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COMMUNICATIONS OUTLOOK 1999

BROADCASTING: Regulatory Issues

Country: Hungary

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The attached questionnaire was undertaken in preparation for the biennial OECD Communications Outlook. The responses provided by Member countries on broadcasting regulation were used to provide information supporting the analytical sections published in association with data. A similar questionnaire with responses on telecommunication regulation is also available. In some cases, data for individual firms, used to compile OECD totals, have not been published at the request of the respondent. For further information, including data, see **OECD Communications Outlook 1999** and <http://www.oecd.org/dsti/sti/it/index.htm>

Broadcasting market status (Questions 1- 3)

1. Please provide details of the broadcasting and cable television infrastructure provision in your country.

Infrastructure provision for following service	Number of licensed operators (1998)	Number of privately owned companies ¹	Number of public service organisations ²
Terrestrial TV (National coverage ³)			
Terrestrial TV (Local coverage ⁴ only)			
Terrestrial radio (National coverage)			
Terrestrial radio (Local coverage only)			
Cable television service ⁵			
Analogue direct broadcast satellite (DBS) service			
Digital DBS service			

¹ Defined as private sector companies holding one or more licences for service provision.

² Including state-owned corporations or institutions holding one or more licences for service provision.

³ A service with national coverage is defined as a service by a group of television or radio stations distributing a majority of the same programming, that are licensed on a national or regional basis but collectively provide nation-wide coverage. Affiliating companies of the nation-wide broadcast network are included in this category. If new operators have been licensed to provide national coverage in the last three years but are at the stage of rolling out networks please include these operators in the total.

⁴ A service with local coverage is defined as a service by a group of television or radio stations that are licensed on a national or regional basis but distribute the programming in the local area only. If new operators have been licensed to provide local coverage in the last three years but are at the stage of rolling out networks please include these operators in the total.

⁵ Please indicate if more than one organisation is permitted to own and operate cable television infrastructure in the same area.

2. Please provide details for the major public / private terrestrial TV broadcasting companies in your country. They include state and privately owned organisations providing broadcasting services with national coverage.

Name of public / private terrestrial TV broadcasting companies	Ownership Status (1998) (e.g. state-run / state owned / privately owned)	Do they own transmissions infrastructures? If not, please indicate the name of company which provide transmission infrastructures.

3. What was the price of cable television service for a subscriber in the largest city of your country on 1st January 1998? Basic service corresponds to the least expensive option to a customer and premium service the most expensive option. (Local currency, current prices)

Cable Television services	Basic service			Premium service	
	Connection	Monthly subscription fees	Number of cable channels included in the basic option (excluding free services)	Monthly subscription fees	Number of cable channels included in the premium option (excluding free services)
(Please indicate the name of operator)					
(National average, if available)					

Broadcasting Regulatory Framework (Questions 4 - 9)

4. Which organisation(s) administer the following services (carriage and content) in your country and what are their main responsibilities? Please mention agencies dealing with spectrum allocation and management, and providing licences.

Please provide details:

a. Terrestrial broadcasting service

b. Cable Television service

c. Direct broadcast satellite (DBS) service

For a., b., c.: National Radio and Television Commission
and the Communication Authority

5. Please provide a description of significant recent policy changes affecting the provision of broadcasting services, as well as any draft laws, or regulatory proposals to be implemented in 1998.

Please provide details:

Promulgation of the Convention of the Council of Europe on Transfrontier Television in Autumn 1998 and harmonisation process with the EC Directives.

6. How is broadcasting defined in your country's regulatory framework? In addition, please specify public service obligations stipulated in broadcasting regulations.

Definition of broadcasting:

Regular provision of radio broadcasts or television broadcasts bearing permanent titles/names, during the broadcasting time published in advance, through the channel(s) of any broadcast dissemination system as identified and made public, for anybody who operates a suitable receiving apparatus.

Public service broadcast:

A broadcast in which public service programmes play a decisive role, and which regularly informs the listeners and viewers living in the area of reception of the broadcaster of issues deserving the attention of the public.

Public service programme: a programme serving the informational, cultural, civic and lifestyle needs of the (national, regional, local) listeners and viewers living in the area of reception of the broadcaster, in

particular:

- a) artistic work or communication presenting universal and Hungarian culture and the culture of the national and ethnic minorities living in Hungary, the life of the national and ethnic minorities living in Hungary, and the viewpoints of minorities,
- b) dissemination of information serving educational and training purposes,
- c) providing information on scientific activities and results,
- d) broadcasts serving the realisation of the freedom of religions, and presenting church and religious activities,
- e) children's and youth broadcasts,
- f) dissemination of information making every-day life easier, serving to provide legal and public life information for the citizens, and promoting healthy lifestyles, the protection of the environment, the protection of nature, public security and the safety of traffic,
- g) programmes created for groups at a serious disadvantage due to their age, physical, mental or psychological state or social circumstances,
- h) dissemination of news.

7. Are there must-carry rules? For example, are cable television or satellite operators required by regulation to provide capacity for certain services? If yes, please elaborate on the reasons.

Please provide details:

As of 1 July 1996, the operator shall transfer all the broadcasts of public service broadcasters through its system if the area of reception thereof extends to the given head station. These broadcasts shall be distributed as a basic service, and the subscriber may not be charged with an extra fee for these broadcasting services.

