerland. By the end of the original tender period, the end of October, 14 applications had been received.

After the WorldDMB forum decided on 3 November to standardise on a new audio encoding method (AAC+/MPEG-4) for the dissemination of DAB offerings, it will be possible to broadcast twice as many stations on the envisaged DAB platform as originally envisaged. We therefore extended the tender period up to the end of December and increased the number of DAB licences to be awarded to eight. By the end of the year, five additional candidatures had been submitted, and one had been withdrawn.

## **Surveillance of radio and television**

Apart from processing advertisements and one-off interventions, within the framework of our surveillance of radio and television we carried out systematic surveys and concentrated on television. Initially, the programmes of 10 national/regional-language stations were chosen and checked for compliance with the advertising and sponsorship regulations. Particular attention was paid to the problem of surreptitious advertising. Whilst three broadcasters had complied with the regulations, supervisory procedures had to be brought against seven broadcasters. Since then, there have been a number of decisions taken by OFCOM as the authority of first instance. Its conclusion: surreptitious advertising is also a reality in Swiss television broadcasts. It often occurs in lifestyle shows and game shows and is linked to sponsorship. For example, we objected to various examples of product placement by sponsors.

The 2006 supervisory decisions published on the OFCOM website provide a summary of other instances of surreptitious advertising. In various cases, confiscation of the illicitly derived revenue is being examined. The aim is to ensure compliance with the “rules of the game” with regard to advertising and sponsorship.

In a second stage, we also introduced a systematic investigation of 13 regional television broadcasters which focused on surreptitious advertising. Twelve supervisory procedures were initiated. Decisions are expected in the first half of 2007.

In 2006, apart from the systematic survey and other investigations/procedures relating to advertising and sponsorship, surveillance also dealt with a number of infringements of a technical nature (exceeding the permitted transmitter power) and the right of brief reporting on sports events with exclusive contracts. In 2006, decisions were taken in 34 cases and information was provided in answer to queries in more than 500 cases.

[http://www.bakom.ch/themen/radio\\_tv/00511/01378/index.html?lang=en](http://www.bakom.ch/themen/radio_tv/00511/01378/index.html?lang=en)

# Telecom services

Was this the year of calm before the storm? By adopting the revised Law on Telecommunications (LTC), parliament laid the basis for increased competition with pressure on prices and innovation in the subscriber line sector. It was not only the implementing legislation but above all the business cases which were being pushed forwards in this sector. The first effects are expected to be seen in 2007. Expectations include the first alternative offerings in conurbations. However, the full effects will not be felt until the following years. How great they will be remains open to debate, not least because of the very late liberalisation of the last mile in Switzerland compared to other countries.

In the other market segments, the trends which were visible earlier have continued.

The debate about privatising Swisscom was ended almost as quickly as it began, but it will undoubtedly come up again at a later date.

Peter Fischer, Deputy Director

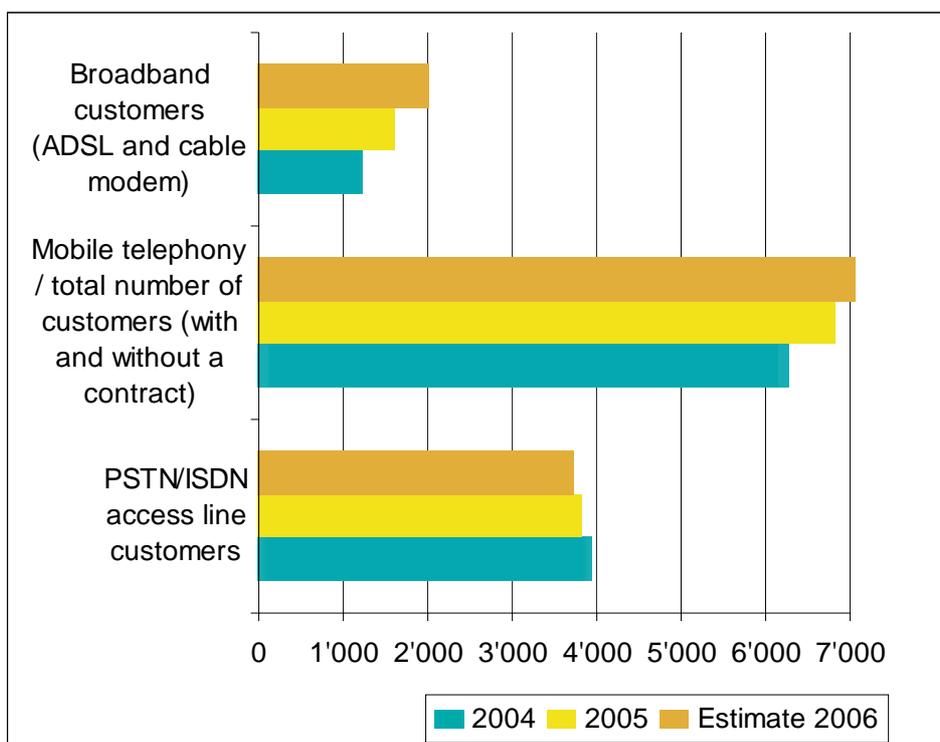
## Market for telecom services

The classic market for fixed-network telephony is stagnating; prices have remained stable. The number of fixed network connections has dropped slightly. Voice over IP (VoIP) seems already to be making headway in the business customer segment, whereas it is still hardly perceptible in the private customer segment.

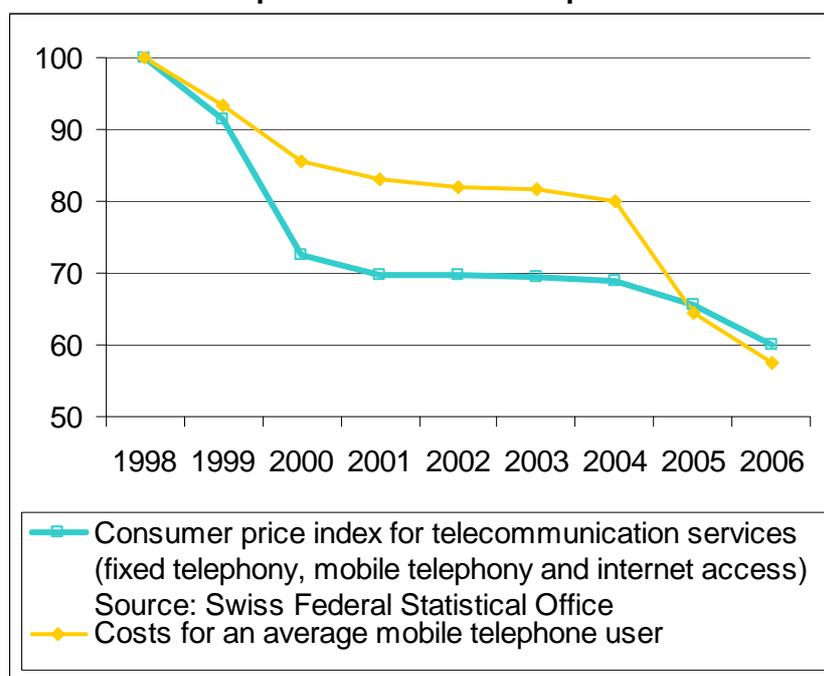
Mobile telephony is still enjoying growth, although at a slower rate; prices have eased somewhat. Mobile broadband services based on EDGE, UMTS and HSDPA are slowly gaining a foothold in the market. Network expansion is continuing.

Growth in the market for broadband connections continues. Broadband prices have remained stable, whilst the bandwidth offered has increased. Combined offerings of fixed-network telephone, broadband connection and radio and TV channels have been stimulated by Swisscom's entry into the market with Bluewin-TV. Competition in this sector is intensifying.

Network access



**Telecom price index and Mobil price index**



## Market access and the universal service

Telecommunication services providers continue to leave the market (35). However, this is more than offset by new market entrants (50), which were licensed or registered by OFCOM. The largest wave of consolidation is probably over.

On behalf of ComCom, we carried out preparatory work for the renewal of the three national GSM licences. Only Swisscom Mobile registered during the invitation to tender for three Broadband Wireless Access licences (BWA, WiMAX) and received one national licence. Later in the year, we launched a new invitation for the remaining licences.

The universal service was subject to analysis and updating of the service obligation, with a view to a new invitation to tender for the period from 2008 onwards. In particular, in September, after a public consultation procedure, the Federal Council included the broadband connection in the service obligation for the first time. In October, on behalf of ComCom, we launched the invitation to tender for the new universal service licence for the period from 2008 to 2018.

In the current year, the conditions for the universal service were met and quality also corresponded to the regulations. The universal service licensee converted a further 357 public telephones to ensure disabled access. Some individual public telephones were taken out of service because of a lack of demand.

We continued the dialogue with social partners on the working conditions customary in the sector and surveyed these as part of a study.

