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Introduction

Information, in theoretical sense, is the communication about a certain situation or about a change of the situation in a system, directed towards the realization of a set goal, which is the premise for a communication to become information.^[1]

Information system is a subsystem of a dynamic system in which numerous natural, technical and organizational systems are included.^[2]

Information system represents a composition of points on the sources of knowledge, on the condition of the system and of messages about the desired dynamics of the system, together with the channels of their flows. The direction of the flows of data (information in a narrower sense) about the condition of the dynamic system goes from the source of the data towards the controlling point in which the conception of the desired situation is organized. The motion direction of a message about a desired condition that in its nature represents a managing decision (information in a wider sense) is diametrically opposed to the managing point towards the functional subsystem of a dynamic system. As a segment of the dynamic system, information system also has dynamic character because its dynamics essentially represents a process of continuing rotation of input information about the condition of the dynamic system and output information, i.e., managing messages about desired conditions.

The dynamic circle of the information system consists of four phases:

- Collection of information in their original form, i.e., in the form in which they are emitted by their source;
- Storing, i.e., memorizing information;
- Processing information, and
- Distribution of information.

The concept of telecommunications

Telecommunications^[3] are one of the segments of the information system. They are one of the four fields of electrical engineering^[4] dealing with broadcasting, reception, transmission and communication of information.^[5]

In our everyday lives we come across a great number of terms relating to telecommunications, and their meaning is given in the provisions of the Article 2 of the Law on Telecommunications.

1. Telecommunications: wired, wireless, light, or other electromagnetic system for transmission, emission and reception of sounds, signals, written text, audiovisual information or communications of any nature.
2. Public telecommunications: telecommunications available to the public, with offices and stations that must satisfy all needs for communication for which they exist.
3. Telecommunications for one's own needs: telecommunications that are used only for the performance of one's own work and that can not be used to provide other services.
4. Radio communications: wireless communications.
5. Radio: public communications emitting sound and other signals intended for direct reception by means of Earth and satellite transmitters.
6. Television: public telecommunications emitting audio, video and other signals intended for direct reception by means of Earth and satellite transmitters.
7. Cable television: public telecommunications transmitting audio, video and other signals to the end user by means of a cable system.
8. Radio-frequency spectrum: electromagnetic waves in the frequency range between 3 kHz and 3000 GHz, spreading without artificial guidance.
9. Radio station: one or more transmitters or receivers or a combination of one or more transmitters and receivers, incl. Accessory equipment, required on a specific location to perform radio communications.
10. Radio network: a group of three or more radio stations allowing communication between three or more locations.
11. Amateur radio station: radio station working within the frequency range intended for radio amateur service.
12. Civil band radio station (CB): radio station working within the frequency range intended for the citizens.
13. Mobile radiotelephone: mobile radio station integrated into the public telephone network as a mobile unit.
14. Wireless/Cellular telephone (CT): two radio stations, fixed and mobile, integrated into the public telephone network by means of a fixed connection.
15. Radiophare: radio station in the radio-navigation service the emission of which allows the mobile station to determine its position or the direction of movement in relation to the radiophare.
16. Joint antenna system: set of technical equipment used for direct reception of radio and television broadcasts by a group of receivers/users in a housing or business object, or in a limited area with up to 50 connections by means of radio and television programs distribution lines.

17. Harmful disturbance: disturbance endangering the functioning of the radio-navigation service or other security services, or seriously deteriorates, prevents or repeatedly interrupts the radio-communication service working according to the regulations about radio-communications.
18. Owner of the telecommunications, telecommunication object or equipment: legal or physical person that independently disposes of or manages telecommunications, a telecommunication object or equipment, or a radio station.

Development of telecommunications

A more serious study of telecommunications and their application in everyday life started in the mid 1920's. The term telecommunications was first used on the occasion of the foundation of the International Telecommunication Union, (ITU).

