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Television across Europe:

Follow-up Reports 2008

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This country report was prepared as part of a series of monitoring reports titled ‘Television across Europe: Follow-up Reports 2008’. The series presents an update of the situation in nine of the original twenty countries covered in the 2005 reports series ‘Television across Europe: regulation, policy and independence’. The countries included in the 2008 series are: Albania, Bulgaria, Czech Republic, Italy, Lithuania, Macedonia, Poland, Romania and Slovakia.

Both series of reports have been prepared by the EU Monitoring and Advocacy Program (EUMAP) of the Open Society Institute and by the Media Program of the Open Society Foundation, in cooperation with local experts. EUMAP and the Media Program would like to acknowledge the primary role of the following individuals in researching and drafting this country report.

Final responsibility for the content of the reports rests with the Programs.

“Television across Europe – Follow-up Reports 2008, Czech Republic”

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Preface

Television across Europe: Follow-up Reports 2008 is a monitoring project of EUMAP (EU Monitoring and Advocacy Program) at the Open Society Institute and of the Media Program at the Open Society Foundation. The project updates and builds on the outcome of the original *Television across Europe: regulation, policy and independence* monitoring reports released in October 2005, which covered 20 countries.

The 2005 reports concluded that the pivotal role of television in supporting democracy in Europe was under threat. It showed that public service broadcasters were being forced to compromise quality to compete with commercial channels, and that many of them depended on Governments or political parties. Moreover, ever-larger concentrations were developing in the commercial sector, often with clear political affiliations. These developments jeopardised broadcasting pluralism and diversity, with the new democracies of Central and Eastern Europe most acutely at risk.

The original *Television across Europe* project and its linked advocacy activities ended in June 2006. Since then, the Media Program has funded a number of follow-up projects, carried out by partner organisations in selected countries, aimed at promoting and building on the reports' findings and conclusions.

There have been significant developments in many of the countries covered in the 2005 reports, with respect to many of the areas monitored. Launched in London in March 2008, *Television across Europe: Follow-up Reports 2008* monitors these developments in nine of the twenty countries that were originally monitored: Albania; Bulgaria; the Czech Republic; Italy; Lithuania; Poland; the Republic of Macedonia; Romania and Slovakia. These countries were selected because of the continuing significant changes in their broadcasting landscape.

Television across Europe: Follow-up Reports 2008 maps the main changes in broadcasting legislation, policy and market over the past three years and assesses the progress – or lack of – that these countries have made in improving the independence and pluralism of their broadcasting.

As with the original 2005 reports, these updates are addressed to policy makers, civil society activists and academics alike, as a contribution to bringing about change where it is needed.

The nine country reports were drafted by local experts with the support of partner NGOs. All country reports are based on the same methodology, thus allowing for a comparative analysis. OSI and OSF assume final responsibility for their content.

About EUMAP

EUMAP, the EU Monitoring and Advocacy Program of the Open Society Institute, monitors the development of selected human rights and rule of law issues in both the European Union and in its candidate and potential candidate countries.

EUMAP works with national experts and nongovernmental organizations (NGOs) to compile reports that are distributed widely throughout Europe and internationally. The reports are designed to encourage broader participation in the process of articulating the EU's common democratic values as well as in ongoing monitoring of compliance with human rights standards throughout the Union.

In addition to these monitoring reports on Television across Europe, EUMAP is currently focusing on access to Education for Roma and on the situation of Muslims in selected EU Cities.

Previous EUMAP reports include the 2005 Television across Europe series as well as reports on minority protection, the rights of people with intellectual disabilities, judicial independence, judicial capacity, corruption and anticorruption policy and equal opportunities for women and men.

All EUMAP reports as well as further information on the program are available at www.eumap.org.

About the Media Program

The Media Program seeks to promote independent, professional, and viable media and quality journalism, primarily in countries undergoing a process of democratization and building functioning media markets.

The Media Program supports initiatives aimed at helping media-related legislation conform to international democratic standards, increasing professionalism of journalists and media managers, strengthening associations of media professionals, and establishing mechanisms of media self-regulation. The Media Program also supports media outlets that stand for the values of open society, as well as efforts aimed at monitoring and countering infringements on press freedom, and promoting changes in media policy that ensure pluralism in media ownership and diversity of opinion in media.

Although traditionally the Media Program has focused on Central, Eastern, and South Eastern Europe, CIS, and Mongolia, during the past several years it has expanded to Western and Southern Africa, Southeast Asia, and Latin America.

Television across Europe:

Follow-up Reports 2008

Czech Republic

By Eva Rybková

Table of Contents

A. Executive Summary	11
B. Recommendations	13
1. Original recommendations from the 2005 report, with commentary	13
1.1 Media policy	13
1.2 Regulatory authorities	14
1.3 Public service television (ČT)	15
1.4 Commercial broadcasters	16
2. New recommendations based on the 2008 report	16
2.1 Regulatory authorities	16
2.2 Public service broadcaster (ČT)	16
C. Main findings of the Follow-up Monitoring	17
1. General Broadcasting Environment	17
1.1 Key developments in legislation and policy	17
1.2 EU legal provisions	22
1.3 The broadcasting market	23
2. Regulation and licensing of the television sector	25
2.1 Regulatory authorities and framework	25
2.2 The licensing system	26
3. Regulation and Management of Ppublic Service Television Broadcasting (PSB)	30
3.1 PSB legislation and policy	30
3.2 PSB governance structure	30
3.3 PSB funding	32
3.4 Editorial standards	33
4. Commercial broadcasting	34
4.1 Regulation and management	34
4.2 Ownership and cross-ownership	35
4.3 The advertising market	36
4.4 Editorial standards and independence	38
4.5 Regional and local broadcasting	39

5. Programming	41
5.1 Output	41
5.2 General provisions on news and programme production guidelines	43
5.3 Quotas	44
5.4 Obligations on PSB and commercial broadcasters	44
6. Conclusions	44
ANNEX 1. Legislation cited in the report	46
ANNEX 2. Bibliography	47

Index of Tables

Table 1. Overview of the main legal changes (2006 and 2007 amendments)	21
Table 2. Share of European works in television broadcasts (2006), %	23
Table 3. Total number of broadcast licences (2006 and 2007)	24
Table 4. Audience shares of television stations (2005–2007), %	24
Table 5. Share of various systems in reception of television broadcasting (2006)	25
Table 6. ČT licence fee revenues (2005–2008)	32
Table 7. Costs and revenues of ČT (2006–2007)	33
Table 8. Share of the advertising market (2006, net figures), %	37
Table 9. Share of TV advertising spending (2006, gross figures), %	38
Table 10. List of regional stations in the Czech Republic	40
Table 11. Output of the ČT by genre (2006–2007)	42

List of Abbreviations

AVMS	Audiovisual Media Services
CME	Central European Media Enterprises
ČSSD	Social Democratic Party, <i>Česká strana sociálně demokratická</i>
ČSZV	Czech Association for Branded Products, <i>České sdružení pro značkové výrobky</i>
ČT	Czech Television, <i>Česká televize</i>
ČTK	Czech News Agency, <i>Česká tisková kancelář</i>
ČTÚ	Czech Telecommunications Office, <i>Český Telekomunikační Úřad</i>

KDU-ČSL	Christian and Democratic Union – Czechoslovak People’s Party, <i>Křesťanská a demokratická unie – Československá strana lidová</i>
MTG	Modern Times Group
NKS	National Coordination Group for Digitisation, <i>Národní koordinační skupina pro digitalizaci</i>
ODA	Civic Democratic Alliance, <i>Občanská demokratická aliance</i>
ODS	Civic Democratic Party, <i>Občanská demokratická strana</i>
RRTV	Council for Radio and Television Broadcasting, <i>Rada pro rozhlasové a televizní vysílání</i>
RTA	Regional Television Agency, <i>Regionální Televizní Agentura</i>
ÚOHS	Office for Protection of Economic Competition, <i>Úřad pro ochranu hospodářské soutěže</i>
US-DEU	Freedom Union–Democratic Union, <i>Unie Svobody–Demokratická unie</i>
ÚSP AV ČR	Institute of State and Law at the Academy of the Czech Republic, <i>Ústav státu a práva Akademie věd České republiky</i>

A. Executive Summary

The most important development in Czech broadcasting over the past three years has been the launch of the digitisation process. The first private digital channels began to operate in 2008, after lengthy delays. The adoption of legal provisions to enable this process was a long-drawn-out and convoluted process, dominated by political wrangling between the most influential interest groups, and preventing new players from entering what remains an underpowered and uncompetitive market. Already ten years have passed since the Government adopted its first decree on the digitisation of electronic media; the central piece of legislation, the Broadcasting Act, has been amended more than ten times since 2003.

On the positive side, technological progress and, to some extent, pressure from the European Union (EU) to move ahead with digitisation succeeded in sparking a broader debate among all major players and stakeholders. This discussion takes place on specialised websites, at conferences and seminars, and on radio and television, which are now more open than they used to be in admitting the extent of media politicisation.

The television industry still lacks healthy competition. Four nationwide terrestrial channels – the commercial TV Nova and Prima TV, and the two public service channels – still command almost the entire audience. The advertising industry continues to crave more competition that would be brought by fresh digital channels.

The latest amendments to the Broadcasting Act (2007) finally unblocked the digitisation process. For the first time, politicians reached consensus in adopting media legislation, albeit under pressure from the industry. Politicians finally understood that analogue broadcasting will not be protected after 2015¹ and therefore they cannot postpone digitisation any longer.

The entrance of the first six digital TV stations in 2008 is not likely to change the Czech broadcasting market in the short term, mainly because they still lack the footprint and reach of the two incumbent nationwide commercial stations. Gaining audience and recognition with the viewers also requires sustained marketing and brand-awareness campaigns, which take time. However, with the footprint of the digital baby stations expected to increase in the coming years (as more regions switch off the analogue signal), they are expected to bring significant changes to the broadcasting landscape in the medium to long term.

The overall TV offer has not changed much. TV Nova and Prima TV continue to serve up their unvarying diet of soap operas, sensational news, game shows and reality formats. But the public service broadcaster Czech Television (ČT, *Česká televize*) has made progress in fulfilling its public service mission. Its news, current affairs, and

¹ Geneva Regional Radio-communications Conference in 2006 (RRC-06).

documentary and drama output dominate the station's schedules. Although suspicions of politicisation persist – and will do so for as long as the Chamber of Deputies controls the ČT Council – there is no clear evidence of significant manipulation.

