



Schweizerische Eidgenossenschaft
Confédération suisse
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Federal Office of Communications OFCOM

Swiss Confederation

Annual report 2008

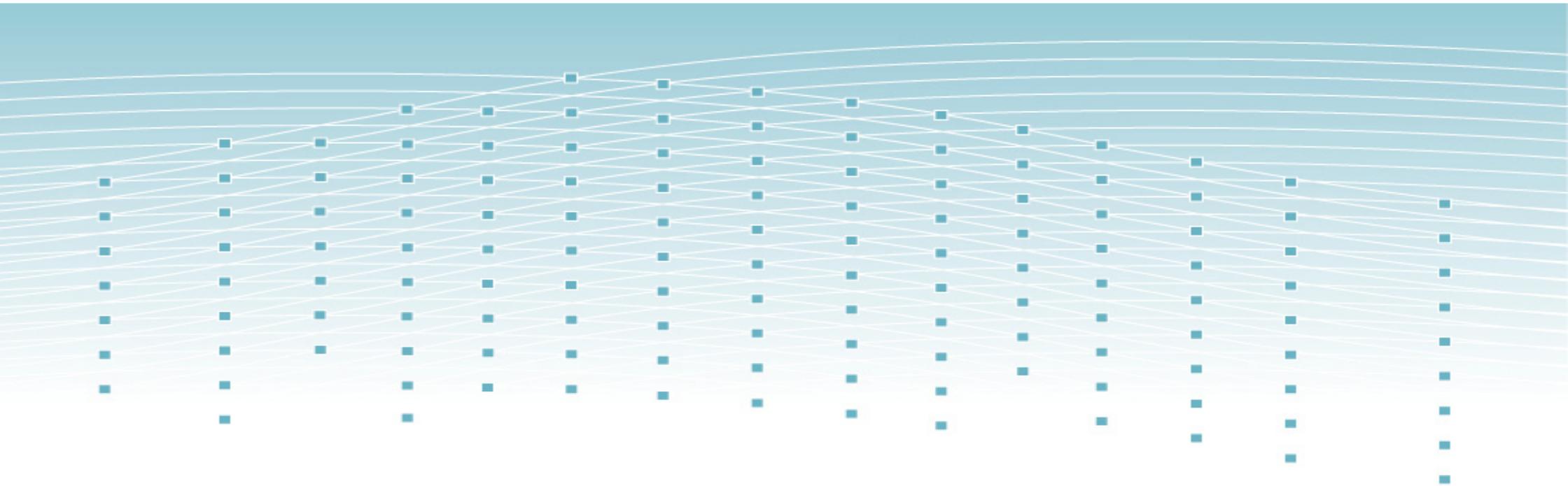
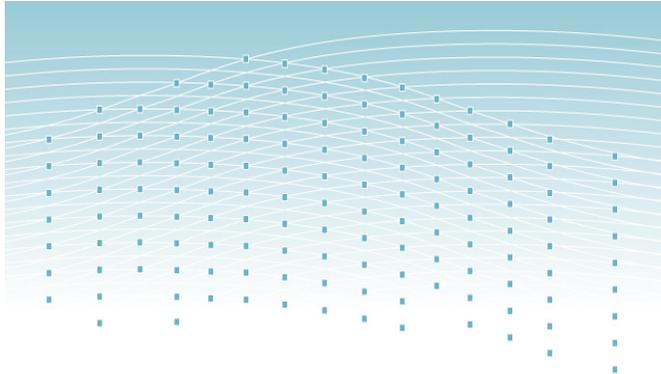
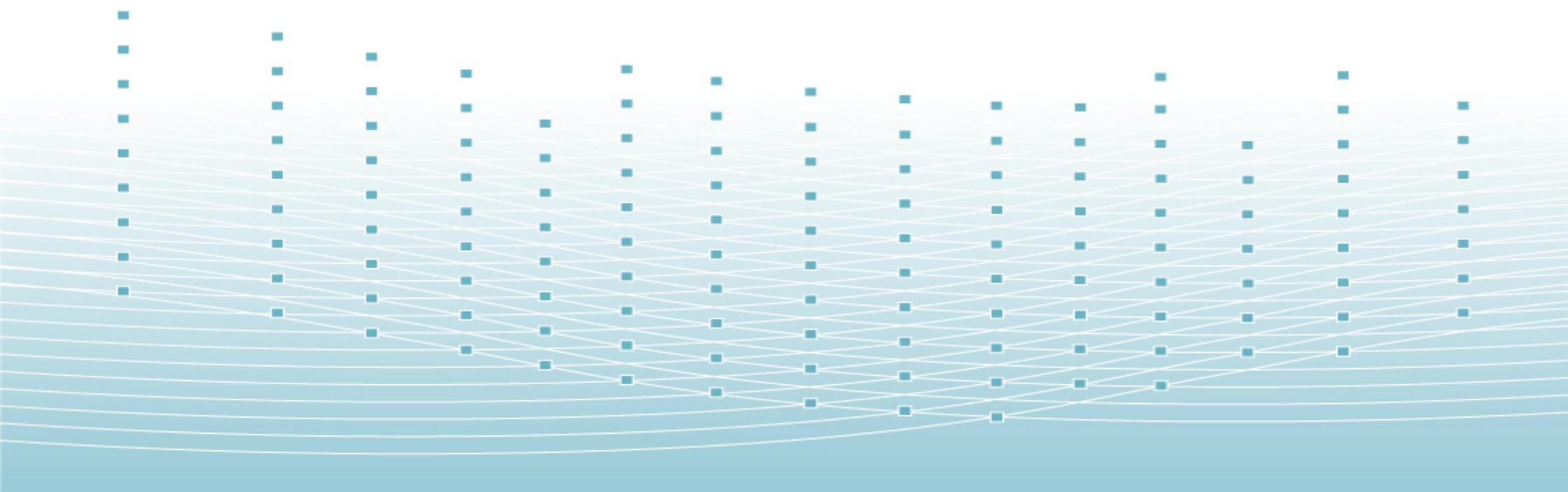




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EDITORIAL

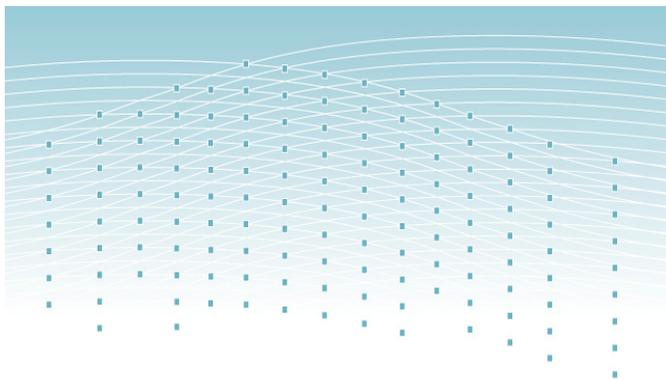
Work is progressing on implementing “our” laws which were both recently revised, the Radio and Television Act (RTVA) and the Telecommunications Act (TCA). In the reporting year this framework saw new essential decisions which will have a lasting influence on the development of the corresponding markets.

Licensing of private radio and television stations with a performance mandate resulted in profound changes in some regions. Though some appeals are still pending, the legally licensed broadcasters now have security for the next ten years, at least in terms of legal status, as the imponderables of economic and technological developments give players enough to ponder.

The modalities for unbundling the last mile were legally defined last autumn. Though the relevant legal foundations were created relatively late in Switzerland, there is now exponential growth in the number of unbundled connections. Implementation of the corresponding regulations following creation of the legal foundations has progressed faster in Switzerland than practically any other European country.

Since the revision projects, there has been continued action regarding political discussions in relation to shaping the telecommunications market and the radio and television sector. In both the telecommunications and the radio and television sectors there are calls for legal revision on the political agenda, which we will deal with in the not too distant future.

Martin Dumermuth, Director General



THE YEAR 2008 IN REVIEW

Chronology of major OFCOM, DETEC and ComCom decisions

5 December 2008: The Federal Council has renewed the Interdepartmental Information Society Committee's mandate (IISC). This allows the IISC to continue to coordinate implementation of the Federal Council's strategy for an information society in Switzerland until the end of 2011. The central themes will include e-Participation, awareness-raising among the population to the opportunities and threats of the internet and other modern IT technologies, plus e-Inclusion which continues to be an important topic.

26 November 2008: The Federal Council referred the supplementary message relating to Swiss participation in the EU MEDIA film support programme to parliament. This participation is of critical importance for the development of the Swiss film industry. After the rejection of the matter by parliament in December 2007, the Federal Council agreed an amendment to the text of the agreement with the EU in order to better guarantee Switzerland's media policy interests from foreign television advertising windows. At the same time, the Federal Council proposes a relaxation of the ban on alcohol advertising in the Radio and Television Act (RTA), so that domestic television broadcasters are not disadvantaged in respect of foreign competition.

25 November 2008: The second digital platform intended for French-speaking Switzerland was of interest to seven candidates who would like to ob-

tain a licence to broadcast DAB+ radio programme services. The consultation procedure was launched today and interested parties have until 23 December to submit their opinions. After analysis of the candidature dossiers the decisions will be communicated in spring 2009.

12 November 2008: By adopting the National Frequency Allocation Plan for the year 2009, the Federal Council has decided that a share of the frequencies traditionally used for terrestrial television transmission will be released for new use by mobile communication services, by the year 2015 at the latest.

31 October 2008: The Department of the Environment, Transport, Energy and Communications (DETEC) has awarded 14 VHF radio and 7 regional television licences for coverage areas where more than one broadcaster submitted a candidature. Two former radio licensees and two former TV licensees lost their licences to other candidates. Appeals against the decisions can be submitted to the Federal Administrative Court.

24 September 2008: The Federal Communications Commission (ComCom) has set the price for unbundling the local loop for the first time. For the current year it will be reduced to CHF 18.18. Swisscom had initially demanded a price of CHF 31.00 from its competitors; it is currently charging CHF 23.50.

ComCom is also reducing interconnection prices again by 25 to 30 percent for 2007 and 2008.

23 September 2008: The Federal Office of Communications (OFCOM) is currently examining whether there is still a current need for medium-wave broadcasting of radio programme services in Switzerland. After the Beromünster transmitter ceased operation at the end of December 2008, four out of five medium-wave frequencies in Switzerland will be unused.

15 September 2008: OFCOM is launching a consultation to assess the requirements of parties interested in the transmission of TV programme services in digital quality in Upper Valais and Grisons. Interested parties have until 24 October 2008 to submit their proposals concerning the new DVB-T licences, which should be awarded in spring 2009.

11 September 2008: The approval procedure for organisations and specialists wishing to inspect the editorial quality assurance systems for private VHF radio stations and regional television broadcasters has now been instituted. Interested parties can submit their candidatures to OFCOM until mid-November 2008.

28 August 2008: The Competition Commission (ComCo), the Price Supervisor and ComCom are jointly calling for the Federal Council to introduce an

efficient instrument for faster determination of the network access prices charged by Swiss telecom companies. The Telecommunications Act should be amended so that so-called interconnection and access prices can be officially verified by ComCom in future. At present, ComCom can only examine access prices in response to a complaint from a provider.

15 July 2008: Following a request from the umbrella organisation of private radio stations in French-speaking Switzerland, OFCOM has extended the deadline for submitting candidatures for digital transmission of radio programme services in French-speaking Switzerland.

8 July 2008: DETEC has licensed 27 VHF radio stations and 6 regional television stations. These 33 broadcasters were the only candidates in their respective coverage areas. In relation to the complex procedure for multiple candidates in a coverage area, it is expected that the Department will make the decisions in autumn

3 July 2008: From 3 July 2008, OFCOM is mandating the ombudscom foundation to assume the activities of an official conciliation service for the telecommunications sector.

1 July 2008: OFCOM has updated its guidelines on advertising and sponsorship. The guidelines are

published on the internet and explain OFCOM's approach to advertising and sponsorship issues. They have been developed for radio and television specialists to use as a daily working tool.

18 June 2008: The Federal Council has given SRG permission to cease broadcasting from the medium wave Monte Ceneri transmitter at the end of June 2008. At the same time the Federal Council gave permission for SRG to broadcast the SF info TV programme service on the digital terrestrial network (DVB-T). These decisions mark the national government's first revisions to the SRG licence which was awarded on 28 November 2007.

15 May 2008: Elimination of the last differences between Swiss legislation concerning telecommunications equipment and that of the European Community.

2 May 2008: The Federal Council appointed the previous vice director Véronique Gigon as deputy director. She has been employed at OFCOM since its foundation and was closely involved in setting up the Office.

29 April 2008: The new telecommunications dispute resolution service prescribed in the Telecommunications Act (TCA) will be created in the form of a foundation whose framework was determined today. The legal form of the foundation and its scope of

work developed by OFCOM make it possible to guarantee the independence of this entity charged with resolving disputes in the telecommunications sector without having to resort to legal procedures.

29 April 2008: The private radio offering in French-speaking Switzerland is to be expanded by a new digital platform. OFCOM has launched an invitation to tender for eight licences with access rights to this platform. Programme services will be transmitted on the basis of the DAB+ standard. Interested parties have until the end of July 2008 to submit their candidatures.

16 April 2008: From 15 May 2008, barriers will fall between the European Community and Switzerland for placing radiocommunications equipment such as, for example, remote-control toys or wireless microphones on the market. These changes were approved today by the Federal Council, which is taking a further step towards the application of the „Cassis de Dijon“ principle in Switzerland.

9 April 2008: ComCom has provisionally extended the GSM mobile telephony licences of Orange, Sunrise and Swisscom, which expire at the end of May 2008, until 31 December 2013 at the latest. This is intended to bridge the delays in the renewal of the three expiring GSM licences which have arisen as a result of appeals procedures.

11 March 2008: Within the context of a public hearing on the applications for a VHF radio or regional TV licence, 128 comments were received by OFCOM. The applicants now have the opportunity to express their views on the results of the hearing. It is expected that the first licence decisions will be made in early summer 2008.

6 March 2008: OFCOM has awarded SwissMedia-Cast AG the technical approval (radio licence) for transmission of new digital radio programme services in German-speaking Switzerland. This fulfils the legal requirements so that the new digital radio platform with 18 programme services can begin operations. The launch is planned for autumn 2008.