Broadband in the universal service:

<http://www.bakom.admin.ch/dokumentation/medieninformationen/00471/index.html?lang=en&msg-id=7308>

Competitive tender for the universal service licence in telecommunications:

<http://www.bakom.admin.ch/dokumentation/medieninformationen/00471/index.html?lang=en&msg-id=7654>

Working practices customary in the telecom sector:

<http://www.bakom.ch/dokumentation/zahlen/00545/00722/00926/index.html?lang=en>

## Legislation

In addition to the adaptation of the decree on telecommunication services to the future content of the universal service, the emphasis has been on the implementing decrees relating to the Law on Telecommunications (LTC), as a result of the revision of the latter. Parliament concluded the revision of the LTC in March. It includes more comprehensive regulation of access to the networks and services of market-dominant service providers (unbundling the local loop, among other things), facilitating legal access to the market by replacing the licensing obligation for the provision of telecommunication services by a simple obligation to register, and strengthening consumer protection. In particular the establishment of an arbitration service and regulations against misuse of value-added services should strengthen the position of consumers.

From July to September, DETEC conducted a public consultation on the drafts for the revised LTC decrees. In early 2007, the Federal Council will decide on the amendments on the basis of the result and the revised law enters into force on 1 April 2007.

Various OFCOM technical and administrative regulations were updated to cover current developments, for example those on the electronic signature (as a result of progress in European standardisation, among other things).

Consultation on the drafts for the revision of the decrees implementing the LTC:

<http://www.bakom.admin.ch/dokumentation/gesetzgebung/00909/01505/01587/index.html?lang=en>

Comments by interested parties on the LTC decrees:

<http://www.bakom.admin.ch/dokumentation/gesetzgebung/00909/01505/index.html?lang=en>

## Interconnection

We prepared 15 dispute procedures relating to interconnection. The Federal Court secured both ComCom's leading cases, which had been prepared by OFCOM in its first comprehensive and time-consuming application of the costing methodology based on LRIC (forward-looking long-run incremental costs based on equivalent assets). After proceedings lasting 5½ years, the Federal Court for the first time confirmed the methodology applied and the interconnection prices decreed for 2000-2003. On this basis, we commenced preparation of the suspended procedures for the subsequent years; this is still under way. The court also supported the so-called contractual retroactive effect clause, which enables interconnection partners of market-dominant providers to benefit, even retrospectively, from price reductions decreed in third-party procedures.

In its decision of 30 July 2006, on the basis of an application from OFCOM, ComCom clearly reduced the price for porting individual numbers of the market-dominant Swisscom Fixnet. The Federal Court has since upheld the decision.

Since the beginning of 2006, seven procedures relating to the termination charges of Swisscom Mobile, Orange, Sunrise und Tele 2 have been pending. The competition commission was consulted on the issue of market dominance. In a report dated 20 November 2006, it decided that Swisscom Mobile, Orange und Sunrise are market-dominant in the area of termination of calls in their own mobile networks and that cost-based prices would therefore have to be determined by ComCom.

Decisions of 10 June 2005:

<http://www.comcom.admin.ch/themen/00500/index.html?lang=en> (in German only)

BGE 132 II 257 and BGE 132 II 284: <http://www.bger.ch> (in German, French and Italian)

Decision of 3 July 2006: <http://www.comcom.admin.ch/themen/00500/index.html?lang=en> (in German)

RPW 2006/4 p. 739 ff: <http://www.weko.admin.ch/publikationen/00212/index.html?lang=en> (in German, French and Italian)

# Consumer protection and surveillance

## Procedures against telecommunication service providers

The number of consumer complaints has remained stable. The complaints mainly relate to aggressive poaching of customers for fixed-network telephone services, billing problems and spam (via SMS, amongst other things). Our consistent surveillance and, particularly in the area of SMS services, the industry agreement, seem to be having an effect. However, it was necessary to bring supervisory procedures as well as some punitive procedures against telecommunication services providers because of a failure to provide statistics.

On application from OFCOM, ComCom, after a supervisory procedure, revoked the UMTS licence from 3G Mobile (Telefonica), without compensation, for failure to construct a network infrastructure. The Federal Court confirmed the decision. The Federal Court likewise confirmed supervisory measures against a WLL licensee.

Decision of 12 April 2006: <http://www.comcom.admin.ch/themen/00500/index.html?lang=en> (in German)

Judgement 2A.315/2006: <http://www.bger.ch> (in German, French and Italian)

Judgement 2A.432/2005: <http://www.bger.ch> (in German, French and Italian)

## Combating the misuse of value-added service numbers

We implemented numerous number withdrawal procedures in the value-added services sector due to contravention of the indication of prices obligation. We also had to pronounce number revocations in the case of TV lotteries where there was a suspicion of a violation of the law on lotteries. The Federal Court confirmed OFCOM's decision.

BGE 132 II 240: <http://www.bger.ch> (in German, French and Italian)

## New delegation agreement with Switch

In intensive negotiations with the Switch Foundation, we agreed a new delegation agreement for the assignment of “.ch” internet domain names. The agreement will run for 8 years up to the end of March 2015. At the same time, the principles for determining Switch's prices based on an OFCOM decision and a decision by the REKO INUM were examined. Finally it was possible to reach an agreement. This leads to reductions in prices, some of which became effective in 2006.

## Replacement of the 111 directory enquiries number by 18XY

At the end of the year, the directory enquiries telephone number was taken out of service and definitively replaced by numbers from the 18XY range. Technically, the switchover went smoothly; some providers had to be reminded of the rules, particularly concerning information for customers. There was some turmoil due to misdialled calls to the fire brigade emergency number, 118, particularly in border cantons. The associated problems were analysed and solutions worked on jointly by OFCOM and the fire service organisations.

## International cooperation

### European standardisation in the telecom sector

Both in European standardisation (ETSI) and in worldwide standardisation (ITU) of the sector, the IP-based new network technologies (NGN – next generation networking) and network security and availability are in the foreground. Our experts are participating in the work.

### Cooperation between the European regulatory authorities

In the regular meetings of the IRG and ERG, the organisations of the European regulatory authorities in which OFCOM participates, the application of the existing EU telecom regulatory framework and its revision, regulation of international mobile telephony roaming charges and the changes in regulatory concerns driven by the development of technology were dealt with.

[http://www.erg.eu.int/meetings/index\\_en.htm](http://www.erg.eu.int/meetings/index_en.htm)

# The information society in Switzerland

At the beginning of the year, the Federal Council adopted the revised strategy for an information society in Switzerland and defined principles and priority measures which are to be implemented in a decentralised but coordinated way in the competent government departments and offices. The Interdepartmental Information Society Committee (IISC), under OFCOM's chairmanship, acts as the coordinating and management body.

## The 2006 Federal Council strategy for an information society in Switzerland:

The top-priority measures in the information society strategy relate to the areas of e-government, e-health and the handling of electronic data and documents in the federal administration. These three areas were therefore placed at the centre of the work of the coordination office for implementing the Federal Council's strategy. On the one hand, the Council, together with the competent specialist offices, participated actively in drawing up the national strategy on e-government and e-health. On the other hand, the Swiss players in these three areas were to be networked and the equivalent activities at the international level were to be monitored. In the area of the third priority of the Federal Council's strategy, the coordination office contributed to the outline paper for a "2007 concept" for uniform and standardised handling of electronic data and documents. At the end of the year, the Federal Council acknowledged the drafts of the two strategies and the outline paper.

<http://www.bakom.admin.ch/themen/infosociety/00695/index.html?lang=en>

### The e-government strategy

The goal of the Swiss e-government strategy is to ensure that at the national level the activity of the administration addresses citizens' requirements and is as efficient and economical as possible, thanks to the use of information and communication technologies (ICT). It was adopted by the Federal Council on 24 January 2007.

<http://www.isb.admin.ch/intranet/egovernment/02032/index.html?lang=de> (in German, French and Italian)

### The (draft) e-health strategy

The e-health strategy is intended to contribute to ensuring access to a health service which is affordable, efficient, safe and of high quality.

<http://www.bag.admin.ch/themen/krankenversicherung/00305/03505/index.html?lang=de> (in German, French and Italian)

### Outline paper on handling electronic data and documents in the federal administration (preparatory work on the concept)

The goal of uniform and standardised handling of electronic data and documents in the federal administration is to establish central conditions for implementing efficient electronic management of the administration, by promoting transparency, simple communication with the federal authorities and preserving the heritage of the information society in Switzerland.

<http://www.bar.admin.ch/aktuell/index.html?lang=de> (in German, French and Italian)

### IISC annual report to GSC 2006

With reference to the status of the information society in Switzerland in 2006, the coordinating committee produced an annual report for the Interdepartmental Information Society Committee (IISC), which was presented to the General Secretaries' Conference at the end of February 2007.

<http://www.bakom.admin.ch/themen/infosociety/00695/01729/index.html?lang=de> (in German; the English version is in progress)

# Surveillance and radiocommunication licences

In the area of **telecommunications equipment**, the close collaboration of our experts with their opposite numbers in the European Union (EU) allows the rapid implementation of new technical and regulatory directives, thereby facilitating access to the Swiss market for new technologies. This also permits the organisation of coordinated market surveillance campaigns with the EU member countries. See also “Surveillance of the market for telecommunications equipment”, page 17.

In order to facilitate processing of applications for **radiocommunication licences**, we have worked towards implementing a pilot e-government project which is intended to enable applications to be processed online.

The highlight of the year 2006 in the area of collection of **radio and television fees** was DETEC’s decision to award a new mandate to Billag SA, following a procedure inviting bids which was conducted by OFCOM. Billag SA has been delegated with this collection task for a further 7-year period.