B. Recommendations

Some important recommendations have been adopted, mostly related to the debate on digitisation and to measures aimed at maintaining a balance on the advertising market before the full switch-off of analogue broadcasting. However, in terms of ensuring more organisational independence for both the regulator and the public service broadcaster, not much has been achieved in the past three years.

1. ORIGINAL RECOMMENDATIONS FROM THE 2005 REPORT,² WITH COMMENTARY

1.1 Media policy

<i>Digitisation</i>	
<p>1. The Government should initiate a public debate on digitisation policy.</p> <p>2. Government policy on digitisation should be that public service broadcasting should be retained under certain circumstances.</p>	<p>Recommendations 1-2 have been adopted. The Government initiated a debate through an information campaign run by the public service broadcasters. At the same time, a major debate was initiated by the unsuccessful applicants for digital licences and other parties involved in digitisation, such as media experts, service providers and advertising agencies.</p> <p>Public service broadcasting was given privileged treatment in Government policy, automatically receiving the right to operate on multiplex A, which has the largest footprint.</p>
<i>Public consultation</i>	
<p>3. The Government should develop and implement a policy to set up new mechanisms of supervision of broadcasting by the public.</p>	<p>This recommendation has not been adopted. There have been no changes in legislation that would allow for more public participation in the oversight of broadcasting through bodies such as the broadcast regulator. The recommendation remains pertinent.</p>

² “Czech Republic”, in Open Society Institute, *Television across Europe: regulation, policy and independence*, Budapest, 2005 (hereafter OSI/Czech Republic), pp. 549–551.

1.2 Regulatory authorities

<i>Independence</i>	
<p>4. The Government should put forward legislative changes to increase the independence, sanctioning power and effectiveness of the Council for Radio and Television Broadcasting (RRTV).</p> <p>5. The Government should initiate a public debate, involving media experts and NGOs, on the issue of nomination of the members of the RRTV, and should initiate legislative changes to reform it so that its membership ceases to reflect the distribution of power in the Chamber of Deputies. This reform should ensure a broad social and professional representation.</p> <p>6. The Government should propose legislative changes to ensure that the RRTV has a stable and long-term source of financing. This funding should be sufficient to secure the Council's independence and should not be used by the Government as an instrument to exert influence over the activities of the Council.</p>	<p>None of these recommendations has been adopted. There have been no legislative initiatives aimed at reforming the structure of the RRTV to increase its independence. Its membership continues to reflect the distribution of power in the Chamber of Deputies, the lower house of Parliament.</p> <p>However, the composition of the RRTV has improved since 2000. The membership of the regulator, although it reflects the political representation in the Chamber of Deputies, is less overtly politicised than in the early 1990s when RRTV Council members were appointed strictly along political lines.</p> <p>These recommendations remain pertinent.</p>
<i>Media diversity</i>	
<p>7. The Government should propose legislative changes to entitle and oblige the RRTV to ensure transparency of ownership structures of the holders of broadcast licences.</p>	<p>This recommendation has not been adopted. However, the RRTV has taken all the steps within its authority to improve the transparency of broadcast ownership.</p>
<i>Regional and local broadcasters</i>	
<p>8. The RRTV should develop a strategy for encouraging the development of regional and local television stations.</p>	<p>This recommendation was partly adopted. Although it did not come up with a strategy on regional and local broadcasting, the RRTV awarded a digital licence to a network of regional TV stations, which pledges to focus its programming solely on regional issues.</p>
<i>Media diversity</i>	
<p>9. The Government should initiate changes in legislation to entitle the RRTV to monitor all tiers of ownership in companies owning broadcasters.</p>	<p>This recommendation has not been adopted. However, the RRTV took steps to shed more light on the ownership of broadcasters. (<i>See recommendation 7.</i>)</p>
<i>Public consultation</i>	
<p>10. The RRTV should support the formation of an association of viewers, and oblige television stations to allot it broadcasting time to express its views.</p>	<p>This recommendation has not been adopted. The RRTV, however, continues to receive and process complaints from viewers. The establishment of a representative association of viewers would still be a step forward in ensuring more public participation in broadcasting.</p>

1.3 Public service television (ČT)

<i>Independence</i>	
<p>11. The Government should initiate a public debate on the issue of nomination of the members of the ČT Council and the Czech Radio Council.</p> <p>12. The Government and Parliament should ensure the status of ČT as an independent public service corporation, by abolishing the Chamber of Deputies' control over the station's Council and management.</p>	<p>None of these recommendations has been adopted. There is no political consensus to cut the tie between the public service broadcasters and the political authorities.</p>
<i>Funding</i>	
<p>13. The Government should initiate legislation that would allow ČT to carry advertising until the switchover to digitisation, in order to maintain a certain degree of competitiveness in the television market.</p> <p>14. The Government should propose changes of legislation to regularly raise the TV and radio licence fees in line with the rate of inflation or the retail price index.</p>	<p>Recommendation 13 has been adopted. The Government has allowed ČT to carry advertising until the switch-off of the analogue signal. Recommendation 14 has not been adopted and is still pertinent. Although Parliament approved a higher licence fee in 2007, there is no mechanism to ensure the automatic increase of the licence fee according to inflation or other indicators.</p>
<i>Professional ethics</i>	
<p>15. The Government should ensure that the ČT code, especially the part concerning editorial activity, is drafted and agreed upon by the editorial staff, rather than approved by Parliament. The code should be publicly disseminated.</p>	<p>This recommendation has not been adopted. ČT works according to the code that was approved by Parliament.</p>

1.4 Commercial broadcasters

<i>Media diversity</i>	
16. Parliament should take steps to amend legislation to impose limits on cross-ownership in the print and broadcasting sectors.	This recommendation has not been adopted. Although there has been no major merger between these sectors, the market has seen several cross-ownership deals. Parliament, however, introduced provisions preventing cross-ownership between network communications operators and digital licence holders, which is a positive move towards preventing concentration of ownership in the digital chain.
<i>Professional ethics</i>	
17. The RRTV should require applicants for broadcast licences to submit internal codes of conduct or ethics, as a precondition for receiving a licence to run a commercial television station.	This recommendation has not been adopted. With digitisation, the licensing criteria are expected to be more relaxed.
<i>Enforcement</i>	
18. Parliament should amend the Broadcasting Act to empower the RRTV to enforce the licensing conditions, based on which television stations have been granted their broadcast licences.	This recommendation has not been adopted. However, the entire licensing system is changing, making this recommendation obsolete. (<i>See section 2.</i>)

2. NEW RECOMMENDATIONS BASED ON THE 2008 REPORT

2.1 Regulatory authorities

1. The Government and Parliament should push forward legislative changes to increase the independence, sanctioning power and effectiveness of the RRTV, turning it into a regulator that would be able to monitor the rapid changes in the broadcasting market. The RRTV should, for example, be entitled to adopt bylaws for the sector.
2. The Government and Parliament should ensure that the newly adopted, liberal licensing system will not endanger diversity and standards in the broadcasting market.

2.2 Public service broadcaster (ČT)

3. The Government and Parliament should adopt legislative changes to guarantee the independence of the public service broadcaster.
4. The Government should initiate changes in legislation to increase the TV and radio licence fee regularly and in line with the rate of inflation or the retail price index.

C. Main findings of the Follow-up Monitoring

1. GENERAL BROADCASTING ENVIRONMENT

1.1 Key developments in legislation and policy

The most important policy and legal changes over the past three years are related to digitisation. Beginning at the end of 2004, the transition has had a significant impact on the general broadcasting environment. All the stakeholders, lawmakers, broadcasters and regulators were, however, enmeshed in endless argument. Most attempts to move ahead with digitisation were blocked by legal disputes instigated either by unsuccessful applicants for digital licences or by politicians who were accused of succumbing to commercial lobbying rather than focusing on the adoption of adequate legislation.

However, the rapid spread of new technologies and developments in digitisation at the European level shaped events in the television market. New players showed intense interest in entering the digital market. Debates among media professionals heated up.

The main changes in television legislation and policy have been the adoption of the Electronic Communications Act in May 2005³ and the amendments to the Broadcasting Act⁴ in 2006 and 2007.⁵ The former was intended to create the legal framework for digitisation and the latter was adopted in order to unblock the digital licensing process.

The Electronic Communications Act incorporated parts of the Broadcasting Act and the Czech Television Act.⁶ It contains regulatory provisions for the entire sphere of electronic communications. More specifically, it defines the role of the regulators in digital broadcasting (*see section 2.1*), dividing their competences between regulation of

³ Act no. 127/2005 on Electronic Communications, *Sbírka zákonů*, 22 February 2005 (hereafter Electronic Communications Act).

⁴ Since 2003, Parliament has passed at least 11 amendments to Act no. 231/2001 of 17 May 2001 on Radio and Television Broadcasting Operation and on amending other laws, *Sbírka zákonů* 87, 4 June 2001 (hereafter Broadcasting Act). Here is a summary of these amendments: 274/2003, 341/2004, 501/2004, 626/2004, 82/2005, 127/2005, 348/2005, 235/2006, 160/2007, 296/2007, 304/2007. N.B. The Broadcasting Act replaced the Act on Operation of Radio and Television Broadcasting 1991 (subsequently amended).

⁵ Act no. 304/2007 Coll., which amends some acts in connection with the switchover from the terrestrial analogue broadcasting to terrestrial digital broadcasting, *Sbírka zákonů*, 1 November 2007.

⁶ Act no. 483/1991 on Czech Television, *Sbírka zákonů*, part 93 of 29 November 1991, as last amended by Act no. 82/2005, which changes Act no. 483/1991 on Czech Television in its latest version (hereafter Czech Television Act); Act no. 231/2001 on Radio and Television Broadcasting Operation and on the change of other acts in their latest versions, *Sbírka zákonů*, part 23 of 23 February 2005.

content and regulation of transmission. It also created a legal framework for the so-called Public Service Multiplex, reserved for ČT. (See section 3.1.)

