



AKOS

ANNUAL REPORT 2013



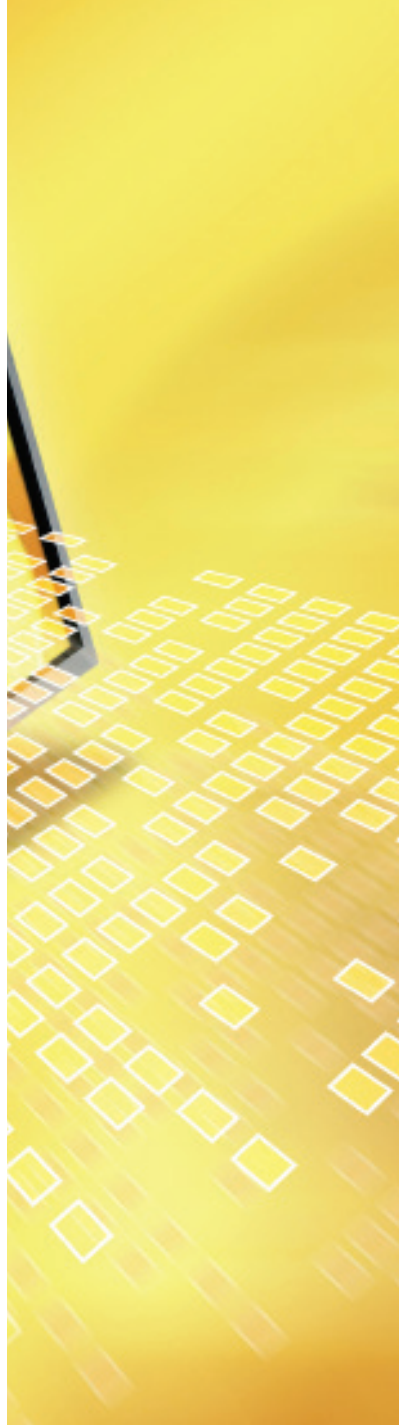
CONTENTS



1	LEGAL BASIS	7
2	ABOUT THE AGENCY	9
	2.1 ORGANIZATIONAL STRUCTURE OF THE AGENCY	9
	2.2 AGENCY'S WORK FOR SEK AND SRDF	10
3	REPORT ON OPERATIONS	13
	3.1 THE ISSUES RESULTING FROM NOT HAVING AN APPROVED OPERATIONAL PLAN OR FINANCIAL PLAN FOR 2013	13
	3.1.1 Ensuring Conditions for the Construction of Fourth Generation Networks (Public tender for mobile technology frequencies with a public auction)	15
	3.2 TELECOMMUNICATIONS	16
	3.2.1 The Current State in the Electronic Communications Market	16
	3.2.2 Main Activities of the Telecommunications Division in 2013	24
	3.2.3 Supervision of the Telecommunications Market	27
	3.3 ELECTRONIC MEDIA	28
	3.3.1 The Current State in the Electronic Media Market	28
	3.3.2 Main Activities of the Electronic Media Division in 2013	34
	3.3.3 Television and Radio Programming Supervision	37
	3.4 RADIO SPECTRUM	40
	3.4.1 The Current State in the Telecommunications Market	40
	3.4.2 Main Activities of the Radio Spectrum Division in 2013	42
	3.4.3 Radio Frequency Spectrum Supervision	46