Véronique Gigon, Deputy Director

## Telecommunications equipment

### Market access for new technologies

Switzerland is the first country to include in its legislation the technical parameters defined at European level for USW (Ultra Short Wave) mini-transmitters by authorising marketing of these devices. The industry has thus been able to design and market equipment which complies with these specifications. USW mini-transmitters allow an audio signal to be received on any USW receiver located within a radius of several metres, without using cables. For example, the signal from an MP3 player or a hands-free telephone is played over the receiver’s speakers.

2006 featured the first trials of UWB (Ultra Wide Band) equipment in the materials analysis industry (e.g. to examine the structure of the concrete in a motorway bridge) and in soil/subsoil analysis (e.g. in surveys of the state of the permafrost in certain regions of the Alps). We followed these trials closely, in order to draw the lessons necessary to define the regulatory framework. UWB technology is the subject of tough negotiations at European level, as it uses broad frequency bands. See also “Other international activities”, page 21 and “Radio technology”, page 22.

### Notifications

The number of notifications of radiocommunication equipment operating in non-harmonised frequency bands continued to fall compared with previous years. In 2006, OFCOM processed 1044 notifications (approximately 15% down on 2005). This number will continue to fall in the coming years because of progress on harmonisation of frequency bands within the EU.

We receive more than 80% of notification requests by electronic mail.

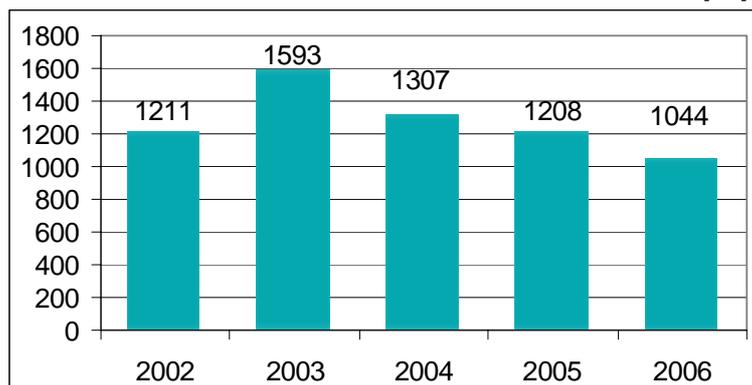
Notification:

<http://www.bakom.ch/themen/geraete/00566/index.html?lang=en>

Notification form:

<http://www.bakom.ch/schalter/notifikation/index.html?lang=en>

**Number of notifications of radiocommunication equipment**



The EU is in the process of establishing a one-stop shop for notification of radiocommunication equipment. Known as OSN (one stop notification), this system will allow a manufacturer to submit a notification to all the national authorities concerned via a single online operation. Commissioning of this system was delayed because of the European rules on the awarding of public contracts.

## Systems for neutralising mobile communications in prisons

We granted the first licence allowing installation and testing of a system for neutralising mobile communications (a GSM jammer) in Lenzburg prison. If the test phase shows that calls outside the prison walls are not subject to interference, we shall be able to grant a definitive licence.

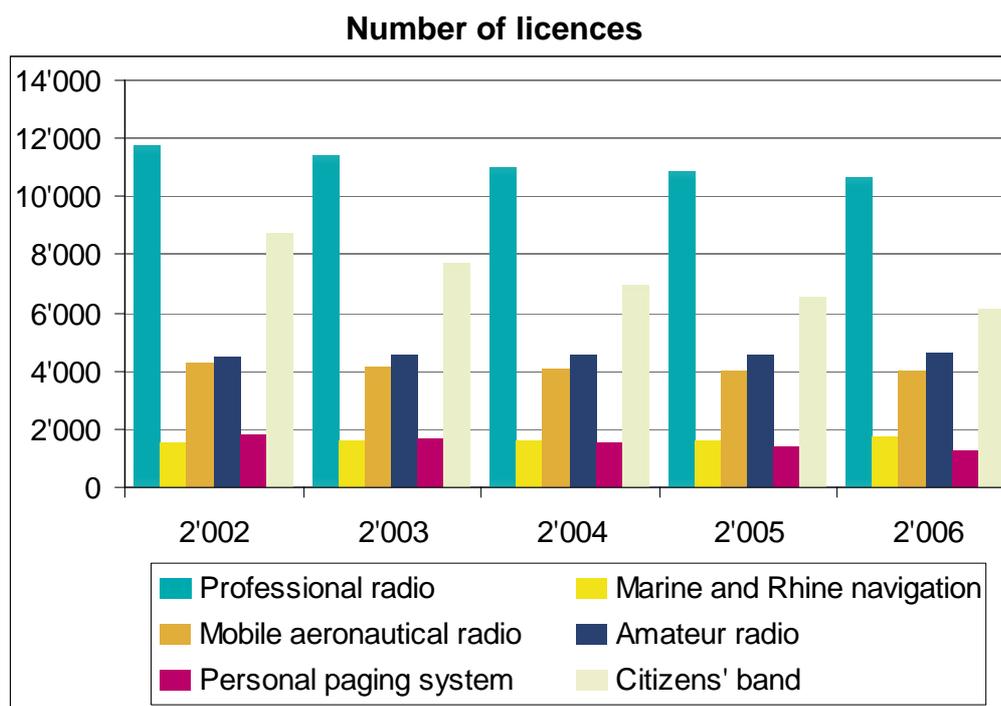
## Radiocommunication licences

### Radiocommunication licences

The number of professional radio licences also fell slightly in 2006, confirming the downward trend of the past five years. As far as pagers are concerned, this is probably attributable to the use of modern telephone equipment.

Radio as a hobby is reflected in the number of amateur and citizens' band radio licences. Whilst numbers are increasing slightly in the area of amateur radio, they are falling continuously in the area of citizens' band radio.

The figures for aeronautical and maritime radio remained relatively stable, with a slightly upward trend in maritime radio.



Licence applications can be submitted by e-mail, fax or by mail. As part of a current interdepartmental project, we are developing an e-government application designed to process licence applications entirely online.

Frequency use and licences:

<http://www.bakom.ch/themen/frequenzen/00689/index.html?lang=en>

## Radio operators' examinations

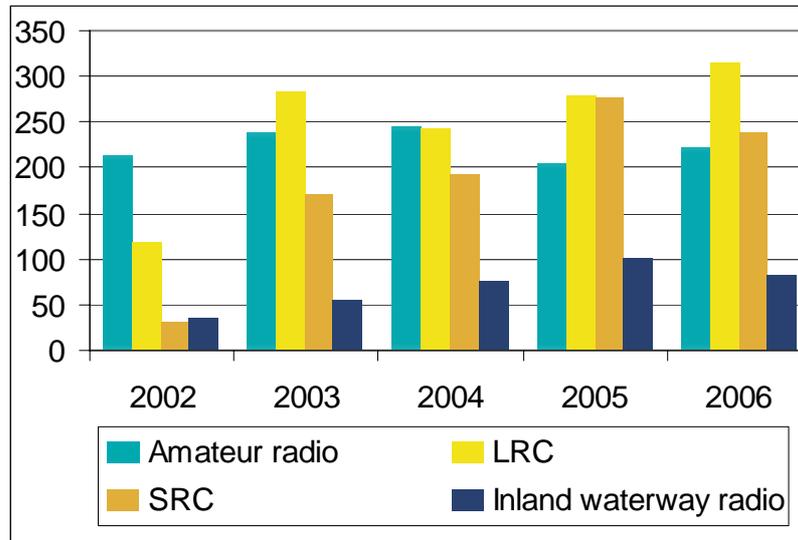
The number of candidates for radio operators' examinations seems to have stabilised somewhat for the first time in several years.

Interest in the maritime radio examinations to acquire the Short Range Certificate (SRC) or Long Range Certificate (LRC) continues unabated. This may be partly due to the fact that more and more European countries are demanding the presentation of a certificate even by persons hiring a charter boat.

Radiooperators' examinations:

<http://www.bakom.ch/themen/frequenzen/01576/index.html?lang=de> (in German, French and Italian)

**Number of examination candidates**



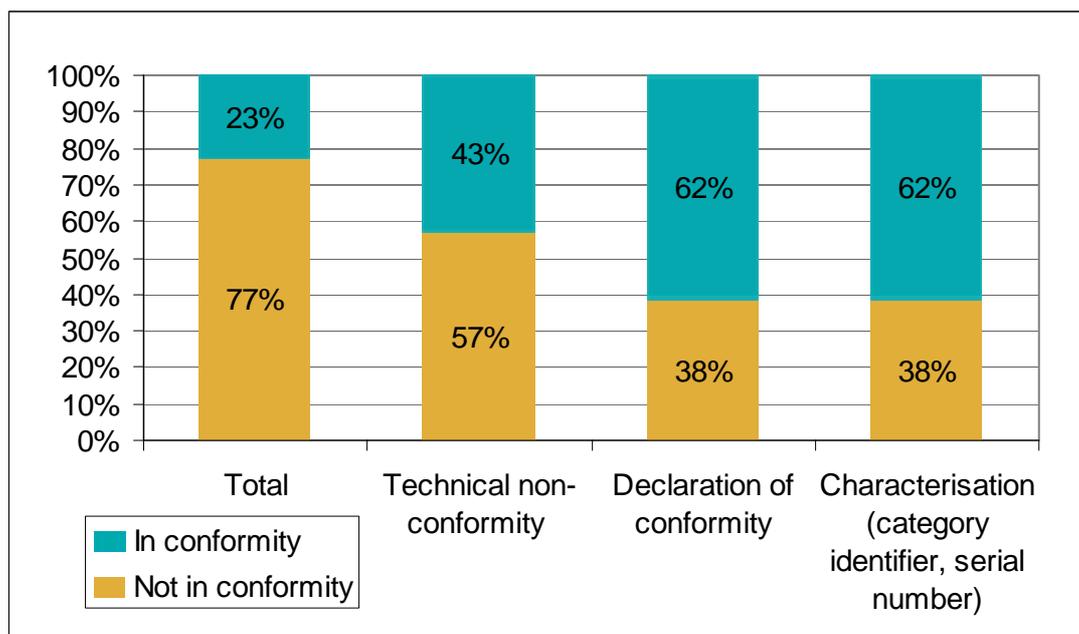
## Surveillance of the market for telecommunications equipment and licences

### Monitoring of telecommunications equipment

In 2006, we participated actively in the second European market surveillance campaign. This joint campaign by the European and Swiss market surveillance authorities focused on monitoring the technical conformity of short-range radiocommunication equipment (toys, garage door remote controls, RLAN/WLAN wireless data transmission, etc.). The initial results confirm that this sector is characterised by a high rate of non-conformity (excessively high interference emissions, lack of a conformity assessment procedure, etc.).