The Electronic Communications Act did not turn out as originally planned, namely a comprehensive electronic media law that would provide a basis for digitisation. Initially, the idea was to incorporate the provisions on digital broadcasting from the Broadcasting Act. Zdeněk Duspiva, chairman of the National Coordination Group for Digitisation (NKS, *Národní koordinační skupina pro digitalizaci*), said:

There has been a [...] “political agreement” during the preparation of the Electronic Communications Act, according to which digitisation and digital broadcasting will be removed from the Act and dealt with separately. But during the second reading [of the Electronic Communications Act by the Chamber of Deputies] unilateral steps were taken towards the creation of a public service multiplex for ČT. [...] The second reading took place on Tuesday and the third on Friday. There was no opportunity for discussion, for agreement. On the contrary, the agreement was broken. Nevertheless, the creation of a public service multiplex has been in my personal opinion a positive step. It created a precedent.⁷

In April 2006, the newly amended Broadcasting Act came into force.⁸ The amendments aimed to create the legal framework for the introduction of digitisation, including the distribution of digital broadcast licences. These amendments had taken some 15 months to prepare. This delay hurt the applicants for digital licences who wanted to start their operations as soon as possible in order to recoup their investments.

The final vote on the law was chaotic. Members of Parliament and media experts alike had to wait for the official transcripts of the law to find out what the amendments said. In total, the entire process of adopting legislation on digitisation had taken some five years. The MPs approved 80 changes to the Broadcasting Act in only two hours. The new law came into force a month after the first six digital licences were distributed. Soon after the adoption of the law, it became clear that further amendments were urgently needed.

While the amended Act finally enabled the distribution of digital licences, the clause about the almost automatic extension of broadcasting licences remained. “The State lost control of the frequency spectrum as the [frequencies] have been distributed almost indefinitely to the existing broadcasters,” Duspiva said.⁹

⁷ Zdeněk Duspiva, speaking at the 7th Media Conference in the town of Český Krumlov on “How to unblock the way to digitisation”, 19–20 April 2007 (hereafter Český Krumlov 2007 conference).

⁸ Act no. 235/2006 of 25 April 2006, which amends the Broadcasting Act.

⁹ Interview with Zdeněk Duspiva, Prague, 25 March 2008.

When the Government adopted a Technical Plan for the Transfer to Digital Broadcasting,¹⁰ the Czech Telecommunications Office (ČTÚ, *Český Telekomunikační Úřad*), the technical regulator in charge of implementing the plan, did not have the legal tools to force existing broadcasters, specifically the commercial stations TV Nova and Prima TV, and the regional analogue TV stations, to comply. These broadcasters had their analogue licences automatically extended until 2018. The Technical Plan was further amended in 2008.¹¹ (*See section 4.1.*)

Vladimír Balaš, a legal expert from the Institute of State and Law at the Academy of the Czech Republic (ÚSP AV ČR, *Ústav státu a práva Akademie věd České republiky*), commented:

[The amended 2006 Broadcasting Act] is as chaotic as many other acts. It reflects the feeling of MPs to push for their own or others' vested interests that they believe are the best and the most straightforward way to regulate or fix something. The Act is a typical example of chaos in the legislative process.¹²

Persistent lobbying by commercial stations strongly influenced the media legislation that emerged in the 1990s. This has continued and had a major impact on the most recent legal developments.¹³

In March 2006, the Government adopted a “Policy on Developing Digital Broadcasting in the Czech Republic”.¹⁴ It also created the NKS, chaired by Duspiva. He had previously served as a member of the RRTV and adviser at the now defunct Ministry of Informatics. The main tasks of the NKS are to coordinate the transfer to digital broadcasting between different institutions and regulators, and to prepare the information and communication campaigns and overall support for digitisation.

General elections in June 2006 changed the political landscape, bringing to power the right-wing Civic Democratic Party (ODS, *Občanská demokratická strana*), which formed a coalition with the Christian Democrats (KDU-ČSL, *Křesťanská a*

¹⁰ “Opatření obecné povahy č. OOP/15/12.2006-39” (General Provision no. OOP/15/12.2006-39), available online (in Czech) at http://www.ctu.cz/1/download/OOP/TPP/TPP_OOP_15_12_2006_39.pdf (accessed 25 April 2008).

¹¹ “Technický plán přechodu zemského analogového televizního vysílání na zemské digitální televizní vysílání” (161/2008 Sb.) (Technical Plan for Transition of Terrestrial Analogue Television Broadcasting to Terrestrial Digital Television Broadcasting) (hereafter Technical Plan for the Transfer to the Digital Broadcasting).

¹² Vladimír Balaš, speaking at the Český Krumlov 2007 conference.

¹³ OSI/Czech Republic, p. 487.

¹⁴ “Koncepte rozvoje digitálního televizního vysílání v České republice” (Policy on Digital Broadcasting Development in the Czech Republic), 15 March 2006, available online (in Czech) at <http://www.mpo.cz/dokument37351.html> (accessed 3 April 2008).

demokratická unie – Československá strana lidová) and the Green Party.¹⁵ The new coalition closed down the Ministry of Informatics in June 2007, distributing its responsibilities among the Ministry of the Interior, the Ministry for Regional Development and the Ministry of Industry and Trade. (The real reason for creating the Ministry of Informatics in January 2003 had been to give a portfolio to the centre-right Freedom Union–Democratic Union (US–DEU, *Unie Svobody–Demokratická unie*), which was a coalition partner at the time.)¹⁶

The 2007 amendments to the Broadcasting Act let digital roll-out get going, but under conditions that greatly favoured the existing broadcasters. The involvement of the Ministry of the Interior and the Ministry of Culture in drafting the amendments was viewed positively by media observers. It was the first time that legal provisions had been drafted by Government experts instead of MPs.

The amended Broadcasting Act brought revolutionary changes in the distribution of TV licences, introducing a registration system similar to the one already in place for cable and satellite broadcasting.¹⁷ (See section 2.2.) The amendments also aimed to motivate current nationwide licence holders to give up their analogue frequencies in exchange for digital licences. TV Nova and Prima TV were automatically awarded “compensatory” digital licences in exchange for their analogue ones. The Technical Plan for the Transfer to Digital Broadcasting became a legally binding document, obliging broadcasters to release their analogue licences in order to make room for digital channels.¹⁸ ČT was allowed to carry advertising until analogue switch-off, in order to ensure balance on the quasi-monopolistic broadcast market, where TV Nova pulls in over 60 per cent of the advertising revenues.¹⁹

¹⁵ ODS won 81 seats, KDU–ČSL 13 seats and Green Party 6 seats out of 200 seats in the Chamber of Deputies. The opposition Social Democrats (ČSSD, *Česká strana sociálně demokratická*) won 74 seats.

¹⁶ This was the opinion of numerous politicians and political observers. The Ministry functioned for only four years. Most of its staff were transferred to the ministries mentioned where they work on the same issues. The Ministry’s disappearance was not seen as important and triggered no controversy.

¹⁷ See section 3.2.2 in OSI/Czech Republic, pp. 505–506.

¹⁸ Before the adoption of the amended law, the Technical Plan had not been legally binding. The content regulator, the RRTV, had to ask the commercial TV stations to give up their analogue licences before their expiration, but it had no legal power to force them to do this. This is why inclusion of the Technical Plan in the law was important. (RRTV, “Zpráva o stavu vysílání a činnosti Rady pro rozhlasové a televizní vysílání 2007” (Report on the state of broadcasting and activity of the Council for Radio and Television Broadcasting for 2007) (hereafter RRTV, *Annual Report 2007*, pp. 18–19, available online (in Czech) at http://www.rrtv.cz/cz/files/zpravy/VZzprava_2007.pdf (accessed 3 April 2008).

¹⁹ The Act allows ČT to air advertisements on 0.75–1 per cent of broadcasting time on its first channel and 0.5 per cent of the total broadcast time on other channels (Act no. 304/2007 Coll., art. IV/ 12).

The main purpose of the Act was to unblock the digitisation process. Although it favours the current commercial nationwide broadcasters, it creates a legal framework that is likely to open the market to new players at last, ending the duopoly of TV Nova and Prima TV.²⁰ While it is too early to analyse their impact, the 2007 amendments were embraced with open arms by the six companies that received licences in the first digital tender. “Other commercial stations will finally enter the market and the programme offer will expand,” according to the head of one of these stations. “The decrease in viewing time is really significant, and it is obvious that viewers are fed up with the current offer and want some fresh programmes.”²¹

TV Nova and Prima TV welcomed the automatic award of digital licences, but protested at the increase of ČT’s advertising limit from 0.5 per cent to 0.75 per cent. Cable operators expressed dissatisfaction with new “must carry” provisions, obliging them to transmit all nationwide programmes that are available via terrestrial digital broadcasting.

Table 1. Overview of the main legal changes (2006 and 2007 amendments)

2006 amendments	<p>Provided the legal framework for digital broadcasting</p> <p>Introduced rules on the distribution of digital licences</p> <p>Maintained the almost automatic renewal of broadcast licences</p>
2007 amendments	<p>Introduced a new, simpler system of licensing based on registration similar to cable and satellite broadcasting</p> <p>Awarded digital licences to the main commercial TV stations, TV Nova and Prima TV, in exchange for giving up their analogue licences</p> <p>Awarded “compensatory licences” to the first six digital broadcasters after a court did not allow them to start broadcasting</p> <p>Allowed the public service broadcaster to carry advertising until analogue switch-off</p> <p>Obligated cable broadcasters to air all the terrestrial TV channels</p>

Source: OSI research

²⁰ Jan Cizner, “Televizní revoluce může začít” (Television revolution can start), *Hospodářské noviny*, 2 November 2007, available online (in Czech) at http://ihned.cz/3-22340580-diginovela-000000_d-16 (accessed 15 March 2008).

²¹ Jiří Balvín, Director-General of the music cable and satellite transmitted TV station Óčko in an interview with *Český rozhlas*: Filip Rožánek, “Hlavní změny, které přináší diginovela” (Main changes brought by the digital amendment), 28 September 2008, *Český rozhlas*, available online (in Czech) at http://www.rozhlas.cz/digital/cesko/_zprava/384134 (accessed 19 March 2008).