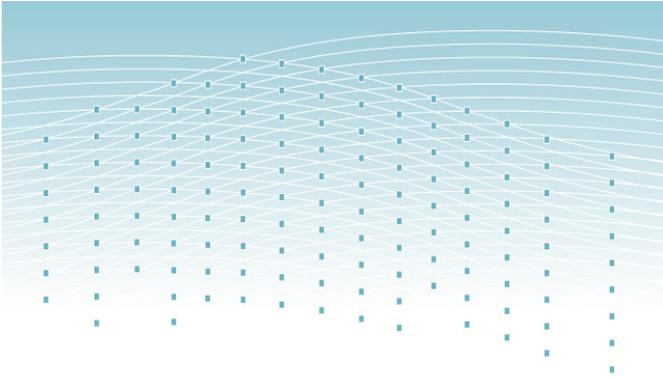
20 February 2008: The Federal Council today approved Switzerland's entry to the Independent Regulators Group (IRG). By joining the IRG – a group of 34 European national telecommunications regulatory authorities – Switzerland will be able to continue its active participation in the regulation and development of the telecom sector in the European context.

20 February 2008: The Federal Council has appointed Dr. iur. Stephan Netzle and Dr. rer. pol. Andreas Bühlmann as new members of ComCom. They take the office of Hans-Rudolf Schurter and Beat Kappeler, who left the commission at the end of 2007.

25 January 2008: OFCOM has awarded the company Kussmaul GmbH a 30-day short-term VHF radio licence for their radio venture „Rhythm of Football“ during the European Football Championships in Switzerland.

January 2008: Launch of the European one-stop shop for the notification of radiocommunications equipment operating in the non-harmonised frequency bands.

RADIO AND TELEVISION



In the reporting year, the main emphasis was undoubtedly on the analysis of the licence applications, their assessment and the drafting of the corresponding decisions. Apart from the need for interdisciplinary cooperation between media specialists, finance experts and lawyers, there was also a requirement for great personal commitment from all those involved. Above all, this was because the day-to-day business (support for licensees, award of short-term licences for events, decisions on licence fees, calling in annual reports, auditing the annual accounts, determining fee-splitting contributions and arranging various subsidies) still had to be conducted, in addition to the extraordinary work on licences. New ground was also broken in the area of programme service analysis and the first award of a radiocommunication licence for the construction of a Digital Audio Broadcasting (DAB) network.

Matthias Ramsauer, Vice Director and Head of Division

Broadcasters

Private broadcasters

In 2008, the licences for broadcasters of regional television and radio programme services on very high frequencies (VHF) were awarded for the first time on the basis of the new Radio and Television Act (RTVA). The licences confer privileged access to the technical broadcasting infrastructures (VHF frequencies and cable networks respectively) and in rather more than 50% of cases a claim to fee support. In the TV sector, existing broadcasters were confirmed, except for those in central Switzerland (Tele Tell) and in the Zurich North East Switzerland region. In the radio sector, Radio One FM (Lake Geneva region) and Radio Energy (Zurich-Glarus region) lost their existing licences. In all, the federal administrative court received 11 appeals against the decisions of the Federal Department of the Environment, Transport, Energy and Communications (DETEC).

SRG SSR idée suisse (SRG)

The SRG complied in good time with the Federal Council mandate to propose a fundamental structural reform and submitted the requested report to the Federal Council. The SRG's proposal avoids duplicated management structures and attempts to implement the principles of corporate governance in a consistent manner.

In addition, the national government allowed the SRG to cease broadcasting programme services on medium-wave in Ticino and to provide information on the digital TV transmitter network (Digital Video Broadcasting – Terrestrial; DVB-T) as a fifth programme service.

On 28 December 2008, the SRG switched off the “Beromünster national transmitter”, bringing to an end 77 years of radio tradition. However, the program-

me service “Musikwelle” previous broadcast on medium-wave will continue to be offered via digital radio (Terrestrial - Digital Audio Broadcasting; T-DAB).

Monitoring of programme services

The SRG and the private broadcasters with a performance mandate must meet certain content-related conditions in their radio and television programme services; these are laid down in the respective licences. OFCOM is financing the establishment of a harmonised system of programme service analyses, differentiated according to regional languages and operated by university institutions. These will provide information on an annual basis on the performance of radio and television broadcasters in terms of programme service. The programme service analyses will be complemented by a representative survey of the Swiss radio and television audience, who will evaluate the respective programme services on the basis of quality criteria. The results of the scientific analyses will be presented to the public on the occasion of the annual OFCOM summer media symposium.

Financial supervision and statistics

On behalf of DETEC, OFCOM has exercised financial supervision of the SRG, audited the annual accounts, budget and financial plans and undertaken further clarifications. Audits of four private broadcasters were also carried out and some of those concerned must expect to have to reimburse fee contributions and claims for licence fees. In the reporting year, the fee collection agency was also subject to the customary audit. With regard to the broadcasting statistics required under the new RTVA, data was again collected from all broadcasters. In terms of quality assurance, targets were set concerning the data and the definition of the first statistical products.

See also “Surveillance and collection of reception fees”, page 28.

Law and surveillance (R)

New advertising and sponsorship regulations

In 2008 OFCOM brought its practice regarding advertising and sponsorship issues up to date and incorporated the initial experience with the new RTVA and the corresponding ordinance (RTVO) into the regulations. Despite the comprehensive revision, in terms of sponsorship much remains the same. More detailed and in some cases new regulations were introduced, for example for sponsorship of very short transmissions, the application of sponsorship rules to co-productions with third parties and the requirements for declaration of product placements. The regulations now also govern advertising. For example, questions concerning the maximum possible advertising time, the correct insertion of advertising breaks and sensitive content such as alcohol or medicines. From now on the regulations will be updated on an annual basis.

Surveillance

In two leading decisions (SEAT Auto emoción / Montres Breguet), the Swiss Federal Court confirmed OFCOM's practice in assessing advertising supplements in sponsorship (cf. BGE 134 II 223, 2C_643/2007). In 2008, most of OFCOM's surveillance decisions also fell within this area.

As in previous years, OFCOM's activity in relation to providing information on advertising and sponsorship also constituted an important part of its activities. Information was provided in more than 600 cases.

Monitoring decisions (documents available in German, French and Italian only):

http://www.bakom.admin.ch/themen/radio_tv/00511/index.html?lang=en

Digitisation

Universal TV service by the SRG

At the end of February 2008, the last analogue TV transmitters in Switzerland were switched off. Within four and a half years the SRG has converted its entire transmitter network from analogue to digital. In retrospect it can be stated that the conversion was very well prepared and took place without any noteworthy problems.

SRG information on the subject of television reception (documents available in German, French and Italian only):

<http://www.digitalesfernsehen.ch/portal.aspx?pid=600>

<http://www.broadcast.ch/portal.aspx?pid=220>

Digital radio

In the period from the end of April to the end of September 2008, OFCOM put out to tender a total of 8 broadcasting licences for a second DAB transmitter network in French-speaking Switzerland. Seven candidatures were received within the tender period. Licences will be awarded in the summer of 2009.

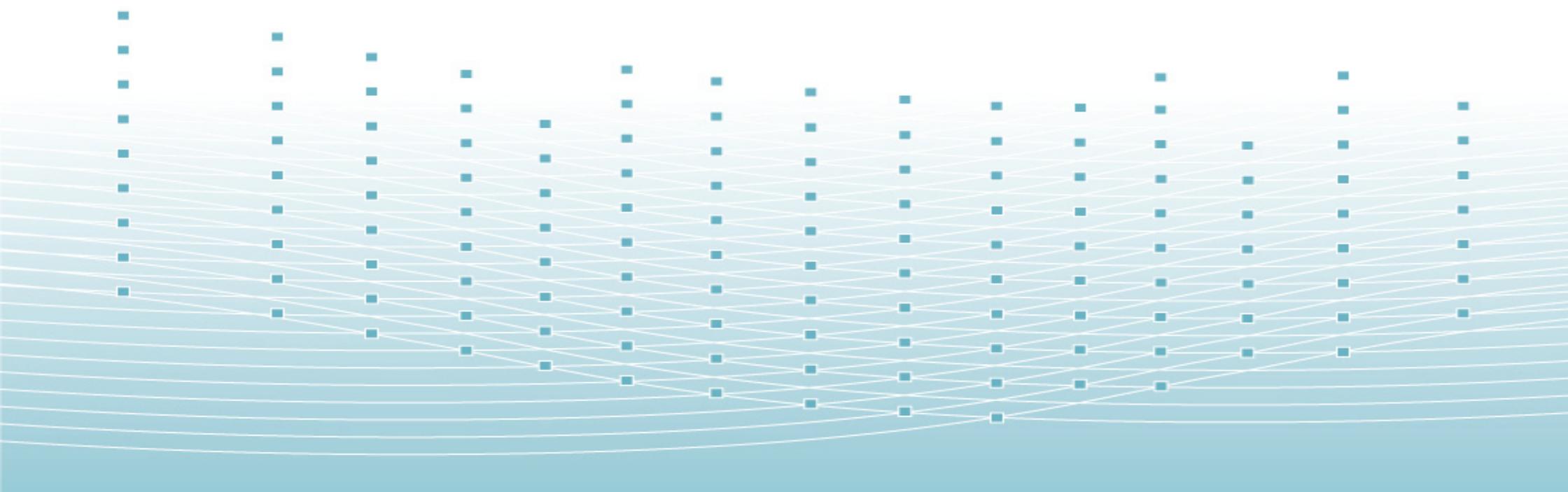
At the beginning of May 2008, OFCOM awarded the radiocommunication licence for the operation of a second digital transmitter network (DAB+) to SwissMediaCast AG, a consortium consisting of the SRG and various private radio broadcasters. Unfortunately, the preparatory work to commence transmission operations have fallen behind, so it was not possible for the new programme services to go 'on air' before the end of 2008, as had been hoped.

SRG information on the subject of digital radio (documents available in German, French and Italian only):

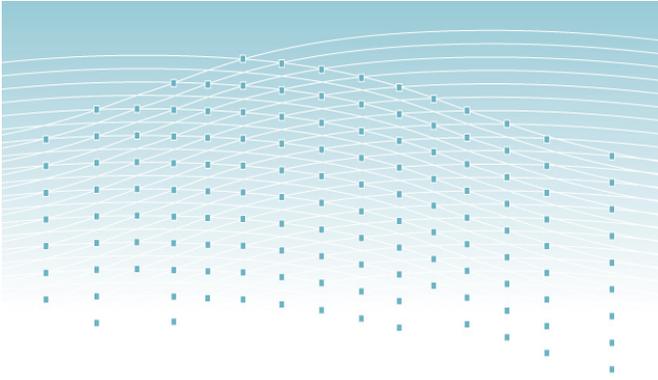
<http://www.dab-digitalradio.ch/>

<http://www.broadcast.ch/portal.aspx?pid=580>

Mobile TV: Information on mobile TV can be obtained from the report „Mobile TV (DVB-H)“ on page 16.



TELECOMMUNICATIONS



In the reporting year, a number of developments occurred which are important for ensuring that Switzerland has a wide range of affordable, high-quality, competitive telecommunications services. Firstly, Swisscom has the obligation under the new universal service licence to provide broadband to all households in Switzerland. In addition, the Federal Communications Commission (ComCom) took several decisions concerning access to the Swisscom network by alternative telecommunications providers which are significant for future developments. For example, the prices for the unbundling of the local loop were set. Also worthy of mention is the provisional extension of the existing GSM licences held by Orange, Sunrise and Swisscom. It is hoped that it will be possible to replace these in 2009 by essentially technology-neutral utilisation of frequencies, after the conclusion of proceedings which are still pending before the Federal Administrative Tribunal.

The deployment of optical fibre to households in 2008 was a harbinger of future developments. This was carried out to a considerable extent by local power companies, which until now have played only a marginal role in the provision of telecommunication services. Work in international bodies has in 2008 yet again proven to be of great value to Switzerland. The introduction of internationalised internet domain names, i.e. using character sets other than Latin, is one example.

Philipp Metzger, Vice-Director and Head of Division

Market for telecommunication services

The market for classic fixed telephony services continued its slight downward trend in 2008 as indicated by the decreasing number of fixed network connections. Prices for calls on the fixed network were again slightly down on the previous year.

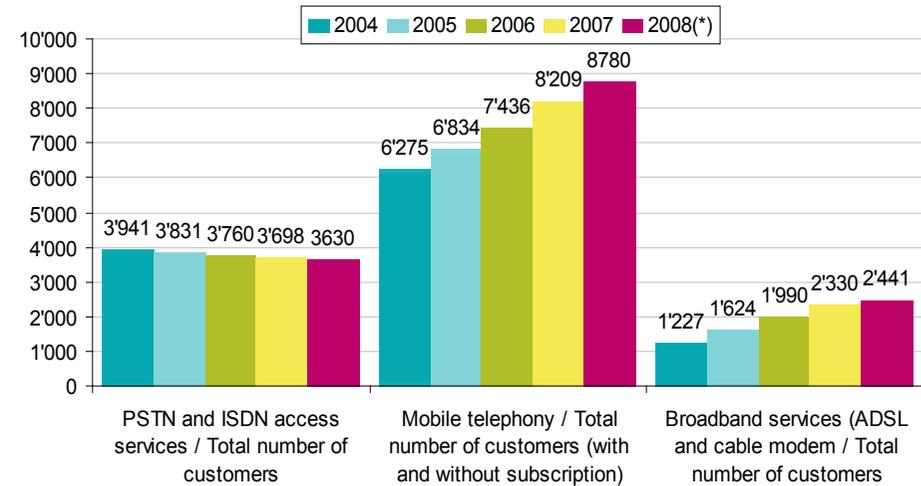
The number of mobile telephone subscribers continued to increase and by the end of 2008 had reached 8.5 million subscriptions. This figure also includes mobile broadband services which are seeing increased use following the market introduction of mobile data terminals. Prices for calls on the Swiss mobile telephone network once again fell slightly.