In Switzerland also, it is mainly short-range equipment available on the market in massive quantities which has the highest rate of non-conformity. Remote-controlled toys, wireless microphones and wireless audio transmission are a few examples.

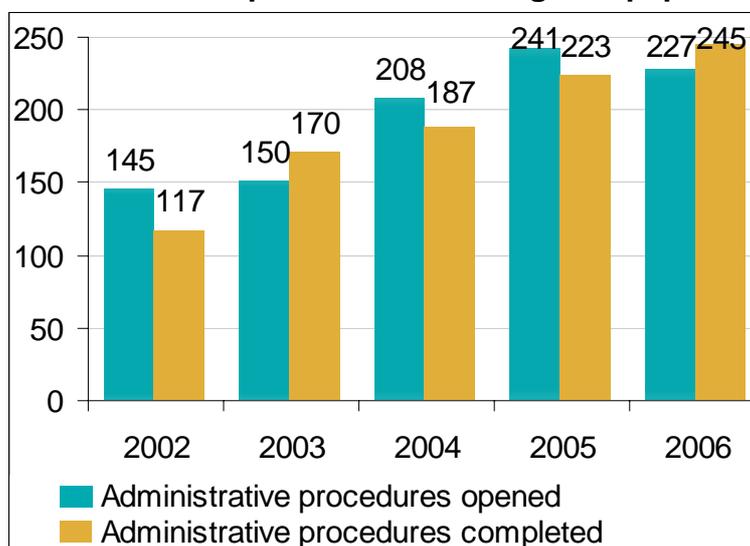
## Rates of the most frequent types of non-conformity of equipment checked in Switzerland



Of the 226 items of telecommunications equipment inspected in Switzerland in 2006, only 53 (23%) were in conformity, indicating that 173 (77%) did not comply with the standards in force. 57% of the equipment had technical faults.

Compared with 2005, the rate of non-conformity is up (+10%), particularly with regard to the administrative requirements such as the declaration of conformity and characterisation.

## Administrative procedures relating to equipment



Conformity assessment:

<http://www.bakom.admin.ch/themen/geraete/01640/01646/index.html?lang=en>

National frequency plan:

<http://www.bakom.admin.ch/themen/geraete/01640/01649/index.html?lang=en>

Declaration of conformity:

<http://www.bakom.admin.ch/themen/geraete/01640/01651/index.html?lang=en>

Equipment marking:

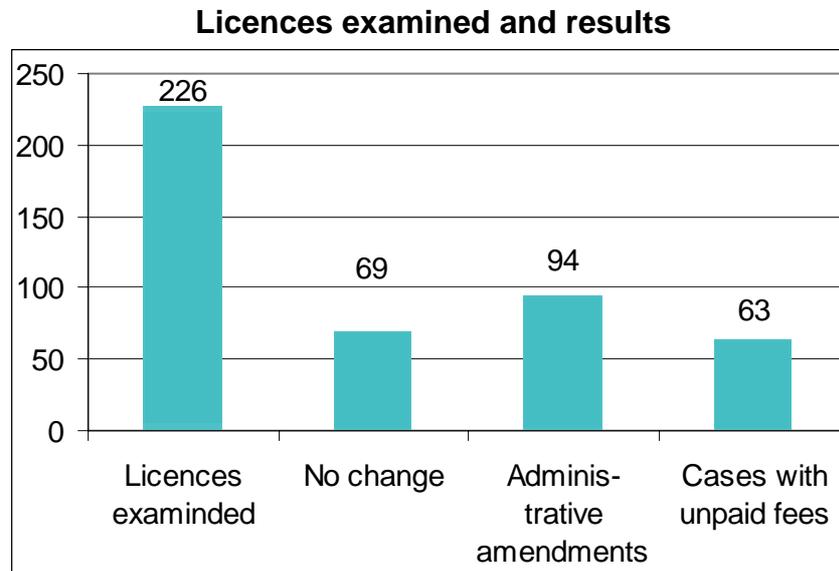
<http://www.bakom.admin.ch/themen/geraete/01640/01654/index.html?lang=en>

Surveillance and monitoring of telecommunications equipment:

<http://www.bakom.admin.ch/themen/geraete/00639/index.html?lang=en>

## Surveillance of licences

In 2006, surveillance focused especially on licences for municipalities, fire brigades, hospitals and ambulance services. When the 198 inspections were carried out, 226 licences were examined. Only 69 were in order (i.e. approximately 30%). Unpaid fees were claimed in 63 cases, whilst the licence was subject to administrative amendments in 94 cases.



## Surveillance of unlicensed operation and/or unlicensed equipment

We carried out 294 other inspections (for example following complaints about interference, after licence cancellations and on discovery of clandestine networks) which led to 164 fines and warnings for operating equipment which was unlicensed or not in conformity. Among these cases, we noted in particular that many radar systems installed on leisure craft were being operated without a licence.

Surveillance and monitoring of licences:

<http://www.bakom.ch/themen/frequenzen/01629/index.html?lang=en>

## Supervision and collection of reception fees

### Supervision and collection of reception fees

DETEC commissioned Billag AG to collect radio and television reception fees for a further seven years. DETEC had invited three companies to submit a bid. Billag AG will therefore be responsible for collection until 2014.

### Complaints against Billag AG decisions

This year, complaints against decisions by Billag AG were down somewhat, at about 60 per month. It was possible to reduce the number of outstanding complaints from 430 to about 300 by employing temporary personnel. About 10% are complaints relating to debt collection procedures. The remaining 90% of complaints predominantly concern disputed legal issues in connection with registration, cessation of operation of equipment or exemption from fees.

Frequently asked questions on general topics:

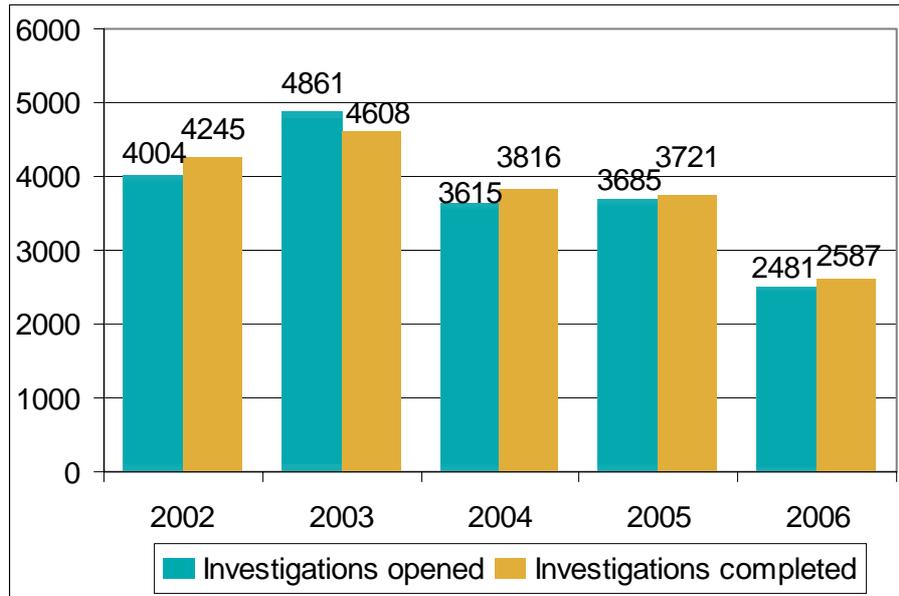
[http://www.bakom.admin.ch/themen/radio\\_tv/00630/00855/index.html?lang=en](http://www.bakom.admin.ch/themen/radio_tv/00630/00855/index.html?lang=en)

## Infringements of the obligation to register and pay fees

In 2006 we carried out approximately 2600 procedures for possible infringement of the obligation to register and pay fees. The overwhelming majority of these procedures were dealt with by penalties in the simpler abridged procedure which is more advantageous to customers. It is striking that the cost of handling the procedures is constantly increasing, as there are more queries from customers about the procedures and also clarification of the circumstances by the investigating officials is more time-consuming. In addition, there is a growing tendency no longer to accept the decision of an administrative authority without opposition.