1.2 EU legal provisions

The main EU directives on audiovisual policy have been incorporated in the relevant Czech legislation on electronic communications and broadcasting.²² Under the amended Broadcasting Act, the distributors of content will be regulated by the ČTÚ while the content providers will be regulated by the RRTV. The incorporation of the Audiovisual Media Services (AVMS) Directive²³ into Czech legislation is currently under discussion.

The Broadcasting Act requires broadcasters to air European works for at least half of their total broadcasting time and to devote 10 per cent of this time to independent production.²⁴ In 2006, for the first time, the RRTV asked all TV broadcasters to report on their compliance with EU quotas. The data showed that all nationwide terrestrial TV broadcasters were in compliance.

²² European Union, Directive 2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities, published in the *Official Journal of the European Communities*, L108/7, 24 April 2004 (Access Directive).

European Union, Directive 2002/20/EC of the European Parliament and of the Council of 7 March 2002 on the authorisation of electronic communications networks and services, published in the *Official Journal of the European Communities*, L108/21, 24 April 2002 (Authorisation Directive).

European Union, Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, published in the *Official Journal of the European Communities* L108/33, 24 April 2002 (Framework Directive).

European Union, Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services, published in the *Official Journal of the European Communities* L108/51, 24 April 2002 (Universal Service Directive).

²³ European Union, Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, *Official Journal of the European Union*, L332/27, 18 December 2007 (Audiovisual Media Services Directive).

²⁴ Broadcasting Act, sections 42–44.

Table 2. Share of European works in television broadcasts (2006), %

Channel	TV Nova	Prima TV	ČT 1	ČT2
European works	52.1	57.0	88.1	86.7
European independent Works	27.2	22.0	21.1	16.9
Current independent Works	34.1	98.0	67.5	62.0
Czech works	30.6	28.0	71.1	66.6

Source: RRTV²⁵

The implementation of EU quotas by satellite operators is problematic. Some of them circumvent these requirements, thanks to special conditions in their licence contracts. Regional broadcasters comply with the EU quotas. Usually, TV stations fulfil this duty by airing Czech production, such as the drama series *Pojišťovna štěstí* (Insurer of Happiness), which ran on TV Nova. All nationwide TV stations have realised that investment in such production pays off.²⁶

1.3 The broadcasting market

There have been no significant changes since 2005. The same three nationwide players are dominant: ČT with its two channels, ČT1 and ČT2, and the commercial stations TV Nova and Prima TV. The number of Czech and foreign cable and satellite broadcasters available in the Czech Republic jumped from 78 in 2004 to 126 in 2007.

The six new digital nationwide TV stations all intend to come on air during 2008 and 2009. The all-news channel Z1 started broadcasting in June 2008 with a schedule of news, talk shows and documentaries, reaching some 30 per cent of viewers. Óčko, a music television station which has been broadcasting via cable and satellite for six years, also had its digital launch in June. A network of regional stations called the Regional Television Agency (RTA, *Regionální Televizní Agentura*), which has been airing its own programming on shared frequencies with Prima TV in five Czech regions,²⁷ started airing digitally in some parts of the country in July 2008. The other stations that have

²⁵ RRTV, *Annual Report 2007*, p. 124.

²⁶ “A station without one or two original Czech series is completely out [of the game]. The popularity of big entertainment shows has decreased. People want to see more ‘local’ types of entertainment such as talk-shows and original sitcoms,” said a member of Prima TV’s marketing department, on condition of anonymity.

²⁷ RTA has regional studios in the towns of Brno, České Budějovice, Hradec Králové, Ostrava and Zlín.

received digital licences, the children's channel TV Pohoda and the generalist channels Barrandov TV and Febio TV, are preparing to launch at the end of 2008 or early in 2009.

Table 3. Total number of broadcast licences (2006 and 2007)

Stations	As of 31 December 2006	As of 31 December 2007
Terrestrial TV stations	29	28
TV stations transmitting via Cable	86	97
TV stations transmitting via Satellite	21	29

Source: RRTV

TV Nova still dominates the TV market but its audience share has fallen slightly from 42 per cent in 2004 to 40 per cent in 2007. Its main commercial rival, Prima TV, has seen a more significant fall. The aggregate audience share of ČT's two channels hovers at around 30 per cent.

Table 4. Audience shares of television stations (2005–2007), %

Channels	2005	2006	2007
ČT 1	21.69	21.41	22.59
ČT2	8.08	9.44	8.23
TV Nova	40.95	41.76	40.81
Prima TV	23.13	20.28	19.96
Others	6.15	7.11	8.40

Source: *Mediaresearch*

Average viewing time fell by 12 per cent between 2006 and 2007,²⁸ as viewers moved to other platforms, mainly the Internet. Nevertheless, the Czech Republic is still one of the European countries with the largest share of viewers watching mostly terrestrial TV stations.

²⁸ ATO-MediaResearch, Regular monthly reports on viewership December 2006 and 2007, data available online at <http://www.ato.cz> and <http://www.mediaresearch.cz/main.php?file=prod&n=2&subid=0.1.2> (accessed 25 April 2008).

Table 5. Share of various systems in reception of television broadcasting (2006)

Total number of TV households		3,800,000
With cable connection	analogue	800,000
	digital	40,000
With satellite reception		500,000
With terrestrial Reception	analogue	3,800,000
	digital	200,000

Source: RRTV²⁹

2. REGULATION AND LICENSING OF THE TELEVISION SECTOR

2.1 Regulatory authorities and framework

The competencies of the two main regulators of the broadcasting market, the RRTV and the ČTÚ, are enshrined in the Broadcasting Act and the Electronic Communications Act. The former regulates broadcast content and the latter deals mainly with managing the frequency spectrum. Prompted by developments in digitisation, the RRTV established a special commission in 2005 to coordinate work between the two regulators.³⁰

The RRTV has recently been criticised more for lacking professionalism than for politicisation. Critics say that its members do not have sufficient knowledge of broadcasting and do not take their job seriously. Some members see their work as part-time although they receive the equivalent of an MP's salary. The introduction of staggered terms would increase the regulator's independence as membership would not then reflect the distribution of political power in the Chamber of Deputies, which appoints them. However, this idea has not yet appeared on the political agenda.

²⁹ Broadcasting Council, "Report on the state of broadcasting and the activity of the Council for Radio and Television Broadcasting for 2006" (hereafter RRTV, *Annual Report 2006*), p. 16, available online (in English) at http://www.rrtv.cz/cz/files/zpravy/VZ2006_eng.pdf (accessed 22 January 2008), p. 13.

³⁰ RRTV, "Zpráva o stavu vysílání a činnosti rady pro rozhlasové a televizní vysílání za rok 2005" (Report on the state of broadcasting and the activity of the Council for Radio and Television Broadcasting for 2005), available online (in Czech) at <http://www.rrtv.cz/cz/files/zpravy/vz05RRTVweb.pdf> (accessed 25 April 2008) (hereafter RRTV, *Annual Report 2005*), p. 23.

According to Petr Pleva, deputy chair of the Permanent Commission for Mass Media in the Parliament, there was simply no political will to introduce legal criteria of professionalism for the RRTV members.³¹

Prima TV's former Director General, Martin Dvořák, even mooted the idea of dissolving the RRTV as well as all the governing bodies of the public service broadcasters.³² "I believe that today the access to television broadcasting is basically unlimited and therefore it does not make sense to regulate it."³³

According to Václav Žák, the RRTV Chairman, the RRTV is in an impossible position. It is tasked to make independent decisions in concrete cases such as sanctioning broadcasters and awarding licences, but at the same time it has to follow closely the decisions of Parliament and the Government, which are not taken into account by the courts. Žák explained how convoluted the decision-making process in the RRTV has become. He said that Government policy on digitisation states that in the first stage of transition, digital licences should not be awarded to pay-TV stations. When the RRTV explained that it had not licensed Galaxie Sport, a pay-TV channel, because of this policy, the Prague Municipal Court ruled that the regulator had exceeded its remit. "If these things are not connected, we are getting into a really absurd situation where the regulator cannot refer to agreed government policy," Žák said.³⁴

2.2 The licensing system

The 2007 amendments to the Broadcasting Act brought major changes in the area of digital licensing, stripping the RRTV of decision-making power and introducing the concept of compensatory licences, which are awarded to the first six digital TV channels that lost their licences following a court dispute, and to current analogue stations.

According to the new provisions,³⁵ the licensing tender and application procedures administered by the RRTV will be dropped and replaced by a short application procedure almost identical with the application for the registration of cable and satellite

³¹ Speaking at the Český Krumlov 2007 conference, see above.

³² This idea was contributed to <http://www.estat.cz>, a think-tank that wants to prepare a detailed plan of radical reform of the country's public administration structures.

³³ "Martin Dvořák navrhuje změnit veřejnoprávní média na státní" (Martin Dvořák proposes to change public service media to State media), *ceskamedia.cz*, 28 February 2007, available online (in Czech) at http://archive.ceskamedia.cz/article.html?id=188579_nw_M&qqqq=medi%E1In%ED%2legislativa (accessed 18 April 2008).

³⁴ Speaking at the Český Krumlov 2007 conference, see above.

³⁵ 2007 Broadcasting Act, art. 25 (1).

broadcasters.³⁶ Any party interested in airing digitally, whether via cable, satellite or terrestrially, will only be required to apply for a licence from the regulator.³⁷ The RRTV will no longer organise contests for licences, instead receiving individual applications with information about the applicant's financial, organisational and technical readiness to start broadcasting, and an agreement with a cable or satellite provider to host its programme. The RRTV is obliged to interview the applicant within 30 days and can reject the application only if he or she is late in paying State taxes, has been imprisoned, or has already had a licence withdrawn for violating legal provisions on programming.³⁸ In other words, the RRTV will have to grant licences to any party with the money and an agreement with a network operator. This new procedure will only be implemented after the completion of digitisation.