Developments on the broadband connections market were also positive. Thus by the end of 2008 it was estimated that some 2.4 million such connections were in use. The price reduction of 4% on the previous year indicates that unbundling of the last mile introduced in 2007 has resulted in a downward price pressure in relation to offers.

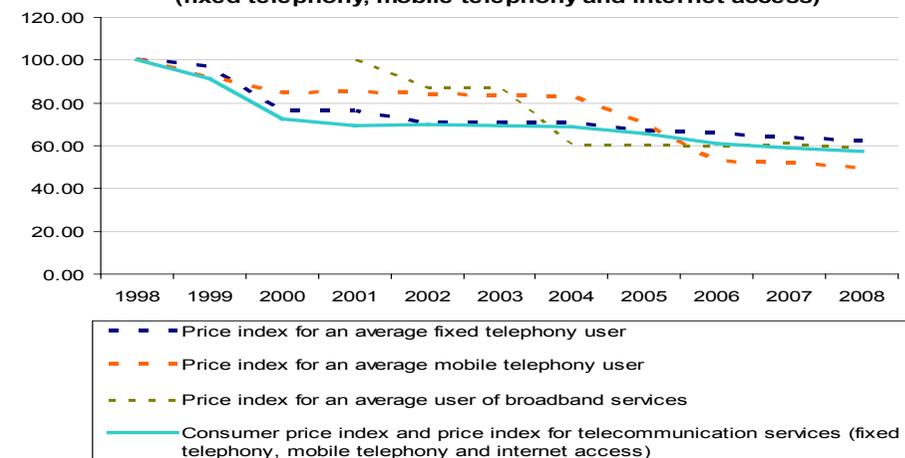
According to the Federal Statistical Office the total price index for telecommunications services was 57.4% at the end of 2008 (based on 1998 prices). Thus the cost of telecommunications services has fallen 43% since liberalisation of the market in 1998.

Numbers of subscribers (31.12.2008)

Source: OFCOM (*) Estimations / units in tausend



Price index for telecommunication services (August) and consumer price index for telecommunication services (fixed telephony, mobile telephony and internet access)

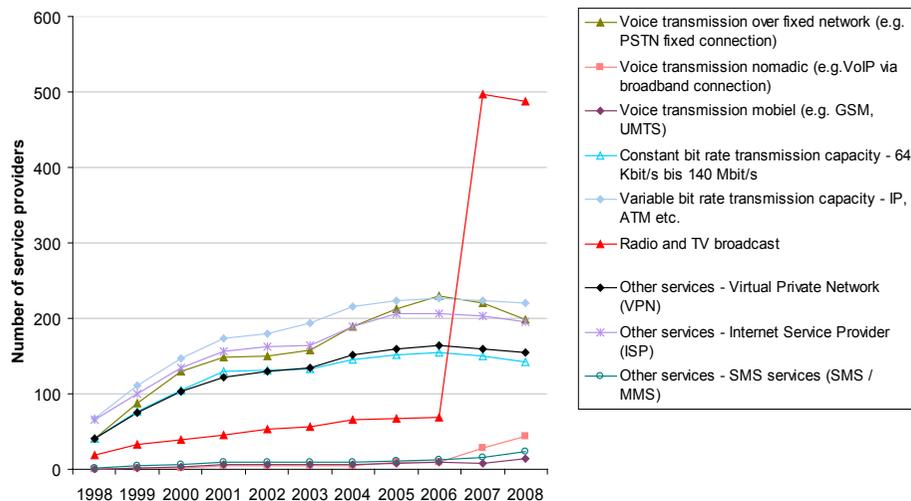


Source: OFCOM / Federal Statistical Office

Market access and universal service

Telecommunication service providers obliged to register

The change in the system from a licensing obligation to a registration obligation entered into force on 1 April 2007. In 2008, the transfer of broadcasters of radio and television programme services onto the list of telecommunications service providers obliged to register (the TSP list) meant that full figures according to new service categories were available for a full 12-month period for the first time. Since a high point in 2006, the number of providers of conventional telecommunications services has been falling slightly. Providers of VoIP and SMS services based respectively on the internet and existing mobile telephone providers have increased. As a result of the mergers of various network operators, the number of broadcasters of radio and television programme services decreased slightly.



The Universal service

The new services of the universal service obligation, e.g. a broadband connection, were introduced without any problems. Even before the obligation to provide national coverage, Swisscom already had a powerful xDSL network, with extensive coverage – 98% of households. Only a few consumers have complained to OFCOM about the availability of services of the universal service. However, at the beginning of 2008, some people did complain about the performance of the satellite link which is used in areas without xDSL coverage. The complaints were due to data limits associated with the satellite technology. Users who reached their volume limits in the first few days as a result of intensive use were unable to communicate using the minimum guaranteed bandwidths for a few days.

The remaining BWA frequencies

Following publication of the rules covering the granting of regional BWA (Broadband Wireless Access) licences, two applications were received by OFCOM. To date, the two companies which have submitted an application are Massaware (a company based in Ticino) and Télésionique (a Geneva-based company).

Massaware submitted an application for a regional BWA licence at the end of August 2008. In view of certain technical problems with Italy regarding frequencies, a series of negotiations took place with this operator and finally, according to the right to a hearing, a licence was submitted to it for opinion at the end of October 2008. Massaware notified a further delay but will presumably agree to the award of a licence in the first quarter of 2009.

Télésionique applied for a regional BWA licence at the beginning of October 2008. For this application also, certain technical problems associated with France, Germany and Austria necessitated a series of negotiations, in particular to redefine territory and calculate the annual licence fees for an increasing

geographical coverage. Télésionique are in discussions with an investor for this project and, according to the right to a hearing, an initial licence was submitted to it for opinion in mid-November 2008. Télésionique then wished to amend this licence to add a good part of French-speaking Switzerland for a total coverage of 13,861 km² and a population of more than 5 million inhabitants. This extended draft licence was awarded to Télésionique with a deadline for a legal hearing by the end of January 2009.

Mobile TV (DVB-H)

In September 2007, as part of a 'beauty contest', the Federal Communications Commission (ComCom) invited bids for a national radio licence for the broadcasting of programme services which can be received on mobile devices. The licence, based on the DVB-H standard (Digital Video Broadcasting-Handheld) was awarded to Swisscom Broadcast AG. One important objective of this award was achieved with the provision, on schedule, of mobile TV coverage at the locations of the UEFA EURO 2008 matches. Since May, mobile reception has accordingly been possible via 30 live TV transmitters in the cities of Basel, Bern, Geneva, Lausanne and Zurich.

Mobile radio licences

Owing to pending legal disputes, it was possible only to provisionally extend until the end of 2013 the GSM licences held by Orange, Sunrise and Swisscom, which expired at the end of May 2008. ComCom plans to renew these licences definitively by this date, as soon as the legal procedures are settled. The intention is to enable the licensees to operate UMTS as well as GSM technology on the allocated GSM frequencies.

The acquisition of Tele2 by Sunrise means that there are now only 4 mobile telephony licensees (In&Phone, Orange, Sunrise, Swisscom) active in the

Swiss market and operating GSM networks. Tele2 customers were switched to the Sunrise network and Tele2's GSM licence reverted to ComCom. Future use of these frequencies will be discussed by the Communications Commission in the course of 2009, as part of its overall strategy.

Network access

2008 brought substantial progress in the regulatory implementation of the access regime in Switzerland. As the investigating authority, OFCOM was able in most of the pending procedures to make applications to ComCom leading to decisions.

Early in the year, within the framework of precautionary measures, ComCom obliged Swisscom to publish a basic offer for fully unbundled access to the sub-loop.

In a total of nine decisions, at the beginning of October ComCom set the prices for fully unbundled access to the local loop. In addition, the conditions for co-use of resources at the main distribution frame (co-location) and for interconnection were regulated. As a result, for the first time in the history of access regulation, the authorities were able to set current prices, rather than just past prices. Since there was no appeal against the set prices, the tariffs are binding. However, in the coming months the Federal Administrative Court will be dealing with other conditions laid down in the official decisions. For example, after the appeal lodged by Swisscom it will be dealing with the scope of the non-discrimination offering and the primacy of negotiations respectively. In addition, a decision must be taken on whether ComCom justifiably rejected regulating other forms of co-location apart from open co-location, i.e. without physical separation. Shortly before Christmas, ComCom was also able to set the prices for subscriber line rebilling.

All these decisions came at the right time, but unbundling of the last mile clearly gained momentum during the second half of 2008. For example, only about 250 subscriber lines were fully unbundled at the start of the year, whereas by the end of September the figure already exceeded 11,500. With the total of 525 submitted co-locations it would already have been possible to unbundle more than half the subscriber lines.

ComCom was not able to decide on fast bitstream access, access to leased lines or cable ducts. The question of market dominance in particular must be clarified in all three cases. If the Federal Administrative Court agrees with ComCom and confirms Swisscom's market dominance in the bitstream sector, it will be possible to continue the corresponding access procedure in 2009. It should also be possible to lay down the conditions for access to leased lines and cable ducts. This would mean that first-instance decisions would have been taken on all forms of access. It will be interesting to see whether the basis laid down by ComCom for price determination is adequate to enable alternative and market-dominant telecommunications service providers to agree on access prices in the future, without the intervention of the authorities.

ComCom decisions (the decisions are only available in the official language in which they were taken):
<http://www.comcom.admin.ch/themen/00500/index.html?lang=en>

Consumer protection and surveillance

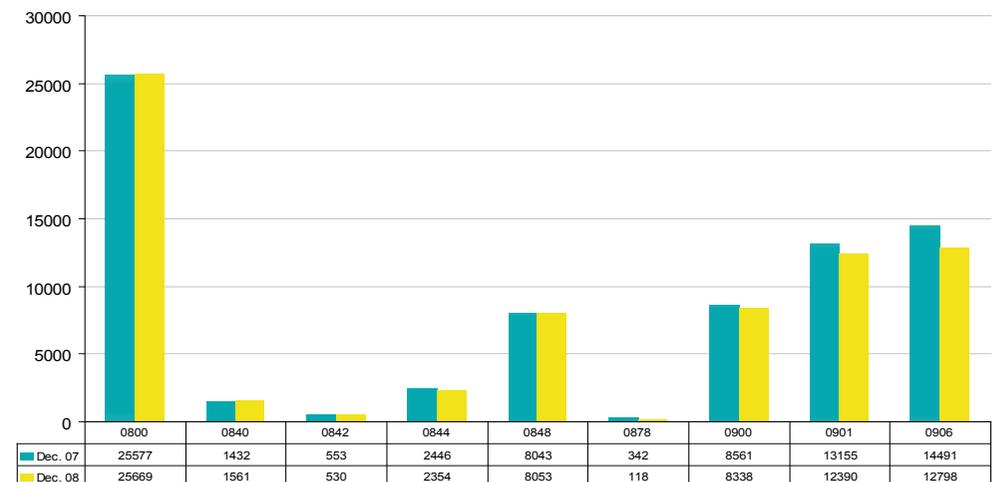
Proceedings against telecommunications service providers or value-added service providers

The number of consumer complaints against providers of value-added services decreased in the second half of 2008 by one third compared with the previous year. This may be attributable to the establishment of the conciliation service

in the telecommunications sector, Ombudscm. The number of complaints about aggressive customer acquisition methods had already fallen markedly in 2007 as a result of more stringent legal stipulations and fell further in 2008. The measures taken in 2007 to combat abuse in the telecommunications services sector therefore continued to be effective in the reporting year. On the other hand, complaints from consumers pestered by telephone marketing continued to increase markedly.

The number of procedures for revoking value-added service numbers increased strikingly in 2008. This is primarily attributable to number holders' increasing disregard of the conditions of use of 090x numbers.

Comparison of the allocation of individual numbers in service
in December 2007 and December 2008



18xy short numbers: directory enquiry services

It has now been two years since the directory enquiries market was opened up, notably after the decommissioning of the traditional short numbers 111 and 115x. During 2008, two holders of 18xy short numbers ceased operating their numbers. Sixteen owners therefore share the market today. However, it should be noted that this market is dominated by two major providers who share between them a considerable majority of calls to 18xy-type short numbers.

Ombudscom

Since early July 2008, OFCOM has entrusted to the ombudscom Foundation the task of establishing a conciliation body as provided for in the Telecommunications Act (TCA) for customers of telecommunications service providers and value-added service providers. The new conciliation body is responsible for finding a solution to disputes in civil law between customers and telecommunications service providers or value-added service providers without recourse to a judicial procedure.

Ombudscom:

<http://www.ombudscom.ch/english/welcome.php>

Surveillance

As part of the general surveillance which it exercises over telecommunications service providers, at the beginning of 2008 OFCOM sent out a questionnaire to more than 925 telecommunications service providers. The purpose of this questionnaire was to evaluate the practice of the players in the market concerning the new standards introduced on 1 April 2007. The great majority of telecommunications service providers are complying with the new legal rules introduced as a result of the entry into force of the revision of the Telecommu-

nications Act in the spring of 2007. However, there is still some way to go, particularly in terms of protection of minors, ceiling prices for value-added services and combating spam.

Telephone abuse

OFCOM recorded an increase in complaints regarding unsolicited calls from telemarketing companies. Such calls may be considered as spam when they are made automatically with the aid of a machine. They are therefore forbidden by the Unfair Competition Act when the person called has not given their prior consent. We have responded to enquiries on this subject, posted detailed information on our website and revised an information sheet.

Spam – Spamming – Spammer:

<http://www.bakom.admin.ch/dienstleistungen/info/00542/00886/index.html?lang=en>

International cooperation

Standardisation in the telecommunications sector

OFCOM's specialists are monitoring the standardisation work on networks and telecommunications services being undertaken at the European Telecommunications Standards Institute (ETSI) and the International Telecommunication Union (ITU). The ITU's World Telecommunications Standardisation Assembly has restructured the Union's Standardisation sector (ITU-T). It has also named Mr Leo Lehmann, an OFCOM employee, as Vice-Chairman of the new Study Group 13, responsible for issues concerning next generation telecommunications networks.

See also "The International Telecommunication Union (ITU)", page 38.