3.5 POST	47
3.5.1 The Situation in the Postal Services Market	47
3.5.2 Main Activities of the Post Division in 2013	57
3.5.3 Postal Services Market Supervision	60
3.6 RAILWAY TRANSPORT	61
3.6.1 Railway Traffic Service Market Development	61
3.6.2 The Agency's Measures for Improving Public Railway Infrastructure Utilization	70
3.6.3 User Fees for Access to the Public Railway Infrastructure of the Republic of Slovenia	70
3.6.4 Passengers Complaints in Railway Transport	70
3.7 DISPUTE AND COMPLAINT RESOLUTION	71
3.7.1 Disputes in the Field of Electronic Communications	71
3.7.2 Disputes in the field of Postal Services	75
3.7.3 The Agency's Representation before the Court	77
3.8 PROTECTION OF END USERS	78
3.8.1 Implementation of the Roaming Regulation	78
3.8.2 Single European Emergency Number 112	79
3.8.3 Numbers for Services with Social Value – 116 xxx	79
3.8.4 Universal service	80
3.8.5 Workshops for Operators and Consumer Organizations	80
3.8.6 Portals www.akos-rs.si , www.komuniciraj.eu and http://dvb-t.apek.si	81
3.8.7 Call Center	81
3.8.8 Explanations to End Users	82
3.9 MANAGING THE AGENCY	82
3.9.1 Human Resource Management	82
3.9.2 IT Support	85
3.9.3 Transparency of the Agency's Work	86
3.9.4 Collaboration with National and International Organizations	87
3.9.5 Special Projects: SEE Digi.TV, Coordination of the Digital Switchover in South East Europe	87
4 BUSINESS REPORT	91
4.1 LEGAL BASIS	91
4.2 FINANCIAL CONSEQUENCES OF AN UNAPPROVED OPERATIONAL PLAN AND FINANCIAL PLAN FOR THE YEAR 2013	92
4.3 AGENCY'S FINANCIAL STATEMENTS	94
4.4 ACCOUNTING POLICIES	101
4.5 DISCLOSURE OF IMPORTANT ACCOUNTING INFORMATION	102
4.6 SURPLUS	111
4.7 REVENUE AND EXPENSES ACCORDING TO THE CASH FLOW METHOD (ADJUSTED STATEMENT)	112





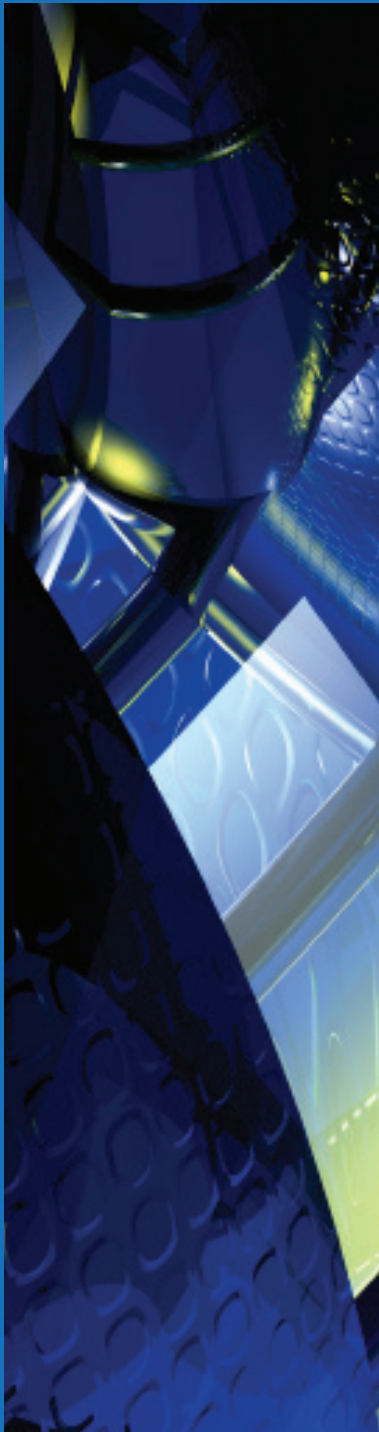
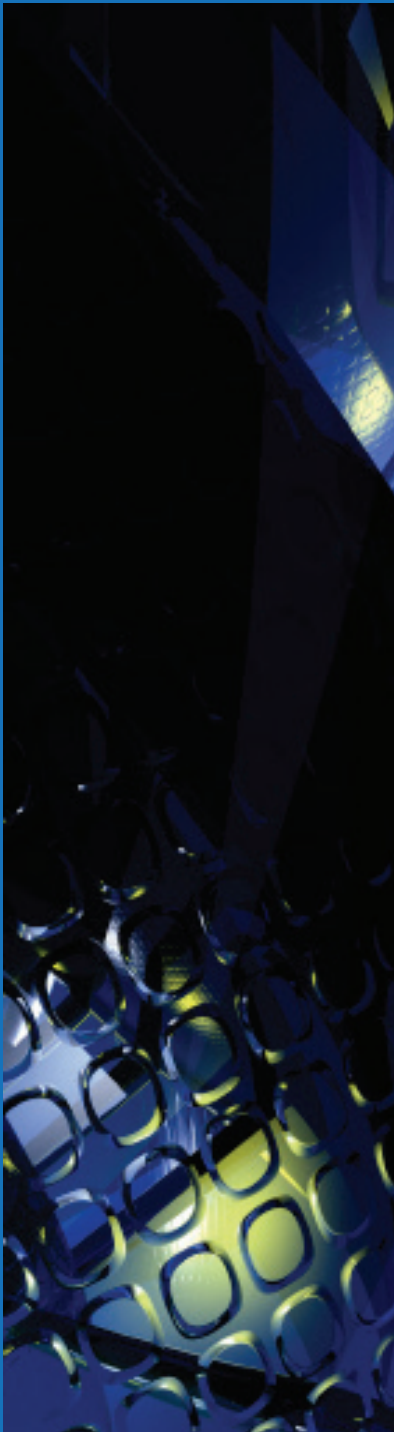
1