Transfer for all public service broadcasters shall be free of charge, and nor can public service broadcasters demand any consideration of the operator for the transfer of their broadcasts. In the case of the broadcasting services defined in subsection (1), the operator shall be exempt from the payment of the royalty defined Section 50/G, subsection (1) of Act III of 1969 on Copyright (hereinafter "CRA").

The contract concluded between the operator and the broadcaster may not contain a stipulation which prevents the operator from concluding a contract with a broadcaster.

The operator may conclude a contractual agreement with any broadcaster in which it undertakes to collect a fee from the subscribers of the broadcast transferring system for the broadcasts, to the benefit of the broadcaster.

8. Are there any local content requirements for broadcasters and cable television operators in your country in terms of the level of domestically produced content which must be broadcast, the amount of turn-over which must be allocated to domestic production or other criteria? Yes/No

If Yes, please provide local content specification and where applies.

In at least fifty per cent of the annual broadcasting time for musical programmes, radio stations must broadcast Hungarian-made musical programmes. This provision need not apply to broadcasters with no musical programmes.

In at least ten per cent, and as of January 1 1999, in at least fifteen per cent of broadcasting time, national and regional television shall transmit broadcasts, and shall use at least seven per cent, and as of January 1 1999, at least twelve per cent, of its annual expenditures as defined in Section 15, subsection (7) of Act XVIII of 1991 on Accounting, for the costs of broadcasts, which it ordered from or obtained from external entrepreneurs as broadcasts made not more than five years before.

Television enterprises may not have indirect or direct ownership shares in those enterprises, and the head or an executive employee of the television, and their close relatives, as defined in Section 685. paragraph b) of the Hungarian Civil Code, may not have a work-related contractual relationship or any ownership interests therein. The programmes so defined, other than motion picture products, shall be Hungarian-made.

The broadcast aired in the course of connection to the network may only be taken into consideration for the purpose of meeting the requirements defined in subsection (1) in respect of the network broadcaster. At least fifteen per cent, and as of January 1 1999, at least twenty percent of the annual broadcasting time, of the national and regional television broadcasting, not counting motion picture products, advertising, news, sports broadcasting, quiz shows and contests and plays, shall be edited from Hungarian-made programmes.

9. Are there any limitations on share ratio, number of stations, or other ownership restrictions on entities investing in service providers of terrestrial broadcasting, cable television and satellite broadcasting in your country? Please refer to each service individually, if they have separate restrictions.

If yes, please provide details:

With the exception of specialised broadcasters, broadcasters with national broadcasting rights, and those holding a controlling share therein, may not acquire a controlling share in another enterprise performing broadcasting or broadcast transfer.

The same enterprise may acquire a controlling share in and organisation entitled to broadcast with regard to the restrictions defined in Section 86. subsection (5).

Cross-ownership and cross sector provision (Questions 10 - 14)

10. Are there any restrictions on terrestrial broadcasting companies from directly providing the cable television infrastructures and services in your country? On the other hand, are there any restrictions on cable television operators from directly providing the terrestrial broadcasting companies in your country?

If yes, please provide details:

- a. Restrictions on terrestrial broadcasting companies providing the cable television infrastructures
- b. Restrictions on terrestrial broadcasting companies providing the cable television services
- c. Restrictions on cable television operators providing the terrestrial broadcasting

11. Please specify any restrictions on cable television operators and terrestrial broadcasting companies investing (including merging and acquiring shares) in companies that provide other infrastructures or services.

Please provide details:

- a. Restrictions on cable television operators investing in telecommunications operators
- b. Restrictions on cable television operators investing in terrestrial broadcasting companies
- c. Restrictions on terrestrial broadcasting companies investing in telecommunications operators
- d. Restrictions on terrestrial broadcasting companies investing in cable television operators

12. Are there any restrictions or limitations on foreign investment regarding services of terrestrial broadcasting , cable television and satellite broadcasting in your country? Please refer to each service individually, if they have separate restrictions.

Yes/No

If yes, please provide details:

- 13. Are there any regulations restricting cross media ownership (e.g. broadcast television, radio, newspapers) for infrastructure and services in the same geographical market. Yes/No**

If yes please provide details:

- 14. What kind of methods are adopted by regulatory authorities in order to measure market shares in broadcasting market? If the measure used is “audience rates”, please describe the methodology used.**

Description of market share measurement
Please provide methodology for measuring audience rates.

Convergence (Questions 15 - 18)

- 15. Under the communication regulation existing in your country how would services provided over the Internet, which some have likened to broadcasting services (e.g. audio and video services transmitted over the Internet) be defined and treated?**

Please provide details:

- 16. Would a video on demand service be treated differently in terms of regulations, by the transmission methods (for example, PSTN, cable or satellite)?**

Please provide details:

- 17. Under the communication regulation existing in your country how would conditional access services, such as in digital DBS services, be treated?**

Please provide details:

- 18. Please detail plans for digital broadcasting and cable television services.**

	Number of Licences to be granted	Expected Number of New Channel Capacity	Expected Date of Service Commencement
Terrestrial TV service			
Terrestrial Radio service			
Direct Broadcast Satellite service			
Cable Television service			
Additional information and comments			