Developments in internet domain names

The creation of new internet domains by ICANN, the organisation responsible for management of internet names and addresses at the global level, is running a little behind schedule with regard to the initial forecasts. The new generic domains (such as .com, .org and .net) as well as new internet domains including characters other than Latin are now expected to be created during 2009.

Cooperation with other European regulatory authorities

OFCOM supports ComCom in its work in the Independent Regulators' Group (IRG) and the European Regulators' Group (ERG). The aim of both groups is to promote exchanges on regulatory issues along with the associated harmonisation of regulatory practice in Europe. Thus in the course of 2008 issues in relation to mobile phone termination, international roaming and the development of the broadband market were covered in depth.

IRG:

<http://www.irg.eu>

Active cooperation in the work of the OECD

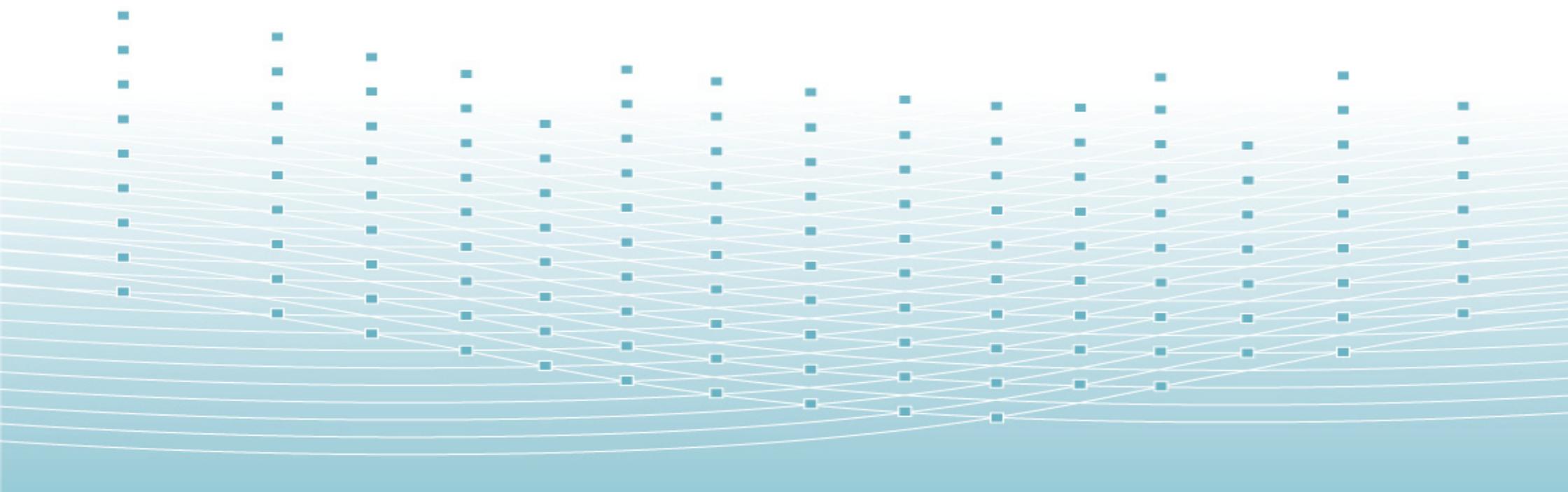
Colleagues in the Telecom Services division represent Switzerland in two working parties of the Organisation for Economic Cooperation and Development (OECD): the Working Party on the Information Economy and the Working Party on Communication Infrastructures and Services Policy. Within these working parties, Switzerland is able to contribute to the analysis of the broadly defined telecommunications market, to examine the impact of the observed changes on the economy and on society, to exchange experience of good regulatory practice and promoting information and communication technologies and to reflect on ways of meeting the challenges which will face us in the future.

In 2008, it was possible to feed the work of these two working parties into the deliberations of the OECD "Future of the Internet Economy" Ministerial Meeting, which took place in Seoul on 17 and 18 June. The so-called Seoul Declaration, which in particular draws up a road-map for the modernisation of communications policies, represented the final act of this event:

OECD:

http://www.oecd.org/site/0,3407,en_21571361_38415463_1_1_1_1_1,00.html

See also "*The Organisation for Economic Cooperation and Development (OECD)*", page 38.



THE INFORMATION SOCIETY IN SWITZERLAND

At the beginning of 2006, the Federal Council adopted its revised “Strategy for an information society in Switzerland” and at the same time mandated the Interdepartmental Information Society Committee (IISC) to co-ordinate the work on implementation, which was to take place in a decentralised manner, until the end of 2008.

The 2009-2011 strategy

At the beginning of December 2008, the Federal Council renewed the IISC’s mandate until the end of 2011. The Committee, with the support of the Information Society Coordination Office based within OFCOM, will therefore continue to press ahead with the implementation of the Federal Council’s strategy until the end of 2011. The central themes for the duration of the new mandate will include e-Participation, raising the population’s awareness of the opportunities and risks of modern information technologies and – as before – digital integration (eInclusion).

The information society in Switzerland: further implementation of the Federal Council’s strategy: (document available in German, French and Italian only)

<http://www.news.admin.ch/message/index.html?lang=en&msg-id=23627>

Implementation of the Federal Council’s information society strategy

As in the past two years, the Information Society Coordination Office has collaborated with the management bodies in their implementation of the Federal Council’s top-priority tasks in the areas of eHealth and E-Government. Among other things, this has included the “Online services and empowerment” sub-project, aimed at implementing the Swiss eHealth strategy. The Federal Council’s tasks relating to eHealth and E-Government have been concluded.

E-Government in Switzerland:

<http://www.egovernment.ch/en/index.php>

eHealth in Switzerland (documents available in German, French and Italian only):

<http://www.bag.admin.ch/ehealth/index.html?lang=d>

Activities of the Information Society Coordination Office

All the areas of activity of the Coordination Office have revolved around implementing the strategy in cooperation with the management bodies, networking those involved within Switzerland and pursuing similarly themed activities at the national and international level. The Coordination Office was also active in the following areas, among others:

- ◇ *At the end of its 2008 mandate period, the IISC, on behalf of the Federal Council, arranged for an evaluation of its implementation work relating to the information society strategy. The Coordination Office was responsible for specifying the task and accompanied the two external research institutions which carried out the evaluation in their work.*
- ◇ *The Coordination Office also focused on promoting the integration of everyone into the information society (e-Inclusion). As the secretariat of the “Digital Integration Switzerland” network, founded at the beginning of 2007, the Coordination Office supported network members and their projects and in November 2008 organised a national symposium on “ICT and social integration”. In the international arena, the Coordination Office participated in the EU bodies responsible for implementing the e-Inclusion action plan on a European scale and took part in the EU ministerial conference on e-Inclusion in Vienna as part of the Swiss delegation.*

e-Inclusion in Switzerland:

<http://www.bakom.admin.ch/themen/infosociety/02104/index.html?lang=en>

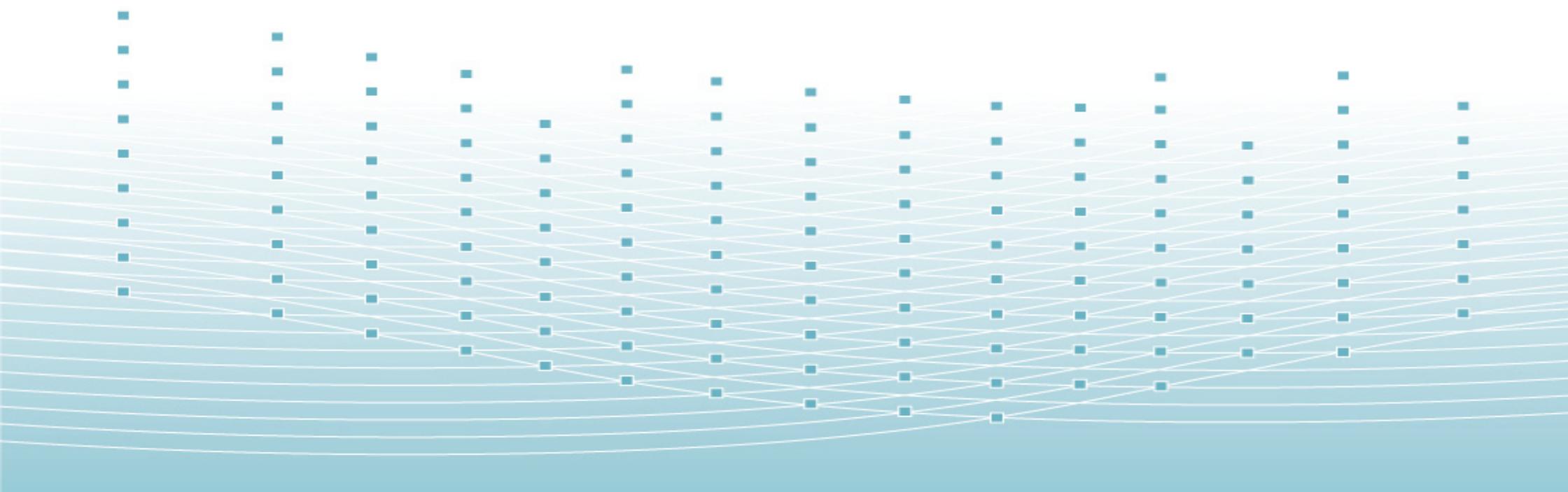
The IISC’s 2006-2008 report to the Federal Council

For the Interdepartmental Information Society Committee (IISC), the Coordination Office authored a report for the Federal Council’s attention which indicates the status of the implementation work on the information society in Switzerland for the period of the 2006-2008 mandate.

IISC 2006-2008 report to the Federal Council:

<http://www.bakom.admin.ch/themen/infosociety/00695/01729/index.html?lang=en>

See also „The information society“, page 39.



SURVEILLANCE AND RADIOCOMMUNICATION LICENCES

In October 2007, as part of the work on revising the Technical Barriers to Trade Act (TBTA), the Federal Council took the decision to eliminate the existing differences between European Community law and Swiss law. The Telecommunications Equipment Ordinance was therefore amended in relation to certain points and since May 2008 has reflected the applicable European regulations.

Having contributed to the development and implementation by the European Union of the electronic portal for notifying radiocommunications equipment, OFCOM has successfully introduced this new instrument in Switzerland. In the months following the launch of the portal, 98% of notifications were made using this method.

In the area of radio and television fees, the new contract concluded by DETEC with Billag AG entered into force on 1 January 2008. It sets out the mandate for collection of fees entrusted to Billag and provides for new instruments intended to strengthen the financial supervision exercised by OFCOM.

From 1 September 2008 onwards, reception of programme services via the internet on a computer has also been subject to payment of the radio and/or TV fee if certain criteria are met. OFCOM has therefore detailed the conditions prescribed by the radio and television ordinance in order to guarantee equality of treatment for reception of programme services using traditional equipment and reception using multimedia devices.

Véronique Gigon, Deputy Director and Head of Division

Telecommunications equipment

Amendments to the legislation

In 2008, OFCOM carried out work on the revision of the regulatory framework governing the placing of telecommunications equipment on the market. The new arrangements adopted by the Federal Council make it possible to eliminate the last differences between Swiss law and that of the European Community in these areas. These changes fall within the framework of the work associated with the elimination of technical barriers to trade and the introduction of the “Cassis de Dijon” principle in Swiss legislation. They involve the abolition of the charge for notification of radiocommunications equipment; simplification of the requirements concerning the language of user information; elimination of the obligation for amateur radio equipment to be blocked exclusively on amateur frequencies above 30 MHz and elimination of the requirement to comply with the national frequency allocation plan as a requirement for placing radiocommunications equipment on the market.

In concrete terms, this means that radiocommunications equipment which cannot be used in Switzerland may nevertheless now be sold there. The requirements concerning information intended for consumers has been strengthened in order to avoid any risk of interference associated with incorrect use.

The fees imposed for examining notifications of radiocommunications equipment operating in non-harmonised frequency bands have likewise been abolished.

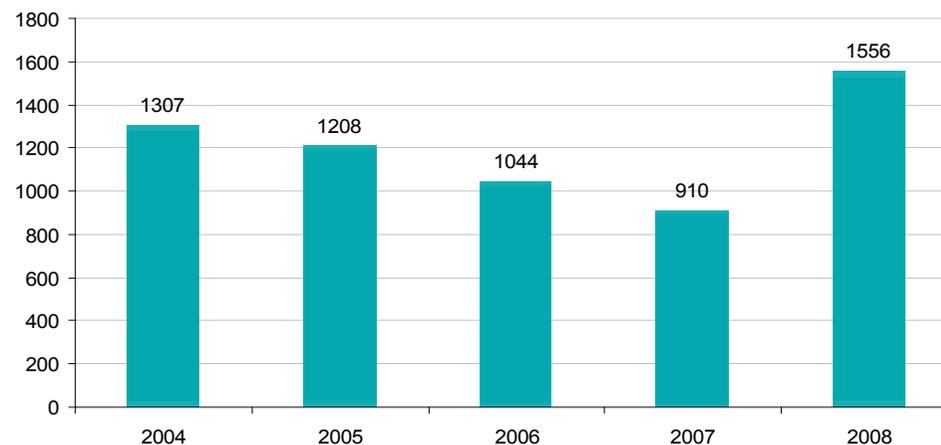
Notifications

The number of notifications of radiocommunications equipment increased considerably in 2008. OFCOM processed 1556 notifications (an increase of approximately 70% on 2007). The notification procedure was simplified by making the European one-stop notification (OSN) portal available. In fact, with a single click

the originator of a notification can now send it to all the countries. Furthermore, the procedure is now free of charge (cf. the preceding section). These two phenomena have led players in the market to notify not only radiocommunications equipment operating in the non-harmonised frequencies (obligatory notification) but also that using harmonised frequency bands (for which notification is not obligatory).

The outstanding success of the OSN one-stop notification portal should also be noted. Indeed, only nine months after this electronic portal became available, more than 98% of the notifications previously sent by mail, fax or email were sent via the OSN portal.

Number of notifications of radiocommunication equipment



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

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

OFCOM info mailing No 14 (document available in German, French and Italian only):

<http://www.bakom.admin.ch/dokumentation/Newsletter/01315/03012/index.html?lang=de>

Market observation

As in the preceding year, some 100 previously unknown importers and retailers of telecommunications equipment were visited. On the one hand information documents regarding the placing on the market of telecommunications equipment were provided and on the other hand the importers and retailers stock were examined. These visits to dealers serve both to provide information to the market and to plan priorities for the surveillance of telecommunications equipment..