Politicians claim that the amended legislation is a breakthrough that will liberalise the TV market in an unprecedented way and strengthen pluralism in broadcasting. The Minister of the Interior and Informatics, Ivan Langer, said that the legislation marked the end of the "beauty contest era" in broadcasting, when the RRTV decided by itself who would be able to broadcast and who would not.³⁹

One of the bill's fathers, the Deputy Minister of the Interior, Zdeněk Zajíček, has said that "anybody who applies for a [broadcast] licence will get it". He added that he was aware that the terrestrial frequency spectrum would continue to be limited, but there will be much more space on it. In total, the country will have up to seven nationwide digital multiplexes able to host 70 individual channels. As now, on cable and satellite, there will be no limit to the number of programmes. On the other hand, the State will be able to withdraw licences in cases of breaches of legislation.⁴⁰ "After analogue switch-off, probably in 2010 or 2012, anybody with enough money and ideas to launch a new TV station will be able to enter the TV market. It will not be necessary to apply for a licence [in a contest]."⁴¹

There have been no changes in the RRTV's monitoring of compliance with licence conditions. The RRTV continues to be blamed for lack of expertise and double standards. The RRTV blames legal loopholes, as well as shortages of staff and technical

³⁶ OSI/Czech Republic, p. 550.

³⁷ RRTV, *Annual Report 2007*, p. 19.

³⁸ Broadcasting Act, arts. 32 and 33, stating the basic duties of broadcasters such as to ensure that programmes do not promote hatred for reasons relating to race, gender, religion, nationality or membership to a certain group of the population, etc.

³⁹ Ivan Langer's speech at the Chamber of Deputies, 15 August 2007 (official transcript of the Chamber of Deputies (PSP, *Poslanecká sněmovna parlamentu*), available online (in Czech) at http://www.rozhlas.cz/digital/info/_zprava/371778 (accessed 25 April 2008).

⁴⁰ Zdeněk Zajíček TV Debate on 24 hours ČT News Channel. Studio ČT24, 17 August 2007.

⁴¹ Jana Perglerová, "Co přinesl televizní rok 2007" (What the television year 2007 brought), *Právo*, available online (in Czech) at <http://special.novinky.cz/2007/kultura-co-prinesl-televizni-rok-2007.html> (accessed 18 April 2008).

equipment to carry out proper monitoring. It has warned that it will not be able to carry out proper monitoring when digitisation kicks off, as the number of broadcasters will rocket. It has also pointed out that its work will continue to be hampered by shortcomings in the law. For example, the law contains unclear definitions of terms related to TV programming such as the broadcaster's obligation to maintain records of programme units, without stating clearly what exact unit and in what format they should be archived.⁴² Broadcasters believe that the obligation to archive its programme units for 30 days is an excessive burden.⁴³

The RRTV also continues to complain that the law does not allow the regulator to force broadcasters to comply with the conditions stated in their licence contract. Broadcasters say that the regulator should employ more preventive measures, such as issuing warnings before penalising them.

The boom in reality-show formats over the past several years has also triggered a cascade of penalties and legal disputes, unprecedented in Czech broadcasting. In 2006, the RRTV imposed the highest number of fines in its history, 460, double the number in 2004, mostly for legal breaches by the reality shows *Big Brother* on TV Nova and its replica *VyVolení* (The Chosen) on Prima TV. In 2007, the RRTV imposed a total of 100 fines, worth a combined CZK 10.8 million (€431,000).⁴⁴ The broadcasters usually appeal against the fines in court. In the recent past, the RRTV has won an increasing number of disputes in court. The Prague Municipal Court still cancelled 68 per cent of the RRTV's sanctions in 2007.⁴⁵ The largest single fines were imposed in 2006: CZK 22 million (€878,000) on Prima TV and CZK 25 million (€998,000) on TV Nova for broadcasting unsuitable programming in 2005 before the 10 pm watershed.⁴⁶ Most of the fines were for hidden advertising and broadcasting programmes that endanger the physical, mental or moral development of children and young people before 10 pm. *Big Brother*, for example, showed participants having sex, consuming drugs and alcohol, smoking, behaving aggressively and speaking dirtily.

The biggest licensing-related controversy was provoked by digital broadcasting. The RRTV announced a contest for two multiplexes in November 2004. It took another year and a half before the licences were awarded. In fact, digitisation had been blocked for years by lengthy and bitter disputes over whether the 2001 Broadcasting Act

⁴² Broadcasting Act, art. 31(j) obliges broadcasters to maintain records of all programme units for at least 30 days from the date of broadcasting and make them available to the Council.

⁴³ Email comment from Prima TV legal department (3 April 2008).

⁴⁴ Jan Káral, "Pokuty RRTV přinesly vloni do státní kasy 10,8 milionu korun" (RRTV fines brought CZK 10.8 million to State coffers last year), 28 February 2008, *Digizone.cz*, available online (in Czech) at <http://www.digizone.cz/aktuality/pokuty-rrtv-prinesly-vloni-do-statni-kasy-108/> (accessed 18 April 2008). See also RRTV *Annual Report* 2006, p. 19.

⁴⁵ RRTV, *Annual Report* 2007, p. 80.

⁴⁶ RRTV *Annual Report* 2005, p. 37. (The Report shows, based on research by psychologists, how reality shows such as *Big Brother* were damaging young viewers.)

entitled the regulator to license digital stations at all. In April 2006, the RRTV took the bull by the horns and issued the first six digital licences to Febio TV, TV Pohoda, TV Barrandov, Z1, Óčko and RTA. A week later, the Broadcasting Act was amended to accommodate digitisation.⁴⁷ The winners of the tender had to start airing within a year, according to the law.

Soon after the adoption of the amended Broadcasting Act, it became clear that this law did not provide an adequate legal basis for digitisation. The need for further amendments complicated the whole process again. To make matters worse, a group of unsuccessful bidders, including the incumbent TV Nova, Galaxie Sport, Prima TV and the aspirants Step PR, Lyra TV and Minority TV, appealed against the RRTV's decision in the Prague Municipal Court, which in September 2006 declared the licensing decision to be null and void, freezing the entire digitisation process.⁴⁸ The court justified its ruling by stating that the regulator had exceeded its remit and calling RRTV's licensing procedure "incomprehensible". The successful applicants have never broadcast. The delay hurt their capital investment, as these broadcasters had spent massively in preparing programming and hiring staff, believing that they could recoup with advertising revenues. The court's decision delayed the introduction of digitisation for almost two years.

The six winning companies threatened to seek international arbitration over their claims for compensation. According to Fero Fenič of Febio TV, the investors behind his company had already spent "hundreds of millions of crowns".⁴⁹ According to some media buyers, the delay was orchestrated by TV Nova and Prima TV. By challenging the licensing process they wanted to buy time and maintain their grip on the advertising money in the country for as long as possible. In the end, the 2007 amendments to the Broadcasting Act put an end to this conflict,⁵⁰ by stating that the six winning digital applicants were entitled to compensatory licences.

Court cases are likely to continue, however, because the current legislation no longer gives unsuccessful candidates the chance to challenge the regulator's decisions. The Prague Municipal Court is likely to find this amendment to be both unconstitutional and discriminatory, and to lodge a complaint with the Constitutional Court which, if it were upheld, would oblige Parliament to restore this possibility.⁵¹

⁴⁷ Act no. 235/2006 Coll.

⁴⁸ RRTV, *Annual Report* 2006, p. 16.

⁴⁹ Ondřej Aust, "Žaloba Novy zpozdí digitalizaci" (Nova lawsuit will delay digitisation) on Aust's website, <http://www.aust.cz/2006-09-07/zaloba-novy-zpozdi-digitalizaci/>, 7 September 2006 (accessed 7 March 2008).

⁵⁰ Article IV of Act no. 304/2007, Transitional Provisions.

⁵¹ Jan Potůček, "Prijdou digitální televize znovu o licence?" (Will digital television lose its licences again?), *digizone.cz*, 6 March 2008.

3. REGULATION AND MANAGEMENT OF PUBLIC SERVICE TELEVISION BROADCASTING (PSB)

3.1 PSB legislation and policy

A special provision in the Electronic Telecommunications Act⁵² tasked ČT to lead the process of digitisation, reserving Multiplex A for its exclusive use.⁵³ The latest amendments to the Czech Television Act entitled the station to operate at least two more TV channels on top of its two nationwide analogue channels, ČT1 and ČT2.⁵⁴

In May 2005, ČT launched an all-news channel, ČT24, which airs digitally and via satellite, cable and internet. The following February, it launched ČT4 Sport, which is aired digitally and via satellite and cable. Today, some 13 per cent of Czech households have access to ČT24.

ČT wanted to launch digital terrestrial broadcasting on Multiplex A, known also as the Public Service Multiplex, in all regions of the country in 2007. This plan was delayed until May 2008, then again until autumn 2008.⁵⁵

3.2 PSB governance structure

The 2005 amendments to the Czech Television Act did not change the governance of Czech public service broadcasting. The ČT Council still has the right to appoint and recall the director and senior management, to settle the director's salary and bonuses, and oversee the broadcasting. MPs still control the appointment of Council members.⁵⁶

Unlike the RRTV Council, the ČT Council has staggered terms, but the nomination by civil-society organisations that was introduced after the ČT crisis in 2001 is still farcical. Politicians still believe that Council membership should reflect the distribution of power in Parliament.

⁵² Electronic Communications Act.

⁵³ The digital spectrum in the Czech Republic has been divided into three multiplexes: A, B and C. Multiplex A, hosting four channels, is the most attractive, as its frequencies cover 70 per cent of the country's territory. Multiplexes B and C together accommodate 12 channels covering 30 per cent of the country.

⁵⁴ Czech Television Act, art. 3 (Amendment no. 82/2005 and no. 127/2005).

⁵⁵ Petr Ježek, "Další odklad digitalizace. Vysílání na Plzeňsku začne až v září" (Another delay of digitisation. [Digital] broadcasting will start in September), *iDnes.cz*, 6 April 2008, available (in Czech) online at http://zpravy.idnes.cz/dalsi-odklad-digitalizace-vysilani-na-plzensku-zacne-az-v-zari-pb4-/media.asp?c=A080406_173653_media_dp (accessed 25 April 2008).

⁵⁶ OSI/Czech Republic, pp. 518–522.