The more involved regular penalty procedure was applied in approximately 60 cases. The procedure was dropped in just 30 cases for lack of evidence.

**LRTV administrative penalty procedures**



# Frequency management

OFCOM made great efforts to prepare the Regional Radiocommunication Conference, RRC-06; the successful participation in the conference was a high point for the Frequency Management division. At this five-week conference, the frequency spectrum for terrestrial digital television and radio coverage for Europe and other countries was redistributed. Switzerland's delegation, which also represented the principality of Liechtenstein, was able to achieve all the goals it had set and reap the rewards of the year-long intensive preparation.

As part of our day-to-day work, we ensured, among other things, that parliament, meeting in Flims, was able to use the wireless voting system which had initially been subject to interference.

Peter Pauli, Division Manager

## Frequency planning

### Regional Radiocommunication Conference (RRC-06)

In the new frequency plan (the 2006 Geneva Agreement) signed on 16 June at the end of RRC-06, Switzerland was allocated 14 new full national coverages for digital broadcasting: seven for television and seven for radio. This meant that Switzerland was able to significantly increase the number of channels which could potentially be broadcast. One digital television coverage allows at least four channels at the current quality of analogue channels to be broadcast. Before this revision of the frequency plan, Switzerland had only 4 full national coverages.

Frequency utilisation must be coordinated at national level. This coordination is regulated in plans which detail the rights and obligations of states regarding utilisation of the frequencies which are allocated to them.

The frequency plan which was in force for utilisation of the 174-230 MHz and 470-862 MHz bands had been concluded in Stockholm in 1961. That plan was designed for analogue television. At the end of the 'nineties, it was clear that the Stockholm plan was not allowing the efficient introduction of terrestrial digital broadcasting. It was therefore necessary to draw up a new plan.

### Other international activities

We took part in the work of the International Telecommunication Union (ITU) and the European Conference of Postal and Telecommunications Administrations (CEPT) within the framework of the Electronic Communications Committee (ECC). Within this committee, about ten Decisions defining frequency harmonisation measures were adopted in 2006. For example: the Decisions enabling the introduction at European level of applications based on UWB (Ultra Wide Band) technology. Another Decision authorises countries which wish to do so to introduce third-generation (UMTS) mobile telephony systems in the frequency bands currently occupied by second-generation (GSM) systems. See also "Radio technology", page 22.

### National activities

The updated version of the national frequency allocations plan was approved by the Federal Communications Commission.

<http://www.bakom.ch/themen/frequenzen/00652/00654/index.html?lang=en>

All information concerning the use of frequencies was updated in the CEPT's EFIS (ERO Frequency Information System).

<http://www.efis.dk>

## **Electromagnetic compatibility**

Following the studies conducted in previous years, in 2006 a test campaign was conducted in a PLC (Power Line Communication) access network using the latest-generation modems. It was shown that the selective masking of individual frequency bands works. It was also possible to demonstrate the effect of this measure by means of existing radio interference. In cooperation with the Yverdon University of Applied Sciences, it was possible to elaborate further technical measures to improve the compatibility of PLC networks with radio applications.

In the area of environmental electromagnetic compatibility (EMC-E) we developed a software tool for calculating exposure situations in defined regions. This will make it possible to represent the exposure of the population to different network configurations of mobile radio and broadcasting.

We again provided support to cantonal authorities in the area of measurements and advice for the application of the Decree on Protection from Non-Ionising Radiation. The office also worked on various reports related to corresponding parliamentary initiatives.

In early June 2006, the TNO follow-up study was published. This study examined the effects of short-term UMTS mobile telephone radiation on well-being and health. No effects could be found. The office monitored and supported the preparation of communications in conjunction with the Federal Office of Public Health, the Federal Office for the Environment and the ComCom.

## **Radio technology**

We made a major contribution to drawing up the European regulations for Ultra Wide Band systems. UWB technology enables the development of very fast wireless communication systems – up to 1 Gbit/s – over short distances and can also be used in radar-type applications for position location or surveillance.

At the beginning of the year, an initial Decision by the Electronic Communications Committee (ECC) opened up the 6 to 8.5 GHz frequency band to UWB systems. A second Decision then provisionally (up to 2010) opened up the 4.2 – 4.8 GHz band to facilitate the introduction of first-generation UWB systems – mainly communication systems. Some of these Decisions have already been included in the 2007 national frequency allocations plan. In addition, a Decision relating to the introduction of “Ground and Wall-Probing Radar Imaging Systems” (GPR/WPR) was adopted by the ECC in early December and will shortly be incorporated in the Swiss regulations. These Decisions were eagerly awaited in Switzerland because a large number of industries and research laboratories are developing numerous systems based on UWB technology.

See also „Market access for new technologies, page 15 and “Other international activities” page 21.

## **Frequency allocation**

We allocated several hundred individual frequencies for mobile applications and approximately 1500 frequency pairs for point-to-point radio systems. Only by using “state of the art” equipment, can the density of use of individual frequency ranges continue to be increased.

More stringent quality requirements in the events sector have resulted in increasing demand for temporary frequencies for wireless cameras, administrative and organisational communication and transmissions to feed-in points.

Other key areas included advising customers on new projects and monitoring radio trials to test new radio technologies.

## **International cooperation with the administrations of neighbouring countries**

After RRC-06, we settled the formalities for the parallel operation of analogue television and the construction of digital broadcasting networks with Germany, France and Austria.

## **VHF and digital broadcasting**

Continuing one-off adaptations to the transmitter network to improve VHF coverage or the use of lower-cost sites prove that VHF technology continues to be the preferred vector for audio broadcasting.

Now that the way is clear for digitisation of broadcasting from a technical point of view, we have closely monitored the expansion of the SRG's DVB-T (television) and T-DAB (radio) networks. Finally, activities in the area of broadcasting also included frequency allocation for a wide-area trial of DVB-H (handheld TV) and monitoring the invitation to tender for a second DAB system with a considerably more efficient audio encoding technique.

## **Radio Monitoring**

In addition to ordinary everyday business (planning measurements in the VHF band, interference investigations, licence checks and electromagnetic compatibility measurements) we also dealt with interference affecting the special parliamentary sessions in Flims. Thanks to our intervention, parliament was finally able to use the wireless voting system as envisaged.

As a replacement for the Albis site, which was closed for reasons of cost, it was possible to bring the fixed measurement station of Gubrist into service. The new measurement station at Rossberg serves as a replacement for the discontinued Höhronen PTT station.

In addition, a WTO tender procedure for four fixed direction-finding installations was carried out. It is planned to purchase and commission these installations within the next two years.

### **Cases of interference notified and processed**

Year	2006	2005	2004
Cases of interference notified	333	254	294

# International Relations

Two important International Telecommunication Union (ITU) conferences took place in 2006: The World Telecommunications Development Conference and the Plenipotentiaries' Conference. The latter involved a change in the management team and proposed measures to reform the functioning of the organisation, which Switzerland supported. Switzerland was elected to the ITU Council with an excellent score.

The first UN meeting of the Internet Governance Forum in Athens provided an opportunity to analyse the decisions taken in Tunis at the World Summit on the Information Society (WSIS) in 2005. As part of its institutional presidency of TV5, Switzerland accompanied the new chairman and managing director of TV5 in the channel's strategic reorientation.

Frédéric Riehl, Deputy Director

See also various international activities pages 13, 15, 21, 23.

## ITU

### **a) World Telecommunication Development Conference (WTDC-06)**

At the end of this conference, which was held in Doha in March, the ITU adopted an action plan based on the Geneva action plan (WSIS, phase 1) and the Tunis agenda (WSIS, phase 2).

We took part in the European coordination work which related both to the working methods, structure and role of the Telecommunication Development Advisory Group and to cooperation between regulators, continuing follow-up to the WSIS and regional initiatives.

### **b) The ITU Council**

Switzerland chaired the permanent finance commission of the ITU Council, which met in Geneva in April. We pursued our commitment to a balanced ITU financial plan. Tough negotiations were conducted to determine the amount of the provisional contribution unit; they resulted in provisionally maintaining the amount of CHF 318,000 per unit, and this was used as a basis for the preparations for the draft financial plan for the Plenipotentiaries' Conference (PP-06).

### **c) Conference of Plenipotentiaries (PP-06), Antalya, 6-24 November 2006**

Switzerland chaired the Conference's "Management and Administration" Commission, which was tasked with preparing the Union's financial plan for the period 2008-2011. The proposals to modify the procedure and management of the PPs, i.e. the Constitution (CS), the Convention (CV) and the General Regulations (GR) originated from Switzerland. Our proposals to improve the PP-06 "Time Management Plan" which covered three weeks instead of four were adopted on the first day of the conference. The procedures for elections and announcing contributions were adopted accordingly. In the context of the common European proposals, we supported the studies proposing a reduction in the number of elected officials.

In terms of the discussions and negotiations, we were committed to the resolution relating to the role of the ITU in the WSIS follow-up. On Switzerland's initiative, a new resolution was adopted. It relates to "stakeholder participation" and provides an opportunity for civil society to take part in ITU activities.

Switzerland fought successfully to ensure that competition for hosting ITU Telecom exhibitions remains open to all countries for every World Telecom exhibition, in this way ensuring that Geneva has a fair chance to continue welcoming such an important event.