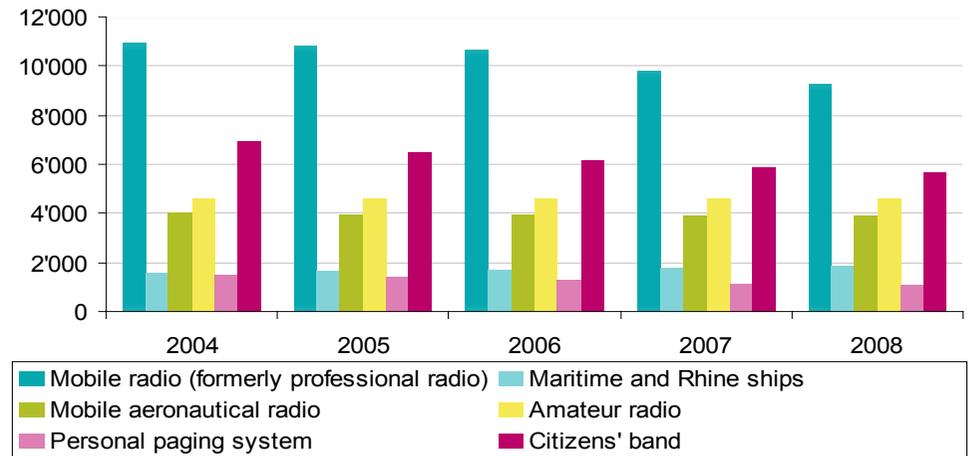
Radiocommunication licences

As a result of the revisions to the Telecommunications Act (TCA) and the Radio and Television Act (RTA), amendments to the relevant ordinances were also necessary. Among other things, the calculation of charges for the old category of “Professional Radio” was fundamentally changed as of 1 January 2008; the effects on individual licences accordingly differed greatly. Optimisation measures by licensees, such as, for example, adaptations to organisational structures or the merging of radio networks, account for a significant proportion of the renewed drop in the figures.

On the other hand, the figures in the amateur radio and maritime radio sectors confirm the trend of past years.

For information on radio licences awarded for the EURO 2008 football championship, please refer to the separate report under “EURO 2008 – Radio Monitoring”, page 34.

Number of radiocommunication licences



E-licensing; on-stop shop

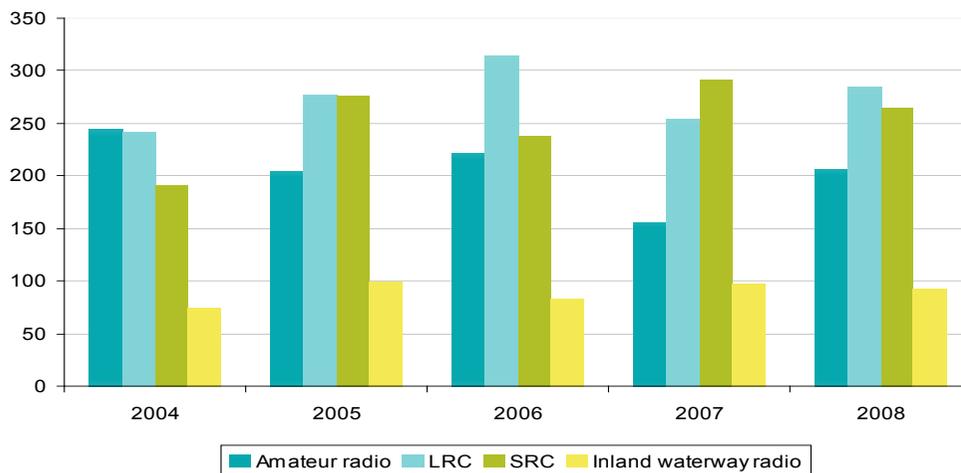
The experience of e-licensing – an OFCOM one-stop shop offering – acquired in the last year has been thoroughly positive. The task now is gradually to extend OFCOM’s online offering. In addition to the two existing types of licence, it will be possible from July 2009 to apply for other types of licences via the internet using this service.

Radio operators' examinations

The number of candidates for radio operator examinations continued to rise, to almost 850. An increase is again visible especially with regard to the amateur radio examinations.

From September 2008, the results of the World Radiocommunication Conference, "WRC 2007", had already been implemented for acquisition of the SRC (Short Range Certificate) and LRC (Long Range Certificate) maritime radio certificates. By mid-June, all course leaders known to us had been informed of the changes to these examinations by means of comprehensive documentation on CD.

Number of candidates for radio operators' examination



Surveillance of the market for telecommunications equipment and licences

Surveillance of telecommunications equipment

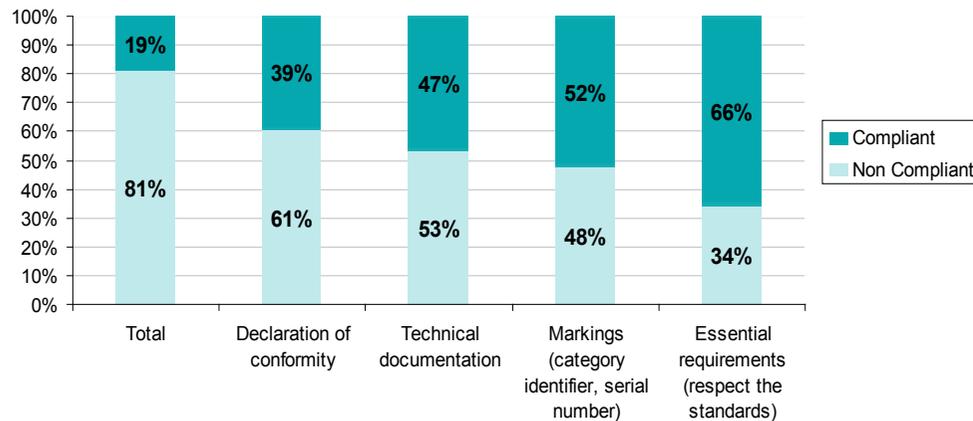
In 2008, OFCOM among other things undertook an examination of the conformity of GSM mobile telephones. Of 30 devices examined, only 4 (13%) met all the requirements. Virtually all the devices which were not in conformity originated from China and were placed on the market via auction sites such as eBay, Ricardo, etc. In a small number of cases, the electrical adapters supplied with the devices presented an electrocution risk to the user.

Within the framework of its surveillance activities in the area of telecommunications equipment, OFCOM is increasingly being faced with occasional vendors using the internet to supplement their income by selling products which have in turn been sourced on the web. These sellers do not have a store and most of the times are ignorant of the legal requirements applicable to the products which they sell online.

This development raises new challenges for market surveillance, which must adapt to ensure equality of treatment for all players in the market as well as fair competition.

Of the 248 items of telecommunications equipment inspected in Switzerland in 2008, only 47 (19%) were compliant, indicating that 201 (81%) did not comply with the standards in force. 34% of these items of equipment had technical faults.

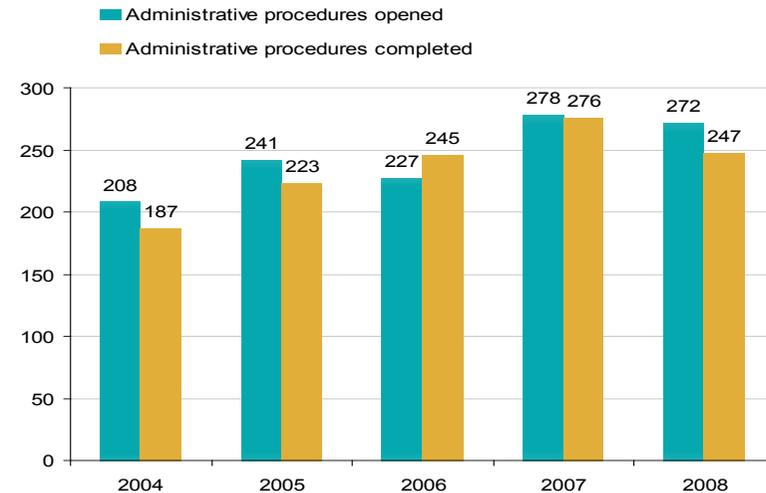
Rates of the most frequent non-conformities among the equipment checked



Compared with 2007, apart from conformity with the essential requirements, which remained stable, all the other conditions for placing equipment on the market saw a drop in their rate of conformity. The two greatest variations are to be found in the technical dossier (-28%) and the declaration of conformity (-18%). The general rate of conformity, for its part, decreased (-5%), despite the abolition of the condition of compliance with the national frequency plan as a condition for placing equipment on the market.

See also “Amendments of the legislation”, page 24.

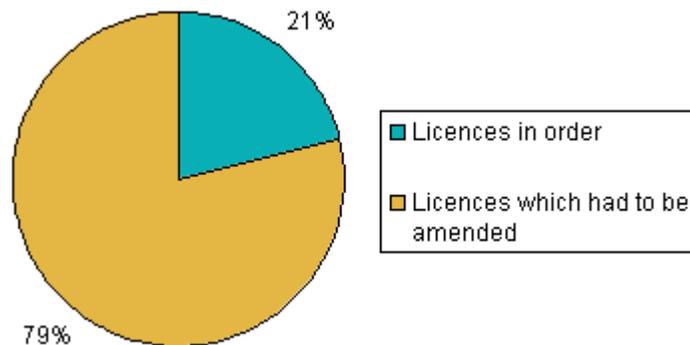
Administrative procedures relating to equipment



Licence inspections

In 2008 a total of 296 licences were inspected on site (cf. 233 in the previous year). Especially licences which had remained unchanged for many years were selected. The high figure of 79% which were not in order was slightly up on the previous year (72%). For major infringements, such as the use of additional radio frequencies in contravention of the licence, 66 enforcement actions were imposed, either by administrative procedures or by prosecutions.

Resultats of licence inspections



Inspections on equipment operated without a licence and/or equipment which is not compliant

In 2008, 252 inspections were carried out (cf. 286 in the previous year). The resulting 124 enforcement actions (155 in the previous year) brought a net increase of 108 new licences (as against 50 in the previous year).

Surveillance and collection of radio and television reception fees

Surveillance and collection of reception fees

The new contract between DETEC and Billag AG governing the collection of radio and television reception fees entered into force on 1 January 2008. Various important contractual points relating to strategic procedure, new reporting elements and financial audit procedures were and still are being implemented. These include, for example, concepts for verification of persons exempt from licence fees, application of certificates of indebtedness and canvassing in the industrial/commercial sector. In addition, improvements to the IT structure are planned.

In view of the fact that the new tariff arrangements for professional and commercial reception fees have been in force since 1 January 2008, only the statistics for the year 2008 will be able to furnish initial results on the classification according to these new fee categories.

Technical developments made it necessary to introduce new regulations regarding the reception of programme services on multifunctional devices. Since 1 September 2008, free registration with an internet television provider has also been accompanied by the obligation to pay fees. The following conditions must be met: a broadband internet connection (min. ADSL or cable network) with corresponding software (Media Player or similar), a charged-for subscription with a provider of television programme services via the internet (Bluewin, Cablecom TV, etc.) or registration with a provider of free access to internet television (e.g. Zattoo). The conditions which involve an obligation to pay fees in respect of radio programme services remain unchanged (a broadband internet connection such as ISDN or higher and corresponding software such as Media

Player, Real Player or similar installed).

The noticeably higher proportion of enquiries from citizens was a striking feature this year. We attribute this not least to the higher media profile of Billag AG and political discussions on the topic of radio and television fees.

See also “Financial supervision and statistics”, page 10.

Complaints against Billag AG decisions

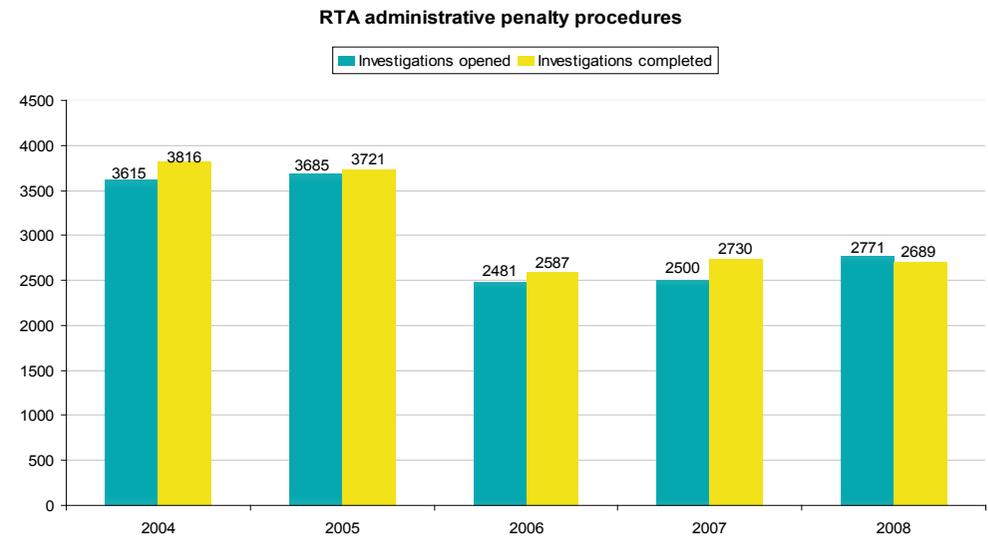
The number of complaints against Billag AG decisions received this year remained stable: approximately 50 per month. As of the end of 2008, some 390 complaints were pending. 30% relate to issues involving prosecutions. The remaining 70% of complaints predominantly concern disputed legal issues in connection with registration, cessation of operation of equipment or exemption from fees. In 2008, OFCOM reached decisions in 550 procedures; only 7% of the complaints were upheld.