The outcome of the 2006 general elections raised new issues in the debate on the Council's political influence over ČT. The Green Party, which gained representation in the Government, protested in June 2007 at the election of five new Council members. They were all former politicians close to the largest political forces in the country, the Civic Democratic Party (ODS, *Občanská demokratická strana*) and the Social Democrats. Following this dispute, Parliament dismissed the entire ČT Council by twice rejecting the Annual Report.⁵⁷

It took almost a year of bargaining in the Chamber of Deputies before a decision was taken to appoint the missing ČT Council members. The Council has functioned with 10 instead of 15 members since May 2007. In the end, Parliament appointed the new members in March 2008. They are: a former senator, Josef Jařab, from the now defunct Civic Democratic Alliance (ODA, *Občanská demokratická aliance*); the writer and former chair of the Chamber of Deputies, Milan Uhde (ODS); a former RRTV Council member, Radek Mezulánik; a former TV anchor, Dana Marklíková; and a drug-prevention specialist, Jiří Presl.

The mainstream press reports openly on the political influence over the ČT Council. Worryingly, politicians themselves no longer trouble to hide their affiliations. They say openly that the ČT Council should be nominated by the parties in Parliament. "Why should I pretend that I am a beekeeper⁵⁸ when I am a Social Democrat? I do not like this kind of hypocrisy," said the current chair of the Chamber of Deputies' Permanent Media Commission, Vítězslav Jandák, Social Democratic Party (ČSSD, *Česká strana sociálně demokratická*).⁵⁹ He thinks the ČT Council should be filled with representatives of all parties in Parliament and one non-parliamentary party. In his opinion, the Council's mission should primarily be to monitor non-stop the news on ČT to count how frequently representatives of political parties appear on the screen.⁶⁰

⁵⁷ Jan Kubita, "Poslanci chtějí odvolat celou radu ČT" (MPs want to sack the entire ČT Council), *Hospodářské noviny*, 20 June 2007, available online (in Czech) at http://ihned.cz/109-21436980-onposlanci+cht%ECj%ED+odvolat+celou+radu+%E8t-000000_d-08 (accessed 25 April 2008).

⁵⁸ He was alluding to the fact that ČT Council members are nominated by civil-society organisations, and that obscure organisations such as the beekeepers' union are very often able to push through their candidates. In fact, even the civil-society component in the appointment of the ČT Council has been hijacked by politicians who recruit representatives of such organisations to push them on to the Council.

⁵⁹ Ondřej Aust, "Zase problém jak volit Radu ČT" (Again a problem with election of ČT Council), *Lidové noviny*, 6 April 2007, also available online (in Czech) at <http://www.aust.cz/2007-04-06/zase-problem-jak-volit-radu-ct/> (accessed 25 April 2008).

⁶⁰ *Ibid.*

3.3 PSB funding

The main source of income for ČT remains the licence fee. The ČT management has tried hard over recent years to collect the licence fee more effectively. ČT has had a balanced budget since 2004. In 2007, the station took CZK 5.065 billion (€201.8 million) from the licence fee, an increase of nearly CZK 1 billion (€39.8 million) over 2006. In 2007, it registered a total of 3.58 million TV households, a growth of more than 66,000, or some 2 per cent over 2006. According to the Act on Radio and Television Licence Fees, the licence fee increased gradually from CZK 120 (€4.8) a month in 2007 to CZK 135 (€5.4) in 2008.⁶¹

Table 6. ČT licence fee revenues (2005–2008)

Year	CZK billion
2005	3.24
2006	4.10
2007	5.07
Estimate for 2008	5.69

Source: Czech News Agency (ČTK, *Česká tisková kancelář*), 12 March 2008

ČT also generates income from advertising and sponsorship, selling services and rights, teleshopping and programme production. With the increase in the licence fee, advertising should have stopped in 2008. However, it has been allowed to continue to broadcast commercials during the digital transition, in order to preserve some balance on the TV market. The extra income will cover the development of terrestrial digital television broadcasting, digitisation of the station's archives and the development of Czech cinematography.⁶²

Since 2004, ČT has succeeded in balancing its accounts. The licence fee revenue remains the main source of income. In 2007, ČT's total revenues were CZK 6.15 billion (€231.6 million), with licence fees accounting for some 69 per cent of this sum. Advertising represented approximately 14 per cent of the station's total income.⁶³

⁶¹ Act no. 348/2005 of 5 August 2005 on Radio and Television Licence Fees (hereafter Licence Fees Act), amended in 2007.

⁶² This provision was introduced in the amended Act no. 304/2007 Coll.

⁶³ "Výroční zpráva o činnosti České televize v roce 2007" (The Annual report on the activities of Czech Television in the year 2007) approved by the ČT Council on 26 March 2008, available online (in Czech) at <http://master.ceskatelevize.cz/ct/publikace/rocnky.php> (accessed 25 April 2008) (hereafter ČT, *Annual Report 2007*).

Table 7. Costs and revenues of ČT (2006–2007)⁶⁴

		2006		2007	
		€ million	Share (%)	€ million	Share (%)
Income	Licence fee	121.7	60.3	159.7	69
	Commercial income	43.5	21.5	31.9	13.7
	Other income	36.7	18.2	40.0	17.3
	Total	201.9	100	231.6	100
Costs	Production and broadcasting costs	99.3	49.2	117.1	50.6
	Service department costs (wages, depreciation, etc)	45.3	22.4	52.2	22.5
	Other non-production costs	57.2	28.3	62.3	26.9
	Total	201.9	100	231.6	100

Source: ČT, *Annual Report 2007*

With the introduction of ČT24 and ČT4 Sport, ČT has slightly increased its staff. In 2007, it had 2,813 employees, 133 more than in 2006 and 302 more than in 2005. The new personnel work mainly on internet content and services. The station also expanded its network of foreign correspondents.

3.4 Editorial standards

There have been no changes in the editorial standards of ČT over the past three years. It has continued to come under political pressure and interference from various interest groups.

In 2007, some ČT reporters and the station's management clashed over the issue of editorial independence. While these clashes do not appear particularly ominous, Adam Komers, the chief of ČT regional news, has claimed that politicians and lobbyists continue to put pressure on the station's journalists. He said that he knows concrete cases of such pressures, but cannot discuss them because they cannot be proven.⁶⁵ Some of these disputes were part of the usual office politics, according to other ČT

⁶⁴ The exchange rates used were: for 2006, €1 = CZK27.53; for 2007, €1 = CZK26.67.

⁶⁵ Jan Mates, "V České televizi vládne cenzura, stěžují si redaktoři" (Censorship rules in ČT, reporters complain), 15 November 2007, *Mladá Fronta Dnes*, available online (in Czech) at http://zpravy.idnes.cz/tiskni.asp?r=media&c=A071114_220348_media_mia (accessed 30 April 2008).

journalists and anchors interviewed for this report. They argue that professional standards at ČT, far from deteriorating, have improved.

4. COMMERCIAL BROADCASTING

4.1 Regulation and management

TV Nova and Prima TV continue to dominate the country's broadcast market, holding analogue broadcast licences until 2018 and 2019 respectively. However, the six new digital channels are expected to alter the broadcasting landscape dramatically. The next wave of digital stations will be licensed after analogue switch-off in 2011 and 2012, according to the final Technical Plan for the Transfer to the Digital Broadcasting, as approved by the Government in April 2008.⁶⁶

While the 2007 legal amendments radically changed the licensing system, they did not alter the general regulation of commercial broadcasting in any way.

Both TV Nova and Prima TV have experienced turbulent changes among their senior managers, with foreigners taking the helm at both stations. In February 2006, Adrian Sârbu, a Romanian national, was appointed CEO of Central European Media Enterprises (CME) in the Czech Republic, Slovakia and Romania. TV Nova is CME's most important asset. Sârbu made great efforts to boost competitiveness among his staff. TV Nova adopted a strategy of cutting expenses as much as possible, with original production significantly trimmed.⁶⁷

Prima TV's owners reacted to the station's poor economic performance and plummeting ratings over the past three years by making changes at all levels of management. Aleksandras Česnavičius, a Lithuanian, was imported in 2006 to replace Martin Dvořák, who had been the station's head since 2000. A number of key personnel in production, marketing, sales and news were also replaced. These changes did not, however, bring the desired results and Česnavičius was replaced at the beginning of 2008 by Czech Marek Singer, who has international experience in marketing. Departing staff blamed the downturn at Prima TV on the management system introduced by its new owners, Sweden's Modern Times Group (MTG). (*See section 4.2.*) Some former employees accused MTG of running Prima TV, as well as its

⁶⁶ Dušan Kütner, "Analogová zemská TV ve většině ČR skončí do listopadu 2011" (Analogue terrestrial TV will terminate by November 2011 in most of the Czech Republic), ČTK, 28 April 2008.

⁶⁷ Adéla Vopěnková, "Sârbu adds to his media empire", *Czech Business Weekly*, 23 June 2008, available online (in English) at <http://www.cbw.cz/en/sarbu-adds-to-his-media-empire-/8219.html?search=Prima%20CEO> (accessed 22 June 2008).

cable TV operations, from its London headquarters without really understanding the tastes of Czech viewers.

4.2 Ownership and cross-ownership

The major ownership disputes have been settled and the ownership structures in broadcasting media are now more transparent than they were. The bulk of the capital in the media, including broadcasting, is foreign.

The 2006 amendments to the Broadcasting Act⁶⁸ introduced provisions preventing cross-ownership between the operator of an electronic communications network (such as digital multiplexes or cable TV) and the holder of a broadcasting licence. This includes entities that are financially or personally connected to the parties.⁶⁹ This provision affected the two largest cable companies in the Czech Republic, UPC and Karneval, which had merged in 2006. They wanted to build new optical networks, but the regulator invoked the new cross-ownership provisions and forbade them to carry out the plan.⁷⁰ The same provision also hit the Czech Digital Group, which has ownership ties with Prima TV and is licensed to operate Multiplex B. The station criticised this provision, saying that they had pioneered digitisation in the country as they had made the first investment in experimental digital broadcasting through the Czech Digital Group. Mobile phone operators supported Prima TV's protests, and it is likely that this provision will be struck from the legislation in the next round of amendments, slated for 2008.⁷¹

The main change in ownership since 2005 was the purchase in September 2005 by MTG of a 50 per cent stake in GES Media Holding, owner of Prima TV, for the sum of €96 million. In 2005, when the deal was signed, Prima TV was beginning to threaten TV Nova's market leadership, thanks to reality TV shows such as *VyVolení* (The Chosen). But expectations that MTG, which has television investments in more than 30 countries, would improve the station's business strategy were not fulfilled. Instead, the existence of two co-owners with equal stakes in the station made decision-making more difficult and less flexible. The station now lacks a clear concept and is slowly losing its stable audience. As a result, its ratings have slumped since 2006. The

⁶⁸ Act of 25 April 2006, which amends the Broadcasting Act.