Switzerland was elected to the ITU Council with an excellent score. However, despite a hard-fought campaign, the Swiss candidate was not elected as Secretary General. Hamadoun Touré, from Mali, was elected at this position.

With regard to inter-regional coordination, Switzerland chaired the European (CEPT) and inter-regional (REGORG, regional telecommunications organisations) coordination. It was elected to chair the 2007 session of the ITU Council and conducted the extraordinary session on the final day of the PP-06.

## **WSIS follow-up**

As for the implementation phase of the World Summit on the Information Society (WSIS), OFCOM is coordinating Switzerland's activities and contributing substantially to this work.

### **a) Commission on Science and Technology for Development (CSTD)**

In the spring of 2006, on our initiative, Switzerland put itself forward for a vacant seat on the CSTD, which has been tasked with the follow-up to the WSIS within the framework of the UN organisations. Under OFCOM's leadership, Switzerland participated in the first meeting of the CSTD and negotiated the adaptation of the mandate and the composition of the CSTD within the framework of the ECOSOC. In this context, Switzerland's top priority was to campaign for an efficient structure for the follow-up work and for the introduction of the multi-stakeholder approach in the CSTD also.

### **b) Internet Governance Forum (IGF)**

Under OFCOM's leadership, at the end of 2006 Switzerland took part in the first IGF in Athens. OFCOM acts as the WEOG coordinator in the UN IGF consultants' group. We are continuing to participate in the European Union's HLIIG group, in which the EU states discuss their positions on internet governance.

### **c) WSIS Action Line Facilitation Meetings**

We are coordinating Switzerland's work on implementing the WSIS in accordance with the action lines of the Geneva Action Plan (2003) and are ourselves participating in some working groups.

For the WSIS implementation work we are continuing the national multi-stakeholder platform (a tripartite platform) set up for the WSIS preparations.

## **TV5 Monde**

The appearance of France 24, the first 24 hour French international news channel, led to discussions on TV5's achievement in recent years, in particular regarding satellite positions and cable network distribution. Switzerland urged its partners to comply with the consultation procedure between the governments with a financial stake in TV5 for the nomination of the new chief executive which took place in April 2006. OFCOM was responsible for the first year of the Swiss presidency of TV5 Monde, organising five meetings of senior officials and ensuring that the 2007 budget was adopted.

## **The Council of Europe**

The group of specialists on public service broadcasting in the information society conducted a detailed discussion on the draft Recommendation on the public service mission in the information society.

Within the group of specialists on human rights in the information society, Switzerland encouraged the Council of Europe to contribute to the work of the Internet Governance Forum.

In the Committee on the Convention on transborder television, we are participating in a working group tasked with making proposals on the revision of the agreement, notably in the area of advertising (advertising windows).

## **Satellite organisations**

Switzerland, as a member of the Consultative Committee of the European Telecommunications Satellite Organisation EUTELSAT IGO, assisted the Executive Secretariat of this organisation in its capacity in carrying out the tasks which are part of its mandate. OFCOM represented Switzerland at the 34<sup>th</sup> (extraordinary) Assembly of the Parties which was held in May 2006 to approve an amendment to the Arrangement linking this organisation to the Eutelsat SA company and to deal with the issue of unpaid bills relating to satellite network notification records submitted to the ITU.

OFCOM represented Switzerland at the 30<sup>th</sup> (extraordinary) Assembly of the Parties to the International Telecommunications Satellite Organisation ITSO in July 2006, during which the problems encountered by the organisation in exercising its supervisory role over the company Intelset Ltd. were discussed.

We defended Switzerland's position at the 17<sup>th</sup> Assembly of the Parties to the International Mobile Satellite Organisation in September 2006. On this occasion, various amendments to the IMSO Convention aimed at enabling future expansion of this organisation's areas of activity were adopted.

# Resources and Organisation

We have continued implementing the cutbacks plan laid down by the Federal Council.

The internally approved employment figure fell by a further 5 posts compared to the previous year and totalled 270 full-time posts, of which, however, only 263 full-time posts were occupied on average throughout the year (excluding apprentices). Employee turnover was 3.6%, about 1.5% higher than in the previous year.

The planned complement of apprentices was achieved for the first time in 2006 (14 persons, including 8 media trainees and 6 commercial trainees, in the French language).

Georg Caprez, Personnel Manager / Christine Fuchs, Finance and Human Resources Manager

## Finance

The overall financial result for 2006, with total expenditure of CHF 73.7 million and total revenues of CHF 79.4 million, was extraordinarily good. It resulted in a revenue surplus of CHF 5.7 million.

The revenue surplus was generated because on the one hand, on the costs side, subsidies were cut by CHF 5 million within the framework of the Confederation's programmes of cuts and on the internal administration side the continued implementation of the cutbacks plan resulted in operating expenditure falling by CHF 1.1 million. On the other hand, on the revenue side, CHF 6.1 million of additional revenue was achieved by auctioning radio frequencies for telecom services in the area of Broadband Wireless Access (BWA).

As a result of economies in OFCOM's operations and the additional revenue from auctioning the BWA frequencies, the level of self-financing of the Office's operating costs (financing through administrative and radio licence fees) attained approximately 110%. It should be mentioned in this context that, leaving aside the revenue from the auction, the target of complete self-financing was virtually achieved – with a self-financing level of 99%.

## Expenditure

Total expenditure in comparison with the previous year was down CHF 5.8 million.

In 2006, subsidies in the radio and television sector fell by a total of CHF 4.7 million. This is attributable in particular to the fact that the financial assistance to Swiss Radio International (SRI) was completely eliminated by parliament this year as part of the 03 programme of cuts.

The operating expenditure of the Office itself (its total budget) fell by CHF 1.1 million compared with the previous year. Above all, this was attributable to the fact that we continued with the implementation of the job rationalisation measures. In this context, personnel costs fell for the first time (CHF -0.7 million). Total material costs and investments fell by CHF 1 million in total.

As a FLAG office, OFCOM has the option of establishing reserves for specific purposes. This option was again exercised in 2006. We placed CHF 2.1 million, which could not be used in 2006 because of delayed projects, in the reserves designated for special purposes. These resources are to be used in 2007 in accordance with the purpose envisaged in the preceding year.

## Revenue

Total revenue in comparison with the previous year was up CHF 3.7 million.

CHF 4.2 million are accounted for by additional revenue from radiocommunication licence fees. These originate from the Telecom Services product group and resulted from the auctioning of BWA frequencies, which generated radiocommunication licence fees to the value of CHF 5.5 million.

In the case of revenue from administrative penalty procedures (proceeds from infringements of laws and fines), there was CHF 0.6 million of additional revenue compared with the previous year.

On the other hand, the earmarked revenue for subsidies in the radio and television sector fell by CHF 0.4 million compared with the previous year. This fall originates from the radio and television broadcasters' and distributors' licence fee; in the previous year, the accounting practice had been changed and in 2005 five quarters were passed to account. On an adjusted basis, however, licence fees were higher than in the previous year because of the economic situation.

Revenue from administrative fees also fell compared with the previous year. The reduction in revenue amounted to CHF 0.8 million. It originates essentially from the Telecom Services product group, in which lengthy interconnection procedures were able to be wound up, which in the previous year had resulted in additional revenue in 2005 of CHF 0.9 million.

# Financial development in the period 2002-2006

## 1. Financial account

	2003 (million CHF)	2004 (million CHF)	2005 (million CHF)	2006 (million CHF)	Change from previous year (million CHF)	%
<b>1.1 Administrative expenditure and revenue</b>						
<b>Administrative expenditure (incl. ComCom)</b>						
Personnel expenditure	37.0	38.0	38.1	37.4	-0.7	-2%
Material expenditure and investment	16.5	16.5	15.5	14.5	-1.0	-6%
Credit transfer to following year	3.0	1.6	1.5	2.1	0.6	40%
<b>Total</b>	<b>56.5</b>	<b>56.1</b>	<b>55.1</b>	<b>54.0</b>	<b>-1.1</b>	<b>-2%</b>
<b>Administrative revenue (incl. ComCom)</b>						
Administration fees	38.4	32.4	33.9	33.1	-0.8	-2%
Radio licence fees	19.9	17.4	22.0	26.2	4.2	19%
<b>Total</b>	<b>58.3</b>	<b>49.8</b>	<b>55.9</b>	<b>59.3</b>	<b>3.4</b>	<b>6%</b>
<b>Self-financing level in %</b>	<b>103.2</b>	<b>88.8</b>	<b>101.5</b>	<b>109.9</b>		

<b>1.2 Extraordinary expenditure</b>						
World Summit on the Information Society	10.9	4.8	0.0	0.0	0.0	-

<b>1.3 Additional revenue</b>						
Receipts from administrative penalty procedures	0.6	1.9	0.5	1.1	0.6	120%