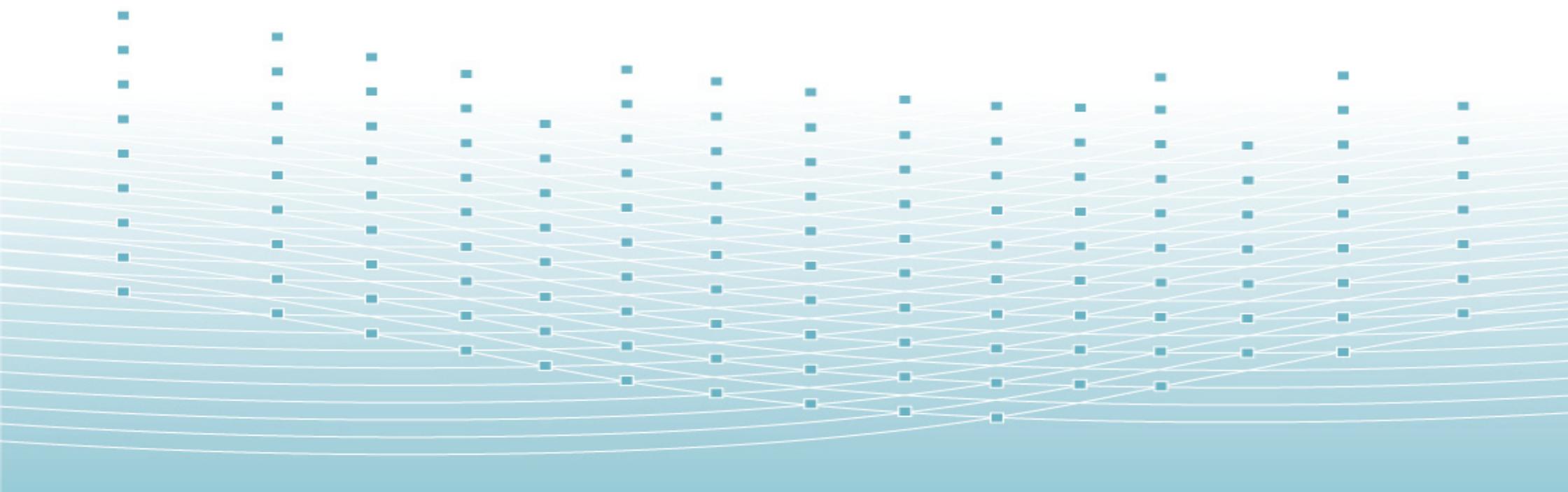
Infringements of the obligation to notify and pay radio and television reception fees

In 2008, OFCOM dealt with just under 2800 procedures for possible infringements of the obligation to notify and pay fees, approximately the same number as in 2007.

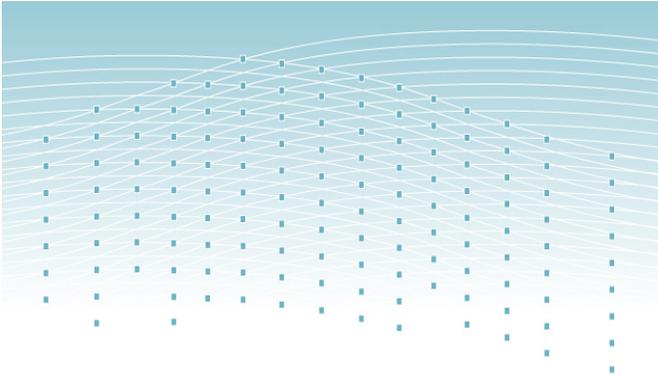
The overwhelming majority of these procedures were dealt with by penalties in the simpler abridged procedure which is more advantageous to customers. Once again, the main activity was accompanied by much consultation and information activity. As in the previous year, the costs of dealing with procedures generally remained high. The tendency not to simply accept the decision of an administrative authority also remained unchanged.

The more involved regular penalty procedure was applied in 92 cases. The procedure was dropped in 73 cases for lack of evidence.





FREQUENCY MANAGEMENT



From the perspective of frequency management, the year was dominated by EURO 2008. Before and during this sporting event, the third largest in the world, OFCOM was able to contribute to ensuring that radio transmissions reached listeners and viewers on time and in good quality.

In November the Federal Council decided to release a share of the frequencies traditionally used for terrestrial television transmission for use by mobile communication services, by the year 2015 at the latest.

Peter Pauli, Head of Frequency management

Frequency planning

The IFN project: new instruments for frequency use, allocation and trading

The increasing convergence of individual radio networks and services, the demand for flexible use of the frequency spectrum and the introduction of new forms of frequency management and assignment pose new challenges for frequency management.

Players in the market expect the introduction of new instruments to give frequency users a high degree of flexibility concerning utilisation of the spectrum. To optimise the economic benefits, however, administrative barriers have to be kept to a minimum. Despite the increase of flexibility, it is also essential to ensure interference-free use of adjacent frequency bands.

Our IFN project (new instruments for frequency allocation and utilisation) will be developed through the following four phases: identification of existing instruments (Phase I), their effects in technical, economic, legal, financial and organisational terms (Phases II and III) and implementation of appropriate instruments (Phase IV). Phases I and II have already been completed; it was decided to start Phase III in November 2008.

Digital dividend

Compared to analogue broadcasting technology, digital terrestrial broadcasting requires only a fraction of the previously needed frequency spectrum, thanks to digital coding and transmission techniques. The resulting increase in efficiency is termed the “digital dividend”. In the frequency range of the classic broadcast band (UHF), electromagnetic waves possess excellent propagation characteristics; this is why the 470-862 MHz portion

of the spectrum is extremely attractive to providers of radio services. This caused the outbreak of a worldwide battle over the distribution of the spectrum resources which are freed following the digitisation of broadcasting.

Last year the World Radiocommunication Conference (WRC-07) decided that in Europe the 790-862 MHz segment of the spectrum would be available for use optionally by broadcasting or by mobile radio services from 2015 onwards. Since Swiss frequency requirements for digital terrestrial and mobile television (DVB-T and DVB-H) can be met by the spectrum resources still available in the lower UHF band (470-790 MHz), the Federal Council decided in November 2008 to release the upper UHF band (790-862 MHz) for the entire use by mobile radio services by 2015.

Meanwhile, there are numerous European and international working groups which are dealing with the topic of the “digital dividend”. OFCOM represents Switzerland’s interests in these working groups.

Electromagnetic compatibility

In the field of PLC (Power Line Communication) technology, a report was published on the efficiency of the “notching” technique applied in the case of interference caused to radioamateur operators. It explains the way in which OFCOM has been able to handle the risk of PLC interference and take preventive measures to avoid a significant increase in cases of interference due to the introduction of PLC technology in Switzerland. The report also concludes the phase of investigations conducted by OFCOM since 2002 on the interference potential of this technology. This publication is also intended to indicate to other regulators that the Swiss solution can enable the co-existence of PLC installations and radiocommunication services.

The collaboration with the HEIG-VD (Haute Ecole d'ingénierie et de gestion du canton de Vaud) ends this year and has made it possible to analyse the electromagnetic phenomena which cause spurious emissions from wired installations and the means of reducing them. A paper on „Radiation and disturbance mitigation in PLC networks” was presented at the Zurich EMC symposium in January 2009, complementing the paper already presented at the Pisa ISPLC symposium in 2007.

Within the framework of the revision of the ordinance on protection from non-ionising radiation, OFCOM mainly endeavours to propose and see accepted a procedure orientated towards delimiting a mobile telephony installation consisting of different closely-spaced antennas, independently of the chronological order in which these antennas were constructed.

Radio Technology

Continuing evolution of mobile radio standards

Various independent market studies assume that mobile data traffic will increase greatly in the period from 2012 to 2020. To handle this increased traffic, the industry is developing a new, powerful mobile radio standard known as UMTS LTE (UMTS Long Term Evolution). The OFDMA (Orthogonal Frequency Division Multiple Access) channel access method employed in LTE is very well suited to single-frequency radiocommunications. For example, services akin to broadcasting can also be transmitted efficiently using this method. It is expected that LTE will provide maximum data rates of the order of 100 Mbit/s. LTE will be rolled out in commercial networks in 2010 or 2011.

LTE is still a third-generation mobile radio system. At present, the International Telecommunication Union (ITU) is already defining the requirements for fourth-generation systems. These are encompassed by the term “IMT-Advanced” (International Mobile Telecommunications – Advanced). IMT-Advanced will not differ fundamentally from LTE. It is expected that even larger channel bandwidths (>20 MHz) will be supported, enabling markedly higher data rates than with LTE.

The digital dividend in the framework of the ITU-R Joint Task Group 5-6 (JTG)

For the 2011 World Radiocommunication Conference, the JTG will be carrying out the compatibility studies between mobile radio and other primary services in the 790-862 MHz band. The Group is led by Switzerland. This year, the JTG developed its working plan and defined the technical data required for the studies. The final results of the compatibility studies are expected in mid-2010.

59 - 63 GHz frequency range

In Switzerland, the unlicensed 59 – 63 GHz frequency range is being extended to 58—63 GHz from 1 January 2009. At the European level, the foundations making this possible have been laid and the details are being worked out and should be concluded in the course of 2009.

Frequency assignment

The trend towards wireless communication at events continues

EURO 2008 also pushed the frequency-technical boundaries. It was only possible to assign sufficient frequencies at the last minute thanks to flexible frequency assignment, a specially designed database and smooth-running procedures. The trend towards handling all communication at events using predominantly wireless technology was also confirmed by the very high demand for frequencies at major concerts, festivals etc.

Side-effects of the digital dividend

The splitting-off of the 790 – 862 MHz frequency range for mobile radio has led to uncertainty among affected manufacturers and users of wireless microphone systems. This widespread application demands an unoccupied radio spectrum. Our advice, the search for possible alternative bands and lobbying work in international bodies have been greatly valued.

Some neighbouring countries have a substantially greater need for broadcasting frequencies than Switzerland. This situation will be aggravated by the reduction in the frequency range in favour of mobile radio. Within the framework of bilateral and multilateral negotiations, we are attempting to ensure frequency utilisation which is as dense and free from interference as possible.

Assignment rules for radio relay systems updated

After just two years of preparation, the assignment rules for radio relay systems have been adapted to the state of the art, with a view to making use of the re-

source in a sustainable and interference-free manner. In the future, for example, the application of automatic transmitter power control (ATPC) will become standard. Microwave links are sensitive to rain: comprehensive quality tests have shown that Switzerland has to be sub-divided into two precipitation zones in order to take into account the different attenuation induced by rain. The use of (adaptive) modulation techniques is already becoming apparent – an indication that the body of rules will also ‘live on’ in the future.

UEFA EURO 2008 – Radio Monitoring

Apart from our day-to-day activities (planning measurements in the VHF band, investigating interference, licence checks and electromagnetic compatibility measurements), our activities this year were defined above all by the EURO 2008 European football championships.

Our task

During EURO 2008, OFCOM was responsible, on the basis of the Telecommunications Act (TCA) and the federal Radio and Television Act (RTA), for ensuring

1. that the frequency spectrum was able to be used without any interference inside and around the football stadia,
2. that the legal and technical conditions for the granting of temporary licences for FM radio broadcasting were complied with.

Essentially, the additional wireless applications (microphones, cameras, satellite links, radio networks, etc.) for this major event had to be coordinated with existing applications in order to meet all the requirements, as far as possible.

Frequency coordination and frequency allocation

Despite appeals to all the media, only about a dozen enquiries regarding licences had been received by the end of March. Thanks to the exceptional commitment of all employees and the excellent cooperation with neighbouring administrations, it was possible in the last two months before EURO 2008 to cope with all applications in good time and to the satisfaction of the applicants.

Activities

OFCOM was always onsite at the venues a day before and during the matches, with three to four officials and the appropriate equipment (instruments, direction-finding vehicles, IT resources to determine and coordinate additional frequency requirements, etc.). During the games, the usual problems arose, such as absence of licences, wrongly programmed frequencies, inadequate technical knowledge and inadequate installations. It was possible to resolve all the problems, sometimes in close cooperation with the operators, UEFA representatives and the parties involved.

OFCOM's performance

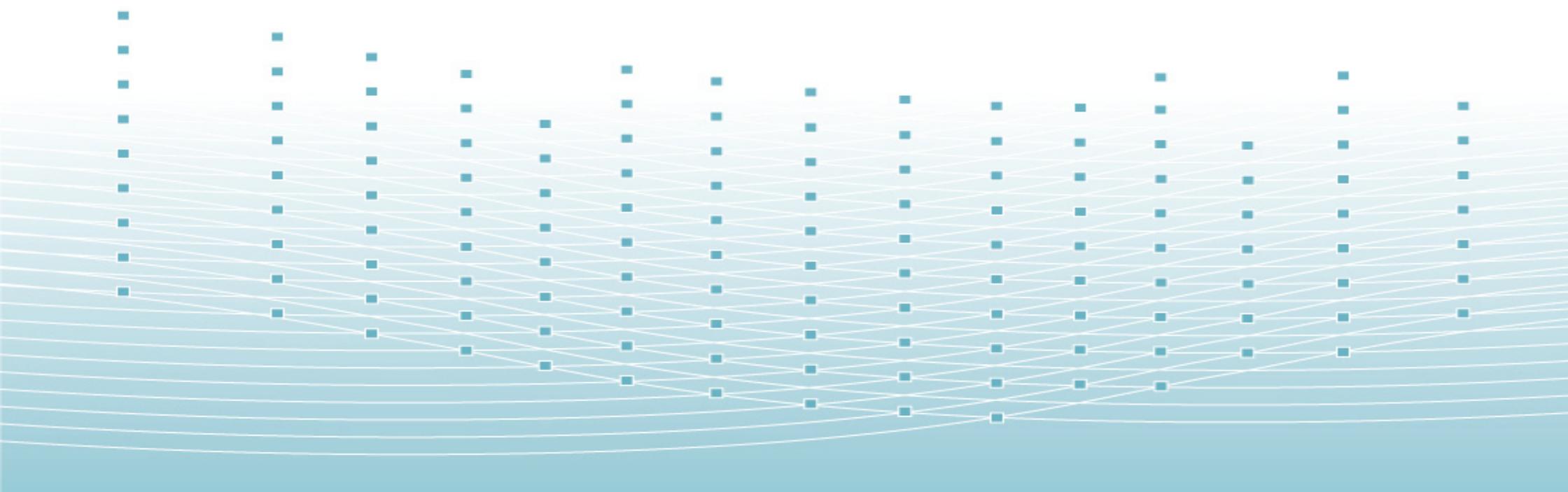
Our achievements for EURO 2008:

◇ <i>Frequency enquiries:</i>	3,323
◇ <i>Radio licences granted:</i>	209
◇ <i>FM radio broadcasting licences granted:</i>	6
◇ <i>Interference reports:</i>	19
◇ <i>Hours worked:</i>	4,300
◇ <i>Revenue from licences:</i>	CHF 147,227

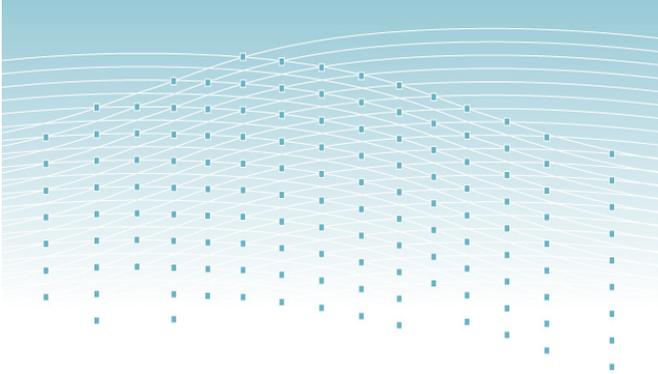
In all, about 500 more frequencies were allocated than at the EURO championships in Portugal four years ago.