Normative regulations of telecommunications in The Republic of Croatia

After the constitution of the Republic of Croatia as an independent, sovereign and democratic state with its economic system based on new, significantly different foundations; there was the need for better normative regulations of the sphere of telecommunications.

The Parliament of the Republic of Croatia in its 18th session on 21st of June 1994 passed the Law on Telecommunications.^[6] Until then, the sphere of telecommunications was, namely, regulated through three laws, two of which were adopted from the former SFRY; these laws are:

- The Law on Postal, Telegraphic and Telephone Services,^[7]
- The Law on the Communications System^[8] and
- The Law on Telecommunications.^[9]

The Law on Telecommunications regulates:

- definitions of fundamental terms in the sphere of telecommunications;
- duties of the participants in the construction and use of objects and equipment;
- proprietary rights and duties relating to the functioning of the system;
- norms for the ways of giving concessions through soliciting for tenders for radio, television and cable television against the payment of a fee;
- details about the conditions for the use of radio frequency against an adequate fee;
- the definition of the basic purpose of the program for radio and television;
- provisions about the control of the implementation of this Law and about fines for torts or criminal offenses committed by legal and physical persons.

Technical objects and public telecommunications equipment in the Republic of Croatia must be designed, produced, built, maintained and utilized according to Croatian condition, norms and recommendations of the International Telecommunication Union (ITU).

Telecommunications are of strategic interest in all states and thus in the Republic of Croatia the obligation was determined for all owners to give priority to the transmission of messages relating to the security or defense of the state or to a large scale danger for human lives and property. The possibility was left for the Government of the Republic of Croatia to decide, for protection of the interests and security of the state, that telecommunication capacities and professional staff must be put at its disposal for a certain period of time.

Concession income

Public concession income were unknown in the Republic of Croatia before it became an independent state, because the legal theory in the former SFRY did not deal with this legal institute. The main reason for that was the fact that all economic and non-economic activities were performed exclusively by state subjects in state ownership, which was defined by the Constitution of the SFRY as social property. However, a great step forward in the law of the former SFRY relating to the institute of concession was made in 1988 by the Law on Foreign Investments, which opened the possibility to give concessions to foreign investors for exploitation of certain renewable natural resources or resources in general use.

Concession is a contract by which the state or municipal authority, under certain conditions, gives its companies or land for exploitation with the right to excavate useful minerals, build companies, etc.

A concession contract is most frequently a bilateral legal business by which the party giving the concession (grantor) takes upon himself the obligation to give certain economic rights to the party receiving the concession (concessionaire) for exploitation. Here, we speak of the limitation of the right of ownership over a limited or unlimited period of time, but with the right of termination.

In the Republic of Croatia, the grantor can be the state or its units of regional government and self-government. From this aspect, concessions in the Republic of Croatia are classified as big, medium-size and small concessions.

The objects of concessionaire's exploitation are mostly renewable or unrenovable natural resources, transport infrastructure (highways, navigable waterways, railroad, etc), telecommunications, performing of various services, etc. When profit is the exclusive motive for granting a concession, we speak of economic concessions to which the provisions of the Commercial Law are applied. If the concessionaire is a foreigner, then the provisions of the International Commercial Law are applied. If profit is not the sole motive for granting a concession, but political grounds prevail, then we speak of the so-called political concessions (e.g., ceding military bases, airports, sea and river ports, passages, etc.); to such relations the norms of Public International Law are applied. However, in such cases the state realizes a specific sort of incomes that serve for the satisfaction of public consumption, most frequently for armament and for satisfaction of other strategic needs of the state's vital interest.

In their nature, concession incomes are of non-fiscal character, and similar to domain incomes. In recent times, they, namely, represent a specific surrogate of the domain incomes. Historically, they appear in the periods of monopolistic and state capitalism, most frequently concessionaries were the colonial states, or their entrepreneurs in their former colonies, which gradually led to neocolonialism through this form of exploitation of natural resources.

Prior to the passing of the Law on Concessions, Croatian legislation was not familiar with the institute of concession. The Constitution of the Republic of Croatia and the Law on Concessions do not define the legal institute of concession.