LEGAL BASIS

Pursuant to the Electronic Communications Act (ZEKom-1, Official Gazette of the Republic of Slovenia, no. 109/2012 and 110/2013), and the Decision Establishing the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, no. 41/2013), the Agency submits to the Government of the Republic of Slovenia for approval its 2013 Annual Report.

The Agency performs its tasks according to:

- The Electronic Communications Act, hereinafter referred to as ZEKom-1, (Official Gazette of the Republic of Slovenia, no. 109/2012 and 110/2013);
- The Media Act, hereinafter referred to as ZMed, (Official Gazette of the Republic of Slovenia, no. 110/06 – official consolidated text, 69/06 – ZOIPub, and 36/08 – ZPOmK);
- The Radiotelevizija Slovenija Act, hereinafter referred to as ZRTVS-1 (Official Gazette of the Republic of Slovenia, no. 96/05, 109/05-ZDavP-1B, and 105/06 – Constitutional Court Decision);
- The On-Demand Audiovisual Media Services Act, hereinafter referred to as ZAvMS (Official Gazette of the Republic of Slovenia, no. 87/2011);
- The Digital Broadcasting Act, hereinafter referred to as ZDRad, (Official Gazette of the Republic of Slovenia, no. 102/2007, 85/2010, 47/2012 and 109/2012-ZEKom-1);
- The Postal Services Act, hereinafter referred to as ZPSto-2, (Official Gazette of the Republic of Slovenia, no. 51/2009 and 77/2010);
- The Railway Transport Act (Official Gazette of the Republic of Slovenia, no. 11/2011-UPB6, 63/2013-ZZelP-I).





ABOUT THE AGENCY

In the beginning of 2014 the Agency began using the new name the Agency for Communication Networks and Services of the Republic of Slovenia, as set by the new ZEKom-1. Before that, the name “Post and Electronic Communications Agency of the Republic of Slovenia” was in use. The Agency’s competencies did not change as a result of the new name. As this Annual Report was drafted in February 2014, the Agency uses the new name throughout the document.