Notification of interference dealt with by Radio Monitoring

Year	2008	2007	2006
Notifications of interference	331	335	333



INTERNATIONAL RELATIONS



To assure the future of the internet economy by improving global coordination: this was the goal of the Ministerial Meeting organised in June by the OECD in Seoul. Ministers from more than forty countries, together with key internet players, drew up a Declaration which invites cooperation between public authorities and the private sector. In accordance with a mandate from the Federal Council, OFCOM approved this Declaration. The TV5 television station partners concluded an agreement, following the reform of French external audiovisual policy, which assures the multilateral character of the channel and defines the institutional rules. Switzerland made an additional contribution to the 2009 budget to balance the overheads and to finance the strategic plan.

Frédéric Riehl, Vice-Director

The International Telecommunication Union (ITU)

The 2008 Council of the ITU dedicated its attention to the “Information and Communication Technologies and Climate Change” and cybersecurity. Switzerland contributed to the work of the Finance Commission, notably in its role as external auditors of the ITU’s accounts, and took part in drawing up an ITU resolution to mandate the 2010 Plenipotentiaries’ Conference of the ITU to revise the frequency of the TELECOM exposition to two years. Switzerland supported the Secretary-General’s proposal to hold a TELECOM exposition exceptionally in 2011 to celebrate its 40th anniversary.

The WTSA-08 (World Telecommunication Standardisation Assembly) held in Johannesburg was marked by greater involvement of the developing countries in the work of standardisation. Switzerland confirmed its commitment through the election of a Swiss representative to the position of Vice Chairman of Study Group 13 of the ITU-T sector. An OFCOM member will fill this position.

See also „Standardisation in the telecommunication sector“, page 18.

The Organisation for Economic Cooperation and Development (OECD)

At the Ministerial Meeting of the Organisation for Economic Cooperation and Development (OECD) on the “Future of the Internet Economy” in Seoul, a Declaration on the future of the internet economy was adopted by 39 states (OECD countries and 9 non-member states: India, Chile, Egypt, Estonia, Israel, Latvia, Senegal, Slovenia and Indonesia) and the EC. In accordance with the Federal

Council’s mandate, the Swiss delegation, under OFCOM’s leadership, approved the Declaration. It draws up a roadmap for modernising the communication policies which have contributed to making the internet the driving economic force it has become today. It recommends that the public authorities and enterprises work together to benefit more efficiently and creatively from technology and to contribute in this way to meeting global challenges such as climate change. The conference brought together almost a thousand participants, including ministers and key economic and civil players in internet development.

See also „Active cooperation in the work of the OECD“, page 19.

TV5 Monde

The TV5 television channel partners (France, Canada, Quebec, The French Community of Belgium and Switzerland) reached an agreement on the changes to the TV5 Monde Charter resulting from the reform of French external audiovisual policy. TV5’s multilateral and generalist character, with an emphasis on cultural diversity, is reaffirmed. A new repartition of the responsibilities of chairmanship and management has been put in place. Shareholders envisage the holding of TV5 shares by the holding company “Audiovisuel extérieur de la France” or its subsidiaries up to a maximum of 49%. Management posts are open to all the partners by way of calls for candidatures and on the basis of competencies. This system enabled the nomination of the Swiss journalist André Crettenand to the position of the channel’s head of information. The director of the TSR, Gilles Marchand, was elected as chairman of the Programmes Committee. For 2009, Switzerland made an additional contribution to balance the overheads and to finance the strategic plan.

The information society

The UNO Commission for Science and Technology for Development (CSTD) is assessing and reviewing the implementation of the World Summit on the Information Society (WSIS) throughout the UN system. At its annual session in May 2008, the Commission for the first time adopted a substantial resolution on the status of WSIS implementation. In this context, OFCOM, which represents Switzerland in the CSTD as the national coordinator for the information society, participated actively in this work.

With the aid of the “Swiss Tripartite Platform”, the open platform for information and exchange, OFCOM is also coordinating the Swiss activities on implementation of the Geneva Action Plan of the WSIS 2003 World Summit on the Information Society.

OFCOM also coordinates Switzerland’s activities in the area of internet governance and in December 2008 officially represented Switzerland at the third UN Internet Governance Forum (IGF) in Hyderabad, India. The IGF – which was also a result of the WSIS – is a global multi-stakeholder platform which is something new and experimental for the UN. Meeting annually since 2006, it is used for discussing technical, economic, political and social aspects of the internet. OFCOM was also one of the initiators of the first European Dialogue on Internet Governance (EuroDIG), which took place in Strasbourg in October 2008.

See also “The information society Switzerland”, page 21.

The Council of Europe

The permanent committee on Transfrontier Television (T-TT) made progress in its work on revision of the European Convention on Transfrontier Television (ECTT). Switzerland is participating in the T-TT Drafting Group responsible for making proposals on harmonising the content of the ECTT with the EU Audiovisual Media Services Directive, taking into account the Council of Europe’s values specific to the issue. The permanent committee accepted most of the amendments proposed by its Drafting Group. It also retained the article on televised advertising and tele-purchasing addressed specifically to a single party, the object of which is to protect parties such as Switzerland from bypassing of their national regulations. Within the framework of the Swiss presidency of the European Audiovisual Observatory (EAO) in 2008, OFCOM organised the hosting of the meeting of the Executive Council of the EAO in Montreux. About a hundred guests from interested areas were present at a conference on the European television channels’ strategy for dealing with the upsurge in video-on-demand. The EAO member countries were able to agree unanimously on a 2009 action plan and budget which strengthens the competencies of the EAO.

Satellite organisations

Switzerland, as an elected member of the Consultative Committee of the European Telecommunications Satellite Organisation EUTELSAT IGO, assisted the Executive Secretariat of this organisation throughout the year. Following the example of other delegations, the Swiss delegation concerned itself with the changes to French legislation which might have consequences for the responsibility of the states in relation to launches and the administration’s satellites.

OFCOM represented Switzerland at the 32nd Assembly of the Parties to the International Telecommunications Satellite Organisation (ITSO). During this

meeting, the parties in particular debated the difficulties encountered by the ITSO within the framework of the exercising of its supervisory role over the company Intelsat Ltd. They decided to change the designation in the ITU's files of the orbital positions and associated frequency allocations used by Intelsat Ltd and forming part of the common assets of the parties to the ITSO. OFCOM defended

Switzerland's position at the 20th Assembly of the Parties to the International Mobile Satellite Organisation (IMSO). During this meeting, the parties adopted new amendments to the IMSO Convention which completed those approved in 2006 and which were aimed, among other things, at extending the areas of activity of the IMSO and conferring upon it the role of coordinator of the systems for identifying and monitoring long-distance vessels. It was decided that these amendments would provisionally be applied from 6 October 2008 onwards. Switzerland, following the example of other countries which opposed this provisional application decision, submitted a written declaration to this effect.

RESOURCES AND ORGANISATION

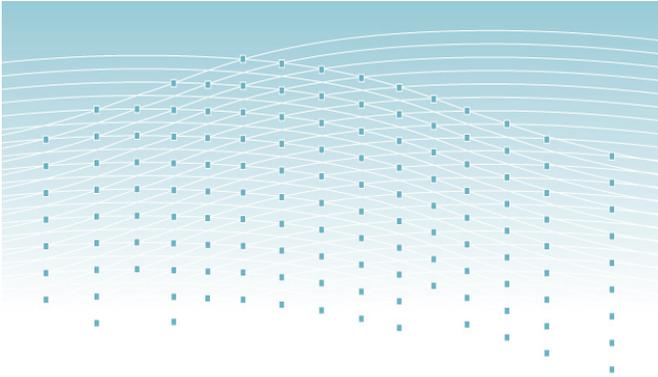
The reporting year in the Resources and Organisation division was characterised by consolidation.

In the Finance section, work returned to the everyday normal following the introduction of the „new federal billing model“ in the previous year and the subsequent work on the internal control system in 2008. Also, the revision of charges carried out in 2007 was completed with the entry into force of the new Charges ordinance on 1 January 2008. These improvements now had to be stabilised.

Also, at the end of 2008 it was possible to finally complete the implementation of the reduction of administrative tasks, which was linked with a substantial reduction of jobs in OFCOM and with which the Human Resources division had been dealing since 2005. An achievement resulting from this implementation work is medium-term personnel planning, which has been progressing continuously since 2007 and which also permits more consistent personnel management. As a result of this, the average staff numbers in OFCOM in the year 2008 was down by 5 full-time posts on the previous year.

In the IT sector, amongst other things, work was carried out on consolidating the new „e-licensing“ web application, which makes it possible to order radio licences on the internet and to directly apply the order to specialist applications. In this way OFCOM was able to make a contribution to implementing the requirements of e-Government.

Christine Fuchs, Head of Section, Finance and Human Resources



Finance

1. Profit and loss account

The profit and loss account for 2008 indicates a total expenditure of CHF 81 million. Here 67% was allotted to operating and 33% to transfer expenditure. Included in operating expenditure are the actual financial expenditure by OFCOM on personnel and materials, the service charges for other federal offices, as well as the financially ineffective depreciation of fixed assets. The transfer expenditure includes subsidisation of the radio and television sector and contributions to international organisations.

The revenue that can be assigned to the financial year 2008 is CHF 52.4 million. Of this, 49% can be attributed to operating revenue and 51% to revenue outside the global budget. The operating revenue corresponds to the administration charges of OFCOM. Revenue outside the global budget includes radio licence fees, the licence fees of licensed radio and television broadcasters for special financing within the radio and television sector, as well as income from legal infringements (fines and confiscation of profits). At CHF 26 million, the radio licence fees represented the greatest part (98%) of income outside the global budget.

In 2008, total expenditure was CHF 28.5 million (35%) greater than total earnings. The transfer sector as regards expenditure (26.6 million) and revenue (26.5 million) was more or less balanced. However operating expenditure (54.3 million) exceeded operating revenue (administration fees: 25.9 million) by CHF 28.4 million (52%).

1.1 Revenue

In comparison with the previous year, total revenue fell by CHF 9 million.

With administration and radio licence fees, revenue was down CHF 2.8 million in each sector. This is primarily linked to the entry into force of the amended Charges ordinance on 1 January 2008. In particular, the calculation model for private mobile radio (new: mobile radio service) was adapted.

Revenue was down by CHF 3.4 million in relation to fee splitting for local and regional broadcasters from radio and television reception fees. In the previous year, CHF 3.4 million was accounted for here, though in the year 2008 this was zero. This is due to the fact that the new Radio and Television Act (RTVA - i.e. since 1 April 2007) does not allow this income to be accounted for in the State Accounts. Therefore since 2008 it no longer appears in OFCOM's profit and loss account.

1.2 Expenditure

In comparison with the previous year, total expenditure fell by CHF 9.6 million.

OFCOM's operating expenditure (global budget section) was down by CHF 3 million compared with the previous year. This is mainly due to the fact that the cost of materials was lower by CHF 1.3 million than in 2007 and CHF 1 million less was transferred from reserves earmarked for delayed projects. The depreciation of fixed assets was down by CHF 0.8 million. Staff costs remained the same as the previous year, although there were several salary measures in 2008 in the Federal Administration (including actual salary increases). Holding personnel costs constant was achieved by structural vacancies, but also by consistent personnel management. The average workforce in 2008 was around 5 full-time positions lower than in 2007.

Expenditure outside the global budget for subsidies was down on the previous year by a CHF 6.6 million. This is mainly due to the fact that contributions to local and regional radio and television broadcasters (fee splitting) since 1 April 2007 could no longer be accounted for in the State Accounts (see 1.1 Revenue). In line with the old law, in 2007 some CHF 8.6 million were allocated.

Furthermore, contributions to international organisations were CHF 2.1 million lower than in the previous year. This is because, within the context of the reduction of administrative tasks by the Confederation, the contribution to the International Telecommunication Union (ITU) had been lowered.

Furthermore, various examples of increased expenditure cancelled out the reduced expenditure mentioned above. Worthy of mention here is the increased expenditure for the international service of the SRG (swissinfo, 3sat and TV5) to the tune of CHF 3.6 million.

2. Operating account (cost and activity accounting)

The rate of cost recovery for the three product groups combined compared with the previous year dropped only marginally by 2% to 47%. This is despite the fact that administration fees have dropped as a result of revised charges. The reduced revenue was countered by reduced costs in the same amount. These reduced costs are due to lower expenditure on materials, lower withdrawals from earmarked reserves and lower depreciation of fixed assets (please see 1.2 Expenditure).