The questions of what can be the object of concession in the Republic of Croatia and under which conditions have been regulated through:

- the Constitution of the Republic of Croatia;
- the Law on Concessions;
- special laws and
- various by-laws.

Therefore, the Law on Concession is in its character *lex generalis*, because it generally regulates the issue of concessions in the Republic of Croatia. On the other hand, each individual concession has been regulated separately, by a special law, so that every law is, in its character, *lex specialis*. The following are some of the special laws in Croatia, dealing with concessions:

- Law on Telecommunications,
- Roads Act,
- Agricultural Land Act,
- Hunting Act,
- Navigational Code,
- Law on Free Trade Areas,
- Public roads Act etc.

As it has been stated above, the Constitution of the Republic of Croatia does not explicitly mention concessions in its text. It does, however, talk about the goods of vital state interest, i.e., about their exploitation (Article 52): "The sea, seashore and islands, waters, air space, mineral wealth and other natural resources, as well as land, forests, fauna and flora, other parts of nature, real estate and goods of special cultural, historic, economic or ecological significance which are specified by law to be of interest to the Republic of Croatia shall enjoy its special protection.

The way in which goods of interest to the Republic of Croatia may be used and exploited by bearers of rights to them and by their owners, and compensation for the restrictions imposed on them, shall be regulated by law."

The Law on Concessions prescribes that through concessions rights are acquired to economically exploit natural resources and other goods, as well as to perform activities of interest for the Republic of Croatia. At the same time, the law

forbids concessions on exploitation of forest and other goods specified by a separate law.

A concessionaire may be any native or foreign legal or physical person performing an economic activity.

The time period, for which a concession is given, is limited with the upper limit of 99 years, whereas the lower limit has not been specified.

The Government submits the concession proposal to the Parliament (Sabor) of the Republic of Croatia, but only after the opinion of the municipality, city or county has been obtained, on whose territory the right of economic exploitation of goods or performing of services has been acquired.

Final decisions about concessions can be made only after the following procedure:

- public collection of bids
- soliciting for tenders and
- upon request (only in cases when this is provided by a special law).

Before bringing the decision about concession, the Government must appraise:

- business reputation of the bidder,
- ability to realize the concession,
- technical and financial favorability of the bid and
- influence upon the preservation and protection of the natural environment.

The Parliament of the Republic of Croatia decides about giving the concession. It can, however, authorize the Government alone to decide about giving a specific concession.

Control over the fulfillment of the contract on concession is not regulated by the Law on Concessions, but by special laws containing provisions about concessions.

Compensations for concessions go to the budget of the Republic of Croatia, i.e., to the budgets of the units of local government and self-government. The Law on Concessions does not regulate the amounts of compensations for particular concessions; this is most frequently regulated by the contract on the use of concession.

The Ministry of Finance keeps a unique register in which all contracts on the use of concessions are recorded, whereas contracts relating to immovable property are entered into land registers of the authorized municipal court.

Concessions in telecommunications

The new Law on Telecommunications has put an end to the monopoly in the field of public telecommunications, which was until then in the hands of Croatian Post and Telegraph Service and Croatian Radio-Television; however, in its provisions, the Law does not interfere with their organization and position. The novelty in the Law on Telecommunications is that public telecommunications in

the mobile network (mobile telephone, mobile satellite networks and other mobile networks), radio, television and cable television can also be developed and used by other legal persons against a concession for which they pay a fee, which in its nature, represents public income. Namely, as it has been stated above, public income from concessions for performing municipal activities are of non-fiscal character in the Republic of Croatia, since they have not been won on the basis of the fiscal sovereignty of the state. They are the product of the enactments of the state or of its units of local self-government on one hand, and of the citizens and economic subjects on the other hand. In their budget alimentation, there are, namely, two financial interests that are being satisfied: the first is the public or the state interest reflected in the collection of public income; the other is the private interest realized by legal or physical persons effectuating profit by performing certain municipal activities.