⁶⁹ The financial or personal connection is defined as entities with direct or indirect participation in the management or assets of either the multiplex operator or licence holder. This participation is defined as ownership of more than 20 per cent of the firm's registered capital or voting rights (Act of 25 April 2006, section 17(4)).

⁷⁰ RRTV, *Annual Report* 2006, p. 17.

⁷¹ Filip Rožánek, "Návrh další digitální novely je na světě" (The proposal of another digital amendment was born), *Český rozhlas*, 26 June 2008 available online (in Czech) at http://www.rozhlas.cz/digital/cesko/_zprava/469295 (accessed 23 July 2008).

staff changes further sapped the broadcaster's performance and reputation, helping TV Nova to regain its position.⁷²

The Swiss publisher Ringier, after following the digital licensing process closely, has expressed interest in entering the broadcast market. Ringier already has a strong presence in the print media market, with more than ten newspapers and magazines, including the tabloid daily newspaper *Blesk*, the highest-selling title in this category in the country.

A number of new owners have recently entered the broadcasting market after acquiring digital licences. The music channel Óčko is owned by the German publishing house Mafra, which has had an eye on Czech broadcast assets for a long time. After failing to obtain a licence for a radio station, it bought two Prague radio stations, Classic FM and Expres. Mafra also owns two nationwide daily newspapers, *Mladá fronta Dnes* and *Lidové noviny*, the free daily newspaper *Metropolitní Expres*, news portals and several lifestyle magazines.

The licence holder of the all-news station Z1, První zpravodajská, is fully owned by the Slovak financial corporation, the J&T Finance Group, which has so far invested some CZK 150 million (€4.14 million) in Z1. The founder and owner of TV Barrandov is the Slovak financier Tomáš Chrenek whose businesses cover a broad range of activities. He controls the steelmaker Třinecké železářny and the film production facility Barrandov Studios. TV Pohoda is majority-owned by Radim Pařízek, who also holds the licence of the radio station Čas and co-owns the radio network Hey. Febio TV is wholly owned by the film director and TV producer Fero Fenič, the founder of Prague's largest film festival. He has refused to identify his financial backers. The network of regional channels, RTA, is owned by Jaroslav Berka, a local lobbyist who owns a news portal and is known for supporting the centre-right ODS party, which is currently in Government.

4.3 The advertising market

The advertising industry has desperately needed more competition for years. The arrival of digitisation is expected to shake the dominant position enjoyed for years by TV Nova, which has grown used to imposing its own rules and tariffs on advertisers.

After the first six digital licences were awarded in April 2006, MPs decided to help commercial broadcasters by reducing advertising on ČT and increasing the licence fee. The amendments to the Licence Fee Act halved ČT's limit on advertising to only 0.5 per cent of its total airtime in 2007, and banned advertising completely from 2008. With commercial digital broadcasting delayed by legal disputes, the new situation was

⁷² In the first quarter of 2008, TV Nova drew 54 per cent of the total TV advertising spend, which was 10 per cent more than over the same period in 2007. Prima TV took only some 30 per cent of the spend, according to the research company CCD Data.

richly exploited by TV Nova and Prima TV. However, as explained, ČT was eventually allowed to continue to broadcast advertisements during the digital transition. (See section 3.3.)

The total advertising market in the Czech Republic had a net worth of CZK 18.06 billion (€657.2 million) in 2006. Television again took the lion's share, attracting some 47 per cent or some CZK 8.42 billion (€306.35 million).

Table 8. Share of the advertising market (2006, net figures), %

Medium	Share (%)
Television	46.6
Print media	34.7
Radio	7.5
Outdoor	6.5
Internet	3.0
Other (including cinema)	1.7

Source: ARBOmedia Praha

With the market in TV Nova's stranglehold, the bitter war between advertisers and TV Nova has flamed up again. The large advertisers grouped in the Czech Association for Branded Products (ČSZV, *České sdružení pro značkové výrobky*) lodged a complaint in 2005 against TV Nova with the Office for Protection of Economic Competition (ÚOHS, *Úřad pro ochranu hospodářské soutěže*), the anti-monopoly watchdog. The plaintiffs alleged that TV Nova gave preferential treatment to clients who did not also buy time on Prima TV.⁷³ In early 2006, the ÚOHS ordered TV Nova to halt these practices. After several months of dispute, the station managed to reach agreement with most of the largest advertisers. It continues to command the largest part of the advertising spending in the country.

⁷³ David Macháček, "Stát šetří naši reklamu, přiznala Nova" (The State protects our advertising, TV Nova admitted), *aktualne.cz*, 23 November 2005, available online (in Czech) at <http://aktualne.centrum.cz/domaci/kauzy/clanek.phtml?id=2902> (accessed 23 July 2008).

Table 9. Share of TV advertising spending (2006, gross figures), %

Station	%
TV Nova	48.6
Prima TV	34.8
CT 1	15.7
CT 2	0.9

Source: IP International Marketing Committee⁷⁴

High demand for advertising slots has increased the price of advertising. This trend has been exacerbated by the overall fall in viewing time, which observers trace to a complex of reasons, including the lifestyle changes due to economic growth. At the same time, Czechs are dissatisfied with the limited TV offer, which also explains the scarcity of advertising space. The most attractive advertising slots, in prime time, are sold far in advance. The situation is worsened by the harsh limits on advertising on ČT and the low penetration of satellite and cable TV.⁷⁵

Eager for a decrease in prices and to reach younger audiences, advertisers are increasingly drawn to other forms of communications and media such as the internet. The entrance of the six new digital players in 2008 is not expected to dent the pre-eminence of TV Nova and Prima TV in the short term. However, as the digital newcomers' footprint increases over the coming years, they are naturally expected to break the current quasi-monopoly in commercial broadcasting.

4.4 Editorial standards and independence

Journalists working for commercial TV stations do not feel that their proprietors interfere with editorial content. They claim that they produce unbiased news.⁷⁶

Prima TV journalists are obliged to respect a basic code of ethics that the station adopted in 2003.⁷⁷ In 2005, TV Nova adopted only a code of ethics on protecting the rights of children and young people. This code drew inspiration from various sources

⁷⁴ IP International Marketing Committee, *Television 2007. International Key Facts*, October 2007 (hereafter IP International Marketing Committee, *Television 2007*), p. 136.

⁷⁵ Conference Digimedia 2007, presentation by Martin Nováček, OMD media agency (17 May 2007, Prague).

⁷⁶ OSI/Czech Republic, p. 538.

⁷⁷ OSI/Czech Republic, p. 536.

such as provisions on pornography in the Czech Broadcasting Act, decisions made by Czech courts in pornography cases and the BBC provisions on ethics.⁷⁸

However, the industry still lacks sufficient well-trained, professional journalists to uphold the basic rules of accurate and impartial reporting. This was proved once again by the launch of the news channel Z1 in June 2008. The station managers realised that professional journalists were a scarce commodity as they had to seek recruits from other media.⁷⁹ Among the new digital players, Febio TV pledged prior to its launch to uphold the strictest ethical principles and become the third TV station to impose a code of conduct on its journalists, after ČT and Prima TV.⁸⁰

4.5 Regional and local broadcasting

The amended 2006 Broadcasting Act introduced a definition of regional and local broadcasting. Regional broadcasting is defined as covering less than 70 per cent and more than 1 per cent of the country's territory. Local broadcasting, by definition, covers less than 1 per cent of the country.⁸¹

There are currently 12 regional broadcasters. One group of five stations is part of the network of the Regional Television Agency (RTA, *Regionální Televizní Agentura*) and the second group of the remaining seven feeds into the programming of Prima TV.

⁷⁸ “Nova přijala kodex ochrany dětí a mladistvých ve svém vysílání” (Nova adopted code on protection of children and youth in its broadcasting), ČTK, 25 April 2005.

⁷⁹ Martin Petera, “Z1 získala úspěšné novináře” (Z1 recruited successful journalists), *Český rozhlas*, 2 February 2008, available online (in Czech) at <http://www.radiotv.cz/digital-clanky/5040/z1-ziskala-uspesne-novinare.html> (accessed 23 July 2008).

⁸⁰ Febio TV announcement available online (in Czech) at http://www.febiotv.cz/en/code_of_conduct.php (accessed 22 July 2008).

⁸¹ Act no. 235/2006 Coll.

Table 10. List of regional stations in the Czech Republic

RTA	RTA Zlín
	Fatem TV/RTA Jižní Morava
	RTA Jižní Čechy
	RTA Ostrava
	RTA Východní Čechy
Independent regional stations	Genus TV
	Regionální televize Dakr
	Českomoravská televizní/Vysočina TV
	TV Lyra
	TV Morava
	TV Vřídlo
	Zak TV

Source: RRTV, *Annual Report 2007*

Regional broadcasting has been overshadowed in recent years by a fight between RTA and Prima TV over shared frequencies. The RTA network is owned by Jaroslav Berka. In 2004, Berka bought regional TV stations that shared frequencies with Prima TV.⁸² (See section 4.2.) Prima TV is obliged by its original licence contract, dating from 1994, to share frequencies with regional stations. Prima TV had initially wanted to buy these stations to avoid clashes over frequency-sharing, but Berka moved first.

Licence conditions allow Berka’s regional stations to broadcast three hours a day on Prima TV frequencies: one hour in the morning and two hours in the late afternoon, before prime time. Prima TV struck a deal with most of the regional broadcasters in the past, both RTA and others, whereby they would air regional news in only a short part of their afternoon slots. The move, which was approved by the RRTV, was meant to ensure that the regional TV stations would not alienate Prima TV’s viewers in the regions with programmes that did not fit the profile of Prima TV’s regular viewers. More importantly, Prima TV wanted the regional stations to coordinate their schedules, in order to maintain the flow of advertising sold by Prima TV for those slots.