Financial development in the period 2005 - 2008

(according to the Confederation's New Accounting Model NAM)

1. Profit and loss account (revenue, expenditure)	adapted to the Confederation's new accounting model		2007 (CHF mill.)	2008 (CHF mill.)	Change on previous year (CHF mill.)	%
	2005 (CHF mill.)	2006 (CHF mill.)				
1.1 Revenue						
Function revenue – global budget	-33.9	-33.13	-28.2	-25.4	2.8	-10%
Administrative fees + resolution of reserves holiday/overtime credits	-33.9	-33.1	-28.2	-25.4	2.8	-10%
Revenue outside global budget	-41.8	-46.2	-33.2	-27	6.2	-19%
Radio licence fees	-22.0	-26.2	-26.0	-23.2	2.8	-11%
Revenue from administrative penalty procedures	-0.5	-1.1	-0.6	-0.5	0.1	-17%
Fee-splitting, local and regional broadcasters	-13.5	-13.5	-3.4	0.0	3.4	-100%
Licence fees, radio and television	-5.8	-5.4	-3.2	-3.3	-0.1	3%
Total revenue	-75.7	-79.4	-61.4	-52.4	9.0	-15%
1.2 Expenditure					0.0	
Function expenditure – global budget t (incl. Comcom)	56.1	53.0	57.3	54.3	-3.0	-5%
Personnel costs (effective on financing)	38.1	37.4	38.4	38.4	0.0	0%
Material expenditure (effective in financing)	8.3	7.6	7.5	6.2	-1.3	-17%
Withdrawal from reserves for specific purposes	1.3	0.9	1.1	0.1	-1.0	-91%
Depreciation (not effective on financing)	3.1	2.5	2.3	1.5	-0.8	-35%
Confederation, cost allocation	5.3	4.6	8.0	8.1	0.1	1%
Expenditure outside global budget (subsidies)	30.0	25.0	33.3	26.7	-6.6	-20%
Contributions to international organisations	5.6	5.3	6.0	3.9	-2.1	-35%
Contribution to SRG offering for foreign countries	7.0	2.0	16.5	20.1	3.6	22%
Training of programme-makers (up to 2006 incl. media research	1.9	1.4	0.7	0.9	0.2	29%
Contribution to media research			1.0	1.0	0.0	0%
New broadcasting technology			0.0	0.0	0.0	0%
Programme archiving			0.0	0.0	0.0	0%
Contribution to broadcasting of programmes in mountain regions			0.5	0.6	0.1	20%
Contributions to local and regional broadcasters (fee-splitting)	14.5	16.3	8.6	0.2	-8.4	-98%
MEMORIAV contribution	1.0					
Total expenditure	86.1	78.0	90.6	81.0	-9.6	-11%
1.3 Balance (revenue + expenditure = financing requirement)	10.4	-1.4	29.2	28.6	-0.6	-2%

2. Investment account (revenue, expenditure) - global budget	2005 (CHF mill.)	2006 (CHF mill.)	2007 (CHF mill.)	2008 (CHF mill.)	Change on previous year (CHF mill.)	%
Revenue	0.0	0.0	0.0	0.0	0.0	0%
Expenditure	1.5	1.5	2.0	1.8	-0.2	-10%
Thereof withdrawal from reserves for specific purposes			0.4	0.1	-0.3	-75%
Balance (revenue – expenditure)	1.5	1.5	2.0	1.8	-0.2	-10%

adapted to the Confederation's new
accounting model

3. Operating account (revenue, costs)						
Revenue (administrative fees)	-33.9	-33.1	-27.7	-25.2	2.5	-9%
Costs	56.5	53.3	56.2	53.9	-2.3	-4%
Balance (revenue + costs)	22.6	20.2	28.5	28.7	0.2	1%
Level of cost coverage	60%	62%	49%	47%	0.0	-5%

Special finance, radio and television	2005 (CHF mill.)	2006 (CHF mill.)	2007 (CHF mill.)	2008 (CHF mill.)
1. Fee-splitting, local and regional radio and television broadcasters				
Revenue, related to specific purposes	-14.5	-16.3	-8.6	0.2
Proportion of fees from radio and television reception fees	-13.5	-13.5	-3.4	0.0
Additional withdrawal from reserves for specific purposes	-1.0	-2.8	-5.2	0.2
Expenditure, specially financed	14.5	16.3	8.6	0.2
Contributions to local and regional broadcasters (fee-splitting)	14.5	16.3	8.6	0.2
Deposit into funds for specific purposes (end of year)	0.0	0.0	0.0	0.0
Balance of funds for specific purposes (end of year)	8.2	5.4	0.2	0.0
2. Licence fees, radio and television broadcasters				
Revenue, related to specific purposes	-5.8	-5.4	-3.2	-3.3
Licence fees, radio and television	-5.8	-5.4	-3.2	-3.3
Additional withdrawal from reserves for specific purposes			0.0	0.0
Expenditure, specially financed	1.9	1.4	1.0	1.0
Training of programme-makers	1.9	1.4		
Contribution to media research			1.0	1.0
New broadcasting technology			0.0	0.0
Programme archiving			0.0	0.0
Deposit into funds for specific purposes (end of year)			1.6	2.3
Balance of funds for specific purposes (end of year)			1.6	3.9

Employees

Number of staff

In the reporting year, we employed 290 people, including 100 women. In the preceding year we employed 295 people (102 women). This corresponds to a female proportion of 34.5%, 0.1% less, compared to the previous year.

Linguistic distribution

About 60% of OFCOM employees speak German as their mother tongue; 33% speak French and 4% Italian. Other languages, such as Arabic, English, Laotian, Portuguese, Russian, Spanish and Thai represent approximately 3%.

Average age

The average age is 44 years.

Apprenticeships

OFCOM has been successfully training apprentices in the discipline of mediamatician for 10 years now. This year four OFCOM apprentices concluded their training successfully: two German speakers in the field of mediamatics and two French speakers completed their commercial apprenticeship.

For the second consecutive year the vocational school Lugano-Trevano was able to organise two-day industrial placements for five Italian-speaking mediamatic apprentices at the radio monitoring station in Tessin. Practical topics were covered, e.g. antenna basics and the measurement of electro-magnetic fields.

Equal opportunities commission

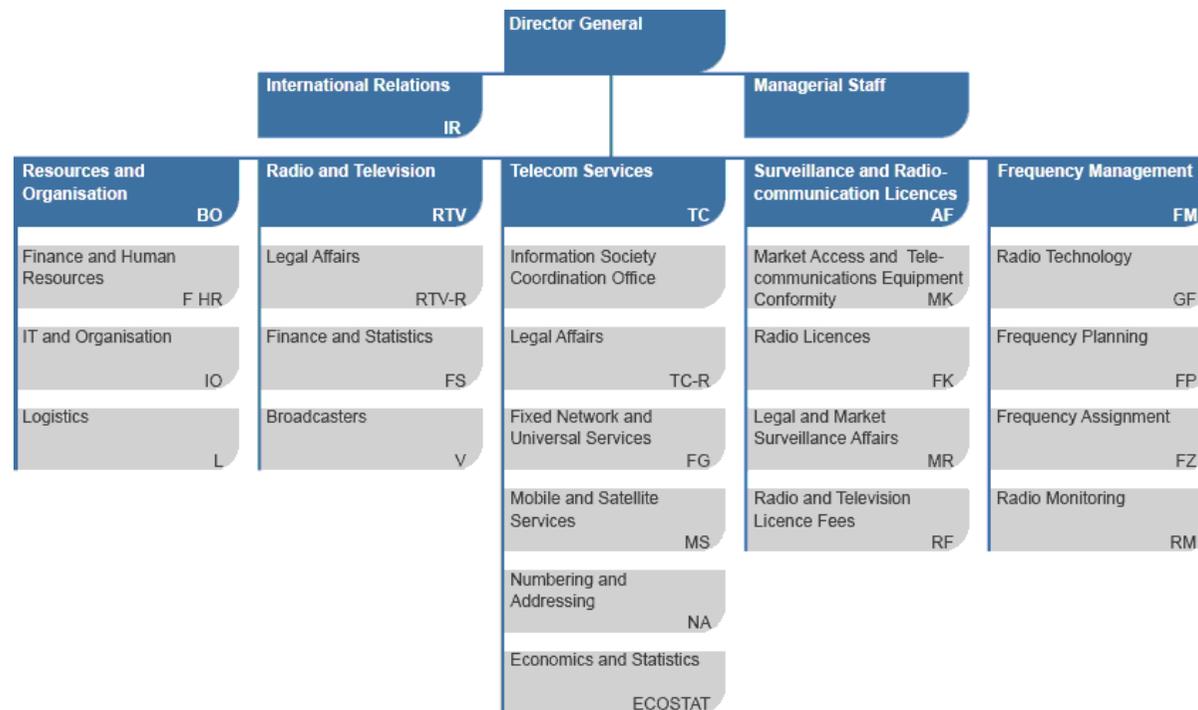
The internal equal opportunities commission has been reconstituted in accordance with a decision of the management. It will continue to strengthen implementation of the equal opportunities measures already introduced; in particular it will integrate the topic more closely into management processes.

OFCOM has already introduced various measures to ensure that men and women work under the same conditions and enjoy the same development opportunities: these include flexible working models, consideration of the needs of parents in personnel policy decisions and supportive measures with regard to childcare.

Management

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

Organisation chart

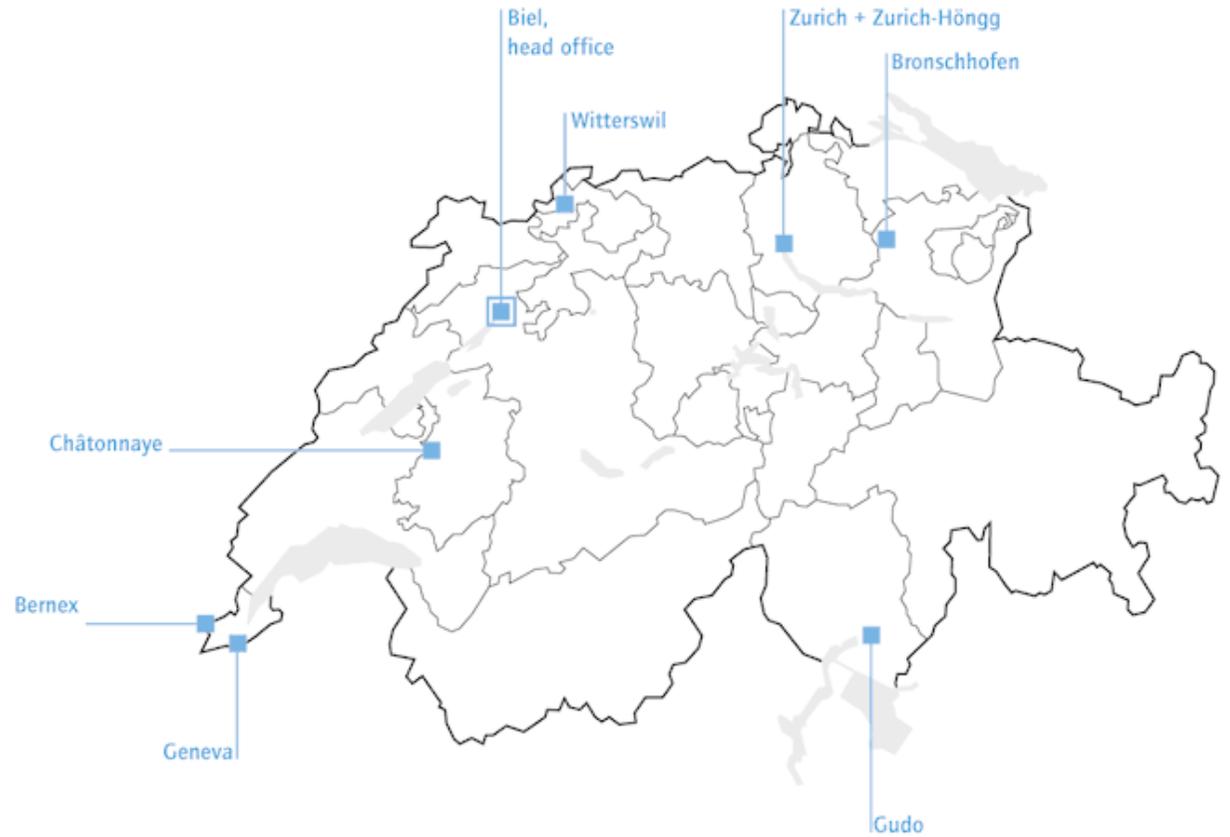


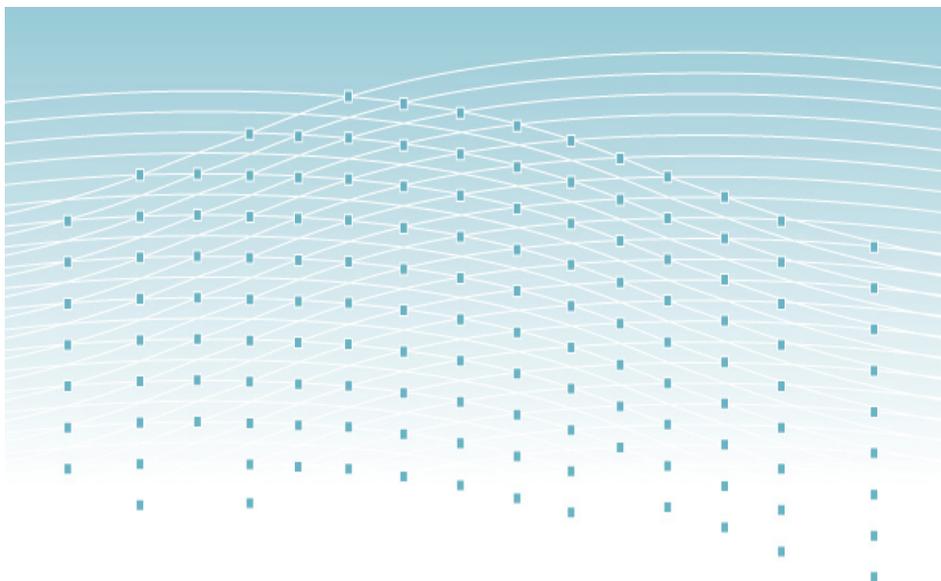
Personnel

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

Locations

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





Contact

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