Within the jurisdiction of the Council for Telecommunications is the giving of concessions for activities in public telecommunications. The Council has nine members chosen from among persons employed in the spheres of public work, education, culture and religion as well as from among experts in various professions.

Members of the Council are appointed for a period of five years. They are appointed and relieved of duty by the House of the Representatives of the Croatian State Parliament upon the proposal of the Government of the Republic of Croatia. The Council itself chooses its president and vice-president.

The Council submits reports to the Croatian State Parliament.

Normative conditions for realization of concession income on the example of a radio station

A radio station can be purchased, set up and used after the acquisition of a permit issued by the Ministry of Marine Affairs, Transport and Communications, and after it has been set up, a technical inspection must be performed to examine technical conditions and norms and to see whether the station can work properly without hindrance, i.e., to secure that, by emitting its own program, the station does not create disturbances for other stations.

Domestic legal and physical persons performing informative, business, scientific, sports, religious or any other activities can use their own radio or television stations. However, every owner of a station is by a prescribed certificate obliged to secure that the work of his station will not produce harmful interferences; otherwise the Ministry of Marine Affairs, Transport and Communications may annul the issued permit.

In the work of telecommunications or radio stations it is forbidden to create electro-magnetic disturbances, and for the purpose of this protection, in Croatia all electronic and technical equipment produced in the country or sold from abroad,

must have a certificate about applied measures for suppression of electromagnetic disturbances.

State ministries: Ministry of Defence, Ministry of the Interior, Ministry of Foreign Affairs are in the use of their stations obligated to respect the provisions of the Law on Telecommunications and other regulations relating to the purpose of the frequency spectrum and types of emission, and to apply measures for prevention of harmful disturbances and providing help in case of danger.

The Law on Telecommunications limits the right to acquire ownership over the means of public communication. According to the Company Law, the concessionaire of a radio and television station is a company in which one member can hold maximum 25% of the shares.

The concessionaire must have its headquarters in the Republic of Croatia, and the members of the company must have Croatian citizenship and a permanent place of residence in Croatia. It is, however permitted to foreigners and to Croatian citizens with permanent place of residence abroad to participate in the capital of the concessionaire, but only with a share not greater than 25%.

The Law forbids political parties and bodies of administration to be concessionaires of radio stations. The emitted program must not unilaterally serve any particular party, interests or views. Hence, the fundamental purpose of the program emitted by a concessionaire must be primarily: respect of human dignity and of other human rights, contribution to the respect for opinions and beliefs of others, contribution to all-round and objective informing of listeners and viewers, promotion of Croatian cultural achievements, promotion of international understanding, protection of justice and democratic freedoms, service to the protection of environment, strive for the equality of sexes, races, of religious and other beliefs and promotion of understanding and tolerance for ethnic and national groups.

Compensation for the use of radio frequencies in the Republic of Croatia is normatively regulated by the following acts:

- Law on Telecommunications and
- Regulations about the Amount of Compensation for Concession in Public Telecommunications and Modes of Payment

The compensation is paid in favour of the state budget, and its amount and the modes of payment are prescribed by the minister of the Ministry of Marine Affairs, Transport and Communications, with the opinion of Council for Telecommunications and the approval of the minister of the Ministry of Finances.

Compensation for the use of radio frequencies is determined according to:

- the purpose and sort of the radio station;
- frequency range;
- expressed power;
- location;
- effective height of the antenna;

- area covered by the broadcasting, etc.

Conclusion

The fiscal burden of the citizens in the Republic of Croatia has reached its maximum, and therefore non-fiscal income must take a much more important place in the financing of public needs, i.e., in the structure of the state budget and the budgets of the units of regional and local self-government.