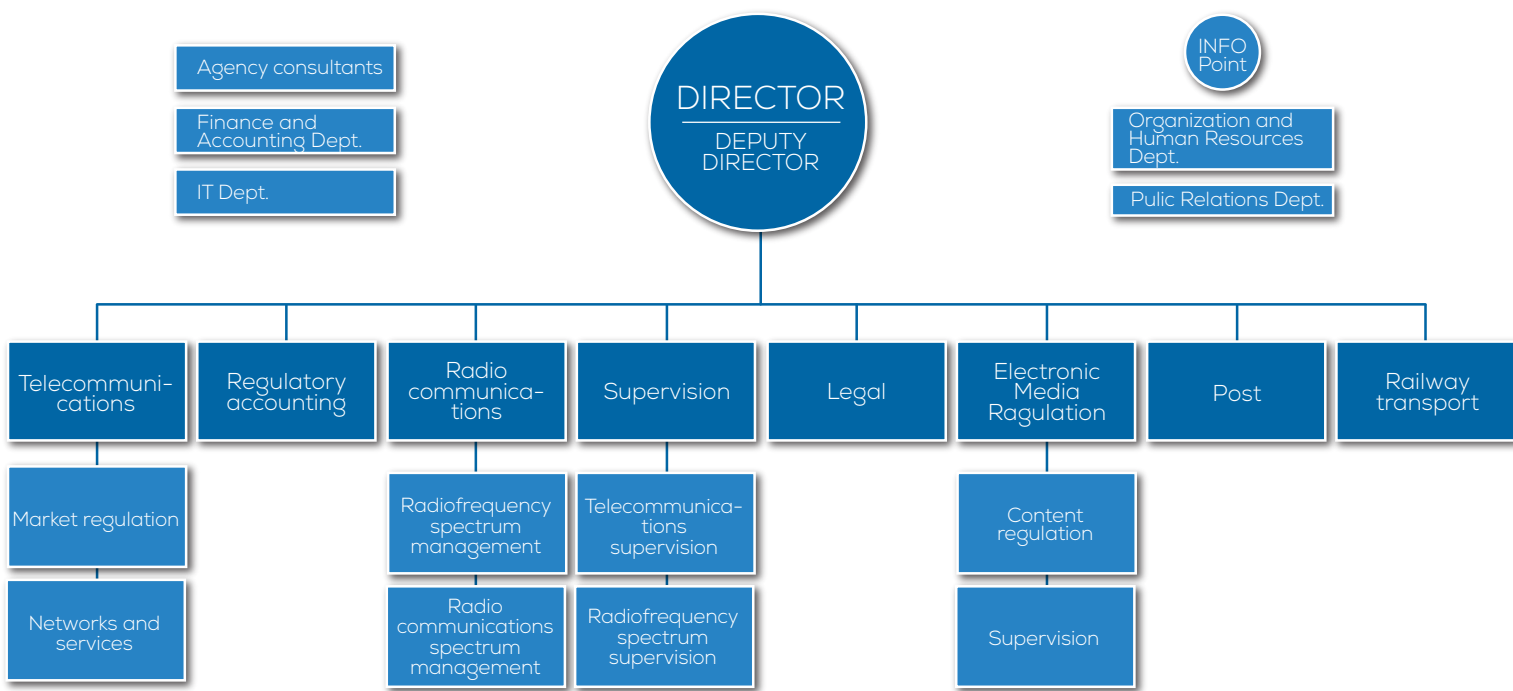
The Agency for Communication Networks and Services of the Republic of Slovenia is an independent body for managing and regulating the electronic communications market, managing and regulating the radio frequency spectrum in Slovenia, conducting tasks in the field of radio and television activities, and managing and regulating postal services and railway services in Slovenia.

2.1 ORGANIZATIONAL STRUCTURE OF THE AGENCY

The Agency for Communication Networks and Services of the Republic of Slovenia performs tasks in eight areas of work and within four organizational units. The areas of work are: Telecommunications Division, Radio Communications Division, Postal Division, Supervision Division, Legal Division, Regulatory Accounting Division, Electronic Media Regulation Division, and Railway Transport Division. The organizational units are: Organization and Staff, Finance and Accounts, and Information Technology and Public Relations, which provide support to the entire Agency.

During the production of this document, new Articles of Association of the Agency were in the process of finalization, which maintain the Agency’s organizational structure, however they change the naming of the areas to sectors.