<b>1.4 Subsidies</b>						
<b>Earmarked revenue (special finance)</b>						
Proportion of fees, local and regional broadcasters	13.5	13.5	13.5	13.5	0.0	0%
Licence fees, radio and television	4.7	4.7	5.8	5.4	-0.4	-7%
<b>Total</b>	<b>18.2</b>	<b>18.2</b>	<b>19.3</b>	<b>18.9</b>	<b>-0.4</b>	<b>-2%</b>
<b>Subsidy expenditure</b>						
Contributions to local and regional broadcasters (fee-splitting)	14.5	11.0	14.5	16.3	1.8	12%
Training, programme-makers and media research	1.9	1.9	1.9	1.4	-0.5	-26%
Contributions to international broadcasters	2.0	1.9	2.0	2.0	0.0	0%
Contribution, MEMORIAV	1.0	1.0	1.0	0.0	-1.0	-100%
Contribution, SRI	17.8	17.7	5.0	0.0	-5.0	-100%
<b>Total</b>	<b>37.2</b>	<b>33.5</b>	<b>24.4</b>	<b>19.7</b>	<b>-4.7</b>	<b>-19%</b>
<b>Self-financing level, subsidies in %</b>	<b>48.9</b>	<b>54.3</b>	<b>79.1</b>	<b>96.0</b>		

## 2. Overall financial result

	2003 (million CHF)	2004 (million CHF)	2005 (million CHF)	2006 (million CHF)	Change from previous year (million CHF)	%
<b>Overall result</b>						
<b>Total expenditure</b>	<b>104.6</b>	<b>94.4</b>	<b>79.5</b>	<b>73.7</b>	<b>-5.8</b>	<b>-7%</b>
<b>Total revenue</b>	<b>77.1</b>	<b>69.9</b>	<b>75.7</b>	<b>79.4</b>	<b>3.7</b>	<b>5%</b>
<b>Funding requirement</b>	<b>27.5</b>	<b>24.5</b>	<b>3.8</b>	<b>-5.7</b>		

### 3. Cost-benefit accounting

	2003 (million CHF)	2004 (million CHF)	2005 (million CHF)	2006 (million CHF)	Change from previous year (million CHF)	%
<b>3.1 Total OFCOM expenditure and revenue</b>						
Total administrative expenditure	56.5	56.1	55.1	54.0	-1.1	-2%
+ services drawn upon in the federal administration	6.5	5.9	5.3	4.6	-0.7	-13%
+ calculated costs	4.0	3.6	3.5	2.8	-0.7	-19%
+ withdrawal from reserves	1.5	2.1	1.3	0.9	-0.4	-30%
minus investment included in financial expenditure	-5.4	-2.0	-1.5	-1.5	0.0	0%
minus credit transfer	-3.0	-1.6	-1.5	-2.1	-0.6	41%
<b>Total expenditure</b>	<b>60.1</b>	<b>64.1</b>	<b>62.1</b>	<b>58.7</b>	<b>-3.5</b>	<b>-6%</b>
<b>Revenue (administration fees)</b>	<b>38.4</b>	<b>32.4</b>	<b>33.9</b>	<b>33.1</b>	<b>-0.8</b>	<b>-2%</b>
<b>Self financing level in %</b>	<b>64</b>	<b>51</b>	<b>55</b>	<b>57</b>		

<b>3.2 Expenditure and revenue by Division</b>						
<b>Telecom Services</b>						
Expenditure	20.3	20.9	20.3	18.7	-1.6	-8%
Revenue	13.0	8.5	10.0	9.4	-0.6	-6%
<b>Self financing level in %</b>	<b>64</b>	<b>41</b>	<b>49</b>	<b>50</b>		
<b>Radio and Television</b>						
Expenditure	18.8	21.9	20.2	18.6	-1.6	-8%
Revenue	13.0	12.9	12.9	12.7	-0.2	-2%
<b>Self financing level in %</b>	<b>69</b>	<b>59</b>	<b>64</b>	<b>68</b>		
<b>Radio and Licences</b>						
Expenditure	21	21.3	21.6	21.3	-0.3	-1%
Revenue	12.4	11.0	11.1	11.0	-0.1	-1%
<b>Self financing level in %</b>	<b>59</b>	<b>52</b>	<b>51</b>	<b>52</b>		

# Employees

## Number

In the reporting year, we employed 304 people, including 107 women. In the preceding year we employed 311 people (113 women). This corresponds to 35.2%, 1.13% less, compared to the previous year.

## Linguistic distribution

About 60% of OFCOM employees speak German as their mother tongue; 33% speak French and 3% Italian. Other languages, such as Arabic, English, Laotian, Portuguese, Russian, Spanish and Thai represent approximately 3%.

## Average age

The average age is 43 years.

## Apprentice system

This year, for the first time, we were able to fill the planned total of 14 apprentice places. At about 5 apprenticeships per 100 employees, the Federal Council's target value of 4% of employees has even been slightly exceeded.

Since we are unable to offer full training in Italian, in future, in cooperation with the Bellinzona vocational school we shall be running a high-frequency course for electronics apprentices.

For 2007, it was possible to conclude a cooperation agreement with the general secretariat of the Department, i.e. for six months at a time the media technology trainees will undergo a practical placement at the GS DETEC.

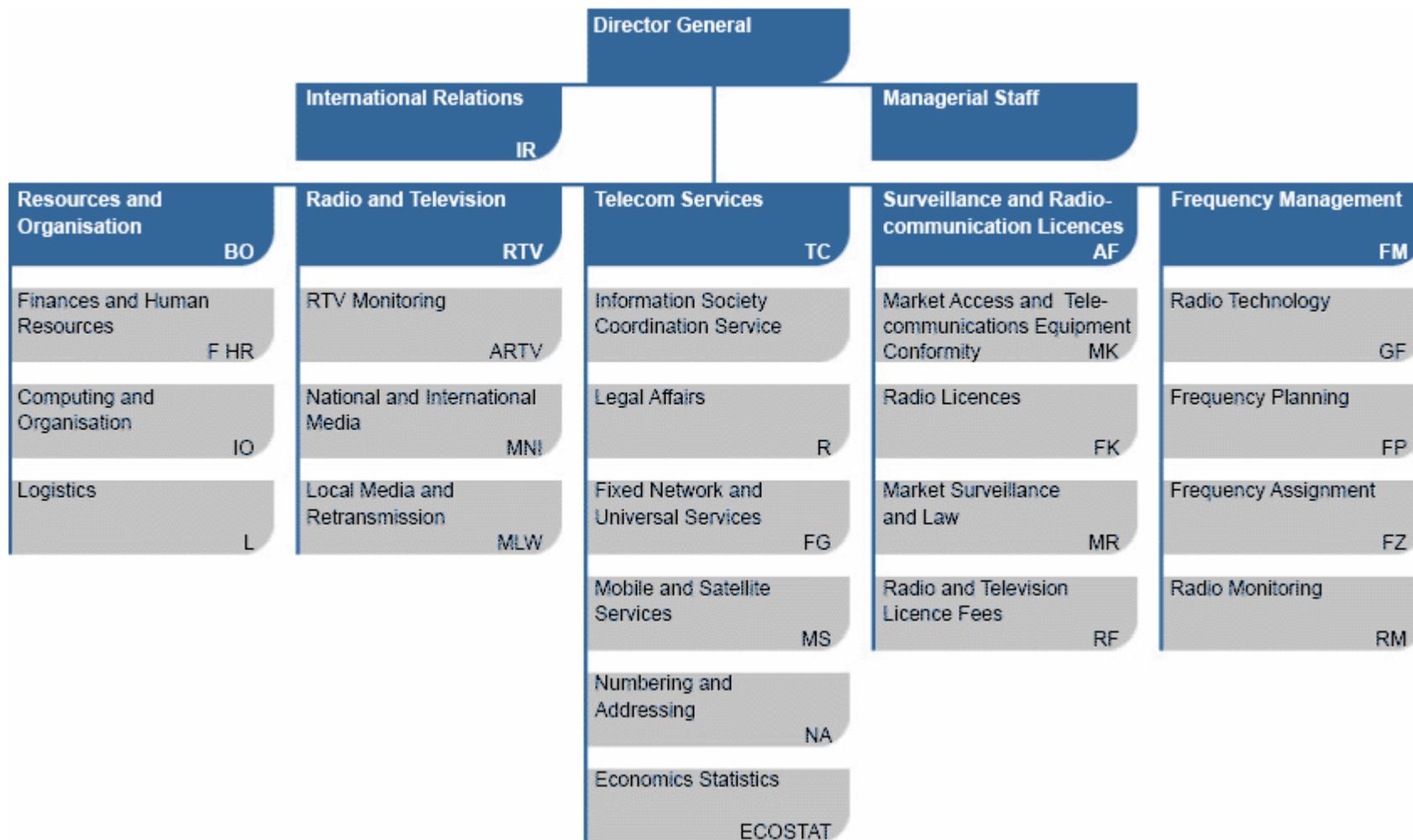
For the second time, our French-speaking business school apprentices will be attending a quality assurance course at the Rolex Company in Biel.

## Management

The management of OFCOM consists of: the Director Dr. Martin Dumermuth, the Deputy Director and Division Head Telecom Services Peter Fischer, the Vice-Director and Division Head Licences and Equipment Véronique Gigon, the Vice-Director and Division Head Radio and Television Matthias Ramsauer, the Division Head Frequency Management Peter Pauli, the Vice-Director, International Relations Service Frédéric Riehl, the Personnel Head Georg Caprez (until 31.12.2006), the Managerial Staff Head Andreas Sutter, the Head of Communications Dr. Roberto Rivola and the Head of Finances (and Human Resources) Christine Fuchs (from 01.01.2007).