Regarding a higher quality in the satisfaction of public needs, i.e., in order to gain more income from concessions in the sphere of telecommunications through exploitation of the concession for radio station, it is necessary to make some normative adjustments, which exist in the countries of the European Union, the member of which the Republic of Croatia should become in near future. Normative adjustments are primarily related to the change of the provision about the headquarters of the concessionaire, which should not necessarily be in the Republic of Croatia. Furthermore, it would be necessary to change the regulations about the citizenship of the company members, who would not necessarily need to have Croatian citizenship and permanent place of residence in the Republic of Croatia. The ownership census, which is presently set at maximum 25% of shares per one concessionaire, should also be abolished because there is no place for such restrictions in the economy determined by market conditions.

The suggested normative adjustments would provide the preconditions for additional foreign investments, which themselves alone mean additional approaching towards the capital market- and the opening of the capital market for the Republic of Croatia is one of the essential prerequisites of the country's faster economic development, especially in the conditions of post-war rebuilding and construction.

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18. Communication Systems Act, Official Gazette of the Republic of Croatia, No. 53/91;
19. Law on Telecommunications, Official Gazette of the Republic of Croatia, No. 53/94;
20. Law on Contractual and Other Obligations, Official Gazette of the Republic of Croatia, No. 3/94.

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^[1] Lat. informatio – information, report.

^[2] Dynamic system in a theoretical sense encloses all systems in the existence of which there are some changes that can be endogenous (internal) and exogenous (external). Endogenous changes can be evolutionary (occurring in the development process of the system) and revolutionary (occurring through the interpretation of one system into the evolutionary process of another system in which structure these changes take place). Exogenous changes are manifested as changes in the relation between the entrance into the system and the exit out of the system in the process of its functioning.

^[3] Gk. - Lat. (tele + communicatio: notification, connection).

^[4] Gk. - Fr. (elektro + cf. technique) branch of applied sciences studying the means and the scientific application electric energy for practical production purposes.

^[5] The fields of electrical engineering are: energetic electrical engineering (electrical engineering of the high-voltage current), informational electrical engineering (telecommunications), electronics, electrical control and regulation technology.

^[6] Official Gazette of the Republic of Croatia, No. 53/94.

^[7] Official Gazette of the Republic of Croatia, No. 53/91.

^[8] Official Gazette of the Republic of Croatia, No. 53/91.

^[9] Official Gazette of the Republic of Croatia, No. 18/78, 1/83, 24/83, 21/87 and 47/89.

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S u m m a r y

The Republic of Croatia is one of the transition countries that have abandoned planned economy and turned towards market-oriented economy. These new conditions of the market-oriented economy required normative adjustments in certain spheres of social and economic activity, resulting in the realization of new income in the budget structure, the likes of which were unknown in the economy of self-managing socialism. New sorts of budget income found themselves in the quantitative and qualitative function of satisfying public needs. In that respect, the authors of this paper explain the following:

- The concept of concession, i.e., concession income in telecommunications;
- The concept of telecommunications;
- Normative regulations related to telecommunications in the Republic of Croatia;
- Normative prerequisites for the realization of concession income on the example of a radio station.

Keywords: information system, concession, telecommunications, public income, non-fiscal income

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S a ž e t a k

Republika Hrvatska pripada krugu tranzicijskih zemalja, koje su napustile plansko gospodarstvo i okrenule se tržišnim uvjetima gospodarenja. Novonastali uvjeti tržišnog gospodarenja zahtijevali su normativnu prilagodbu u određenim sferama društvene i gospodarske djelatnosti, a koja je rezultirala ostvarivanjem novih prihoda u strukturi proračuna, koji ranije u uvjetima samoupravnog

socijalizma nisu bili poznati. Novi proračunski prihodi našli su se u kvantitativnoj i kvalitativnoj funkciji zadovoljavanja javnih potreba. Glede toga, autori u ovome radu objašnjavaju :

- Pojam koncesije, odnosno koncesijskih prihoda u telekomunikacijama;
- Pojam telekomunikacija;
- Normativnu regulativu telekomunikacija u Republici Hrvatskoj;

Ključne riječi: informacijski sustav, koncesija, telekomunikacije, javni prihodi, nefiskalni prihodi