Figure 1: Organizational chart

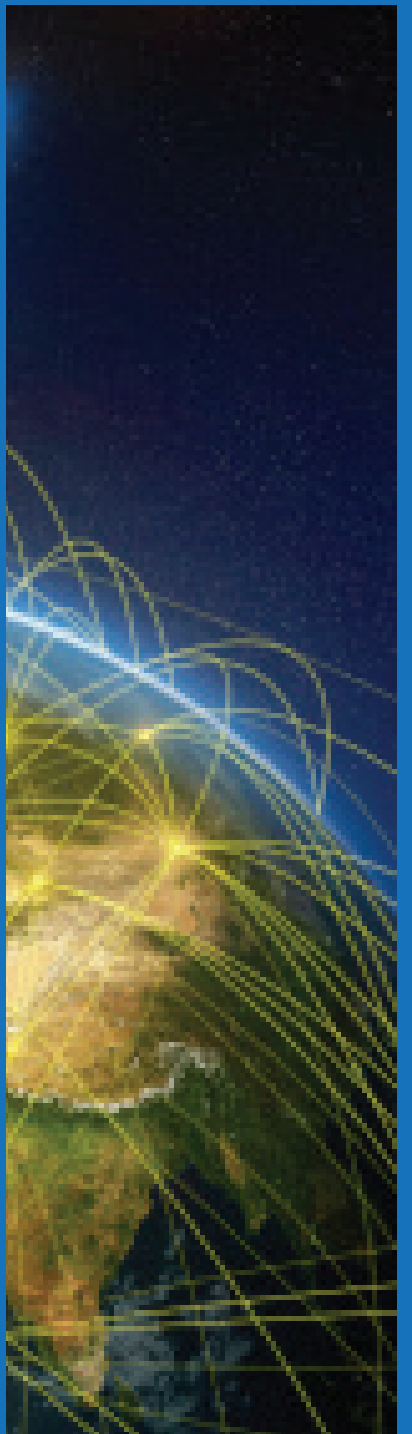


2.2 AGENCY’S WORK FOR SEK AND SRDF

The Agency provides financing and administrative support to the newly established Council of the Agency, the Electronic Communications Council (SEK), and the Broadcasting Council (SDRF).

The Council of the Agency was established with ZEKom-1. It is competent for adopting its own Rules of Procedure, providing an opinion to the Operational Plan, Financial Plan, and the Annual Report, signing off on the Articles of Association that the Director of Agency approves, proposing the appointment or dismissal of the Director of the Agency, proposing a temporary exclusion from performing the tasks for the Director, proposing early dismissal of members of the Agency’s co-council. Pursuant to ZEKom-1, the Electronic Communications Council monitors and advises on guiding the development of electronic communications and collaboration in protecting consumers’ interests in the electronic communications market. The Broadcasting Council issues preliminary opinions and consent in procedures conducted by the Agency and Ministry of Culture, and is involved in drafting certain acts.





3

REPORT ON OPERATIONS

3.1 THE ISSUES RESULTING FROM NOT HAVING AN APPROVED OPERATIONAL PLAN OR FINANCIAL PLAN FOR 2013

As of the time of the 2013 Annual Report's preparation the Agency does not have an approved Operational Plan or Financial Plan for 2014, nor for 2013 (hereinafter: OP). This issue warrants emphasis, as lack of approval of the OP for 2013 caused significant problems for the Agency in completing key tasks, as well as in financing the Agency. In this chapter (Report on Work) we list the key planned activities that the Agency was not able to begin executing as a result of the 2013 OP's lack of approval, while in the Business Report which follows below, we present the financial consequences resulting therefrom.

The Agency prepared the 2013 OP by the legally assigned deadline (October 2012), and sent it to the relevant bodies for approval. In the months that followed the Agency received additional guidelines from the Ministry of Education, Science, Culture and Sport, and the Ministry of Economic Development and Technology for changes to the existing plan, as well as comments and proposals from operators and Pošta Slovenije, d.o.o. Between January and September 2013, when the final version of the 2013 OP was submitted to the Ministry, the representatives of the Agency and the Ministry held several meetings, and corresponded through other channels. All of these activities were focused on bringing the Financial Plan in line with the proposal that the scope of planned new employment should be rather small, the dynamics of executing projects should be changed, as well as that the proposal for the Financial Plan should also include new tasks assigned as the result of ZEKom-1.