## Organisation chart





Swiss Confederation

## Personnel

Organisational unit	Name	Telephone +41 32 327	
<b>Management</b>			
Director	Martin Dumermuth	5501	
Head of managerial Staff	Andreas Sutter	5503	
Head of Communications	Roberto Rivola	5650	
<b>International Relations</b>			
Vice-director	Frédéric Riehl	5454	
Deputy Head	Anja Siebold Bucher	5595	
<b>Resources and Organisation</b>			
Finances (and Human Resources Personnel	from 01.01.2007) until 31.12.2006	Christine Fuchs Georg Caprez	5707 5515
Computing and Organisation		Bruno Frutiger	5520
Logistics		Peter Lendenmann	5456
<b>Radio and television</b>			
Head and Vice-Director	Matthias Ramsauer	5510	
Radio and television Monitoring	Susanne Marxer Keller Carole Winistörfer	5948 5449	
National and International Media	Peter Marti	5544	
Local Media and Retransmission	Marcel Regnotto	5535	
<b>Telecom services</b>			
Head and Deputy Director	Peter Fischer	5599	
Information Society Coordination Service	Peter Fischer	5599	
Legal Affairs	Annalise Eggimann	5582	
Fixed Network and Universal Services	Armin Blum	5579	
Mobile and Satellite Services	Urs von Arx	5856	
Numbering and Addressing	François Maurer	5576	
Economics and Statistics	René Dönni	5543	
<b>Surveillance and Radiocommunication Licences</b>			
Head and Vice-director	Véronique Gigon	5448	
Market Access and Telecommunications Equipment Conformity	Gerhard Käser	5565	
Radio Licences	until 30.11.2006 from 01.12.2006	Rudolf Rieder Beat Scheidegger	5820 5830
Market Surveillance and Law	Olivier Pauchard	5430	
Radio and television Licence Fees	Daniel Büttler	5445	
<b>Frequency Management</b>			
Head	Peter Pauli	5700	
Radio technology	Daniel Vergères	5720	
Frequency Planning	Philippe Horisberger	5411	
Frequency Assignment	Konrad Vonlanthen	5583	
Radio Monitoring	Silvio Rubli	5730	

## Contact

Do you want to contact us?  
Dial +41 32 327 55 11 (exchange),  
send a fax to +41 32 327 55 55  
or an e-mail to [info@bakom.admin.ch](mailto:info@bakom.admin.ch).

## Postal address

OFCOM, P.O. Box, CH-2501 Biel/Bienne

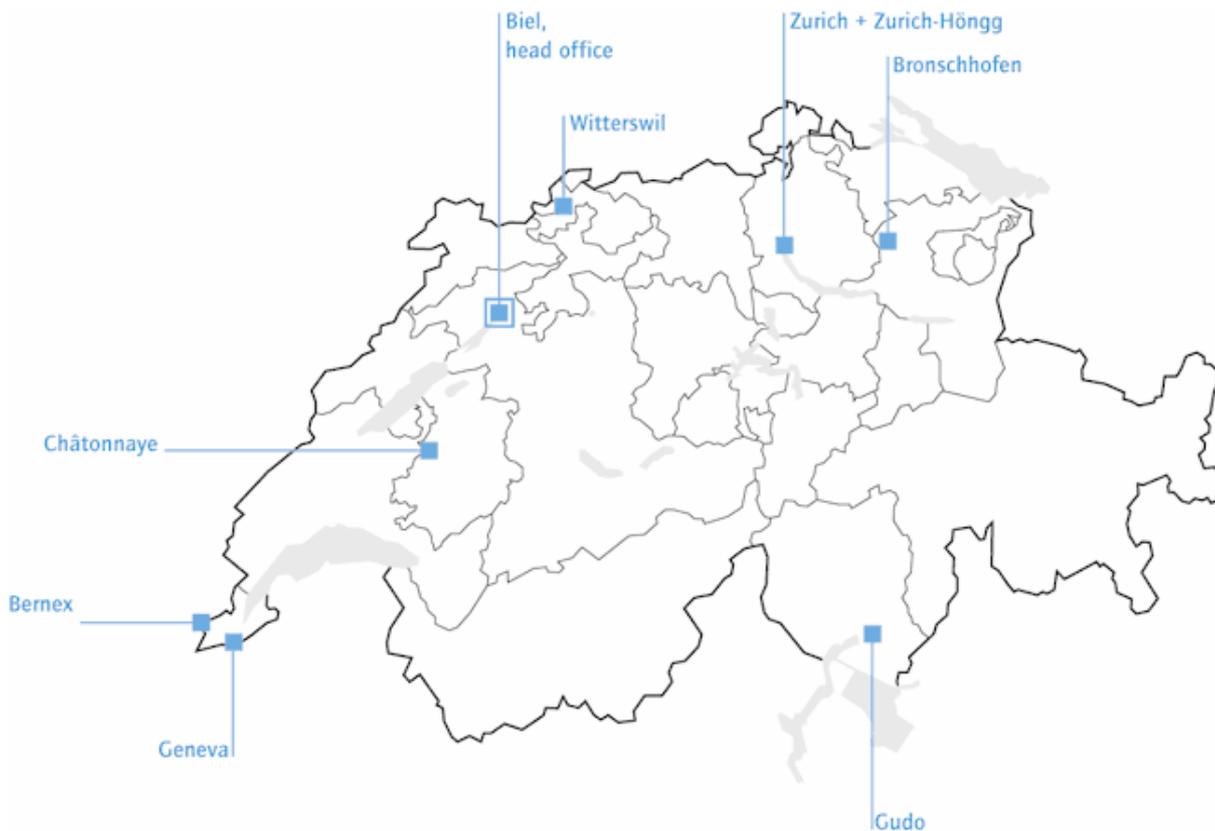
## Website

<http://www.ofcom.admin.ch/index.html?lang=en>

A map and directions to our location, Zukunftstrasse 44 in Biel can be found at  
<http://www.bakom.admin.ch/org/adresse/index.html?lang=en>

## Locations

OFCOM has support points throughout Switzerland. This enables us to exercise our regulatory function in the interest of markets which operate satisfactorily.



# Index

Editorial.....	3
The year 2006 in review .....	4
Chronology of major OFCOM, DETEC and ComCom decisions .....	4
Radio and television .....	7
Regional-language and national broadcasters .....	7
3+ has started.....	7
“Limits of the state” .....	7
More income for the SRG .....	7
Local and regional broadcasters .....	7
Discussion on the future configuration of the regional coverage areas.....	7
Mergers and acquisitions .....	8
OFCOM reduces Swisscom Broadcast AG charges .....	8
Digitisation of broadcasting .....	8
Universal service by the SRG .....	8
New digital radio platform .....	8
Surveillance of radio and television .....	8
Telecom services.....	10
Market for telecom services .....	10
Market access and the universal service .....	11
Legislation.....	12
Interconnection .....	12
Consumer protection and surveillance.....	13
Procedures against telecommunication service providers .....	13
Combating the misuse of value-added service numbers.....	13
New delegation agreement with Switch .....	13
Replacement of the 111 directory enquiries number by 18XY .....	13
International cooperation .....	13
European standardisation in the telecom sector .....	13
Cooperation between the European regulatory authorities .....	13
The information society in Switzerland .....	14
The 2006 Federal Council strategy for an information society in Switzerland:.....	14
The e-government strategy.....	14
The (draft) e-health strategy .....	14
Outline paper on handling electronic data and documents in the federal administration (preparatory work on the concept).....	14
IISC annual report to GSC 2006.....	14
Surveillance and radiocommunication licences .....	15
Telecommunications equipment .....	15
Market access for new technologies .....	15
Notifications.....	15
Systems for neutralising mobile communications in prisons .....	16
Radiocommunication licences .....	16
Radiocommunication licences .....	16
Radio operators’ examinations .....	17
Surveillance of the market for telecommunications equipment and licences.....	17
Monitoring of telecommunications equipment .....	17
Surveillance of licences .....	19
Surveillance of unlicensed operation and/or unlicensed equipment .....	19
Supervision and collection of reception fees.....	19
Supervision and collection of reception fees .....	19
Complaints against Billag AG decisions .....	19
Infringements of the obligation to register and pay fees.....	20

Frequency management.....	21
Frequency planning .....	21
Regional Radiocommunication Conference (RRC-06).....	21
Other international activities .....	21
National activities .....	21
Electromagnetic compatibility .....	22
Radio technology.....	22
Frequency allocation.....	22
International cooperation with the administrations of neighbouring countries.....	23
VHF and digital broadcasting .....	23
Radio Monitoring.....	23
International Relations.....	24
ITU .....	24
a) World Telecommunication Development Conference (WTDC-06) .....	24
b) The ITU Council.....	24
c) Conference of Plenipotentiaries (PP-06), Antalya, 6-24 November 2006.....	24
WSIS follow-up .....	25
a) Commission on Science and Technology for Development (CSTD) .....	25
b) Internet Governance Forum (IGF) .....	25
c) WSIS Action Line Facilitation Meetings .....	25
TV5 Monde .....	25
The Council of Europe .....	25
Satellite organisations.....	26
Resources and Organisation .....	27
Finance .....	27
Expenditure .....	27
Revenue .....	28
Financial development in the period 2002-2006 .....	29
Employees .....	31
Number.....	31
Linguistic distribution .....	31
Average age .....	31
Apprentice system.....	31
Management .....	31
Organisation chart.....	32
Personnel.....	33
Contact.....	34
Postal address.....	34
Website .....	34
Locations.....	34