In 2007, Berka made a deal with the music station Óčko, and RTA started to use its entire three hours of daily broadcasting, filling part of it with music from Óčko, and stopped following Prima TV’s interests. This meant in practice that Prima TV viewers in the regions where RTA operates were cut off from the traditional afternoon soap

⁸² OSI/Czech Republic, pp. 527–528.

opera or series that Prima TV has aired for a long time. Many viewers thought it was pirate broadcasting and complained to Prima TV. This indicates the popularity of these stations at the regional level.

In 2006, RTA also received a digital licence. The station is obliged to broadcast a minimum of 90 minutes a day of original, regional programming. All of it (including sports coverage, entertainment, films and educational programmes) is focused on the region. It plans also to air news from partners in the regions of neighbouring countries such as Slovakia, Austria, Poland and Germany. RTA is also obliged by its digital licence to provide space to local civil society and minority groups. RTA is to air digitally between 6 a.m. and midnight.

With the exception of Vysočina TV, all the independent regional stations formed a company called Regio Media, which is owned by Prima TV.

In addition to the regional stations, more than 60 local TV stations operate in the Czech Republic. They cover only small towns and districts, usually airing information and reports on local issues. There are no data or research on their impact.

5. PROGRAMMING

5.1 Output

The public service broadcaster ČT has distinguished itself more clearly as an alternative to commercial TV. It has continued to make a difference compared with its commercial peers, which are geared mostly to providing low-brow entertainment and blockbusters. There have been no major changes in ČT's output over recent years. It has continued its strategy of airing more elitist and cultural programming on its second channel, which targets a smaller, more highbrow audience. However, the first channel, which attracts a much bigger audience, also broadcasts a significant amount of public service programming. Drama and news occupy the largest proportion of the schedule, followed by documentaries, reportage and current affairs. There was a slight increase in the entertainment output in 2007, and a significant increase in documentaries. (*see Table 10*) The station does not specify in its reports the amount of programming devoted to minorities. However, it is common knowledge that important parts of their documentaries and reportages are often dedicated to such coverage.

Table 11. Output of the ČT by genre (2006–2007)

Genre	2006						2007					
	ČT1		ČT2		ČT1+2		ČT1		ČT2		ČT1+2	
	Hours	% ⁸³	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%
News	1,446.9	16.5	2,092.8	23.9	3,539.7	20.2	1,387.8	15.8	1,890.3	21.6	3,278	18.7
Reportage and current affairs	1,430.3	16.3	623.2	7.1	2,053.5	11.7	1,486.8	17	860.2	9.8	2,347	13.4
Documentary	760.3	8.7	1,400.6	16	2,161	12.4	920.3	10.5	1,516.7	17.3	2,437.1	13.9
Educational programmes	276.4	3.2	426.7	4.9	703.1	4	204.2	2.3	520.8	5.9	724.9	4.1
Religious programmes	43.7	0.5	65.1	0.7	108.8	0.6	38.7	0.4	67.5	0.8	106.2	0.6
Sports	120.1	1.4	1,439.5	16.4	1,559.6	8.9	130.1	1.5	888	10.1	1,018.1	5.8
Drama	2,641.8	30.2	1,117.5	12.8	3,759.3	21.5	2,458.2	28.1	1,280.6	14.6	3,738.8	21.3
Music	270.9	3.1	796.8	9.1	1,067.7	6.1	319.1	3.8	831.9	7.3	1,151.1	6.1
Entertainment	1,046.8	11.9	419.1	4.8	1,465.9	8.4	1,125.3	12.8	491.3	5.6	1,616.6	9.2
Specific programmes ⁸⁴	378.5	4.2	242.2	2.8	620	3.4	NA ⁸⁵	NA	NA	NA	NA	NA
Teleshopping	179.7	2.1	129.5	1.5	309.2	1.8	266.7	3	144.8	1.7	411.4	2.3
Advertising	164.6	1.9	7	0.1	171.6	1						
Other	NA	NA	NA	NA	NA	NA	422.6	4.8	269.8	3.1	692.4	4.1
Total	8,760	100	8,760	100	17,520	100	8,760	100	8,760	100	17,520	100

Sources: ČT, *Annual Report 2006*,⁸⁶ ČT, *Annual Report 2007*

TV Nova broadcasts mainly entertainment, movies, news and sports. A significant part of its programming consists of in-house Czech series such as *Ordinace v růžové zahradě* (Surgery in the pink garden) and *Ulice* (Street). Some 33 per cent of TV Nova’s programming is produced locally. Its primetime newscast continues to score record ratings. It was the most watched single programme in 2006, with an audience share of over 74 per cent.⁸⁷ The programme sustained these levels of popularity into 2008.⁸⁸ Based on its success, TV Nova launched an afternoon newscast, which covers

⁸³ Percentage of total programming.

⁸⁴ On charities, foundations, programmes about television, etc.

⁸⁵ In 2007, the station relegated its “specific programmes” category to “Other”.

⁸⁶ “Výroční zpráva o činnosti České televize v roce 2006” (Annual report on the activities of Czech Television in the year 2006), approved by the ČT Council on 21 March 2007 (hereafter ČT, *Annual Report 2006*, available online (in Czech) at <http://www.ceskatelevize.cz/ct/publikace/rocnky/2006/zprava2006.pdf> (accessed 25 July 2008)).

⁸⁷ IP International Marketing Committee, *Television 2007*, p. 132.

⁸⁸ TV Nova news release, 11 February 2008, available online (in Czech) at <http://www.nova.cz/tvnova/?138c=%3Bsled-&138e=DO28886&cex28886=sledovanost-televiznich-novin-i-nadale-roste> (accessed 24 July 2008).

exclusively sensational and shocking stories such as crimes and scandals.⁸⁹ The newscast was modelled on a similar news programme produced and shown by TV Nova's sister in Romania, Pro TV, which centres on gory and scandalous news.

Prima TV's programming is based on a similar formula to TV Nova, with entertainment dominating the schedules. Its most popular shows include the Sunday primetime TV contest *Ber nebo neber* (Take it or leave it), their own Czech series *Letiště* (Airport) and *Velmi křehké vztahy* (Very fragile relations), as well as afternoon soap operas targeting a female audience.

The most watched programmes on ČT are series, variety shows, such as *Dancing with the stars*, and documentaries.

The ratings war between Prima TV and TV Nova reached a new pitch of intensity in 2008. Prima TV revamped its main newscast and rescheduled it from 7:15 pm to 7.30 pm, when TV Nova's newscast begins, in a direct challenge to its competitor's most successful slot. After an initial surge, Prima TV's newscast did not improve its ratings. In May, the station reverted to its original schedule. With ČT's news channel and new all-news channels such as Z1 already up and running, incumbent stations pay increasing attention to their news output.

5.2 General provisions on news and programme production guidelines

There has been no change in the legal provisions for news broadcasting. The RRTV continues to be in charge of monitoring balance and impartiality in the output of all broadcasters.⁹⁰ In 2007, the RRTV Council investigated 134 potential breaches of the requirement for objectivity and balance in news programming.⁹¹

Programme guidelines are enshrined in the licence conditions. The basic rights and duties for commercial as well as public service broadcasters are contained in the Broadcasting Act.⁹²

⁸⁹ "We want to bring live and attractive news, free of big politics, which will focus on problems of ordinary people," said TV Nova's editor-in-chief Martin Ondráček before the launch of the afternoon newscast in February 2007. TV Nova news release, 22 January 2008, available online (in Czech) at <http://www.nova.cz/tvnova/?138c=-zpravy-&138e=DO4173&ex4173=novinka-odpoledni-televizni-noviny> (accessed 24 July 2008).

⁹⁰ Broadcasting Act, section 31 (see OSI/Czech Republic, p. 537).

⁹¹ RRTV, *Annual Report 2007*, p. 153.

⁹² OSI/Czech Republic, p. 523.

5.3 Quotas

Czech broadcasters customarily meet all the quotas stemming from the Television without Frontiers (TVWF) Directive.⁹³ All nationwide television broadcasters complied in 2007 with the requirements on airing European independent works. Regional broadcasters air such works, mostly Czech, on almost their entire broadcasting time.⁹⁴

5.4 Obligations on PSB and commercial broadcasters

The specific obligations on public service broadcasters, as defined mainly in the Czech Television Act, have not changed over the past three years. Commercial broadcasters continue to have no specific public service obligations imposed by legislation, such as requirements to air regional or minority programming.

6. CONCLUSIONS

After a decade of legal wrangling, digitisation is finally under way. The positive side of the delays was that the unsuccessful applicants for digital licences, frustrated advertisers and broadcast media professionals, including journalists, instigated a fairly productive debate on digitisation, which reached the general public through the media themselves, including a number of news servers specialising in digitisation and new technologies. These heated discussions also led to legal changes that contributed to unblocking the digitisation process and opening the market to new players. The six new digital channels should finally go on air by spring 2009. More digital channels are slated to appear after digital switchover, scheduled for 2012.

The new amendments to broadcasting legislation did not, however, change the structure and functioning of the RRTV. There are still many questions about the independence and competencies of the regulatory body. The RRTV managed to fulfil more administrative tasks. Unfortunately, it still acts more as executor of the State legislation than a proactive regulator because it still lacks clear legal guidelines, sustainable financing and competencies to be able to cope with digital broadcasting.

With a new procedure that makes licensing more like a mere formality, the Czech Republic has one of the most liberal licensing systems in Europe. It has yet to be seen how this will shape the media market and whether this system will bring more diversity or, on the contrary, more chaos. A lot of the regulation has been left to the market. The experience of a similar liberal system of broadcast regulation in the 1990s brought

⁹³ Directive 2007/65/EC, see above.

⁹⁴ RRTV, *Annual Report 2007*.

about costly international arbitrations and lawsuits from broadcasting investors. The newly-adopted licensing system resembles the licensing of satellite and cable broadcasting.

Within a year, Czech viewers will be able to watch six new channels, after almost two decades of a scarce diet of television programming. The change is likely to intensify competition in the broadcast market, which is something that advertisers have wanted to see happen for a long time. How much the new offer will serve the viewers is a question that only time will be able to answer.

ANNEX 1. LEGISLATION CITED IN THE REPORT

Sbírka zákonů is the official gazette of the Czech Republic.

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