In the 2013 OP the Agency set key tasks, and individual projects are defined within the scope of those tasks. These are strategically important tasks, key for the development of an information society, and also ones that the Agency has not dealt with yet. The Agency planned most of these tasks because of the new competencies it was assigned as a result of the amended legislation (the new ZEKom), and because of new regulatory approaches and administration at the European level. All of them also require significant financial and human resources, teamwork from employees in different areas of work at the Agency, and help from external experts.

The 2013 OP was not approved in spite of that, and as a result the key tasks/projects that the Agency planned in this document were not launched. The Agency also did not have stable financing ensured, and consequently could not train its employees or hire any external experts. The sole exception is the project under which the Agency is preparing a complex auction of frequencies for mobile technology, which will allow it to ensure conditions for constructing fourth generation networks. Only at the end of last year did the Agency begin to regulate separate accounting in the area of postal services, which it defined as a key task in 2013. Other key tasks planned for 2013 were not performed. These tasks include:

- Pursuing the objectives of the Digital Agenda for Europe, and enabling the growth and construction of next generation networks. In the scope of this task there are two substantial and interconnected projects which require the collaboration of external and in-house experts from several areas of work, headed by the Telecommunications Division. These are: preparing a regulation strategy and cost models for next generation broadband networks (NGN), and drafting the development strategy for regulation of GOŠO3 projects (Construction of Open Broadband Networks 3).
- Establishing a Center for Investment Monitoring, which means setting up and executing a system for monitoring the construction, upgrade, maintenance, recording, and shared use of public communication infrastructure. This is a completely new and very substantial task that the new Electronic Communications Act (ZEKom-1) imposes on the Agency.
- Establishing a system for monitoring the quality of the service of fixed and mobile broadband networks is also a completely new task for the Agency. The goal is to establish a system of monitoring the quality of mobile and fixed data services in broadband networks (QoS BB), which is becoming a precondition for a high-quality of NGNs' operations, and ascertaining the suitability of operators' provision of services regarding network neutrality.
- An upgrade to the eAPEK+ electronic business system, which includes a comprehensive overhaul of the electronic operations system (eAPEK+), which will add the existing system's missing functionalities.
- Growing our staff and their competencies. Because the Agency has been understaffed for years – resulting in its inability to perform some key tasks – a special focus was put on human resources policies. This included plans for new hires and training in order to meet our human resource requirements. This is also required of the Agency because of the European Commission's findings, which regularly point to the Agency being understaffed.

The Agency included in the 2014 Operational Plan and the Financial Plan those key tasks forecast in the 2013 OP.

The Agency wishes to emphasize the harmful consequences for the regulation of the electronic communications market and the increase of the Agency's operative costs resulting from the lack of approval of the 2013 OP. Such a situation means that the markets of electronic communications, electronic media, postal, and railway services are not regulated, key projects are delayed, and the Agency's operative costs are increased unpredictably. This dramatically delays expert

training, and decreases the Agency's ability to execute key and complex future regulatory tasks, which will most likely cause serious delays, and difficult to mend problems with the development of the market of electronic communications, and with the preparation of the investment regulatory framework for projects for construction of next generation access (NGA) networks, thereby fulfilling the Digital Agenda 2020 commitments.

It has to be emphasized that in 2013 the Agency did in fact conduct all of its other regular tasks and activities. These are especially administrative procedures conducted on a regular basis. All of these activities which were conducted in 2013, are listed in their respective areas below.

3.1.1 Ensuring Conditions for the Construction of Fourth Generation Networks (Public tender for mobile technology frequencies with a public auction)

Because of the tender's importance and the adopted guidelines of the Ministry regarding the urgency of conducting it, the Agency executed the key task entitled Ensuring Conditions for the Construction of Fourth Generation Networks, in spite of the fact that the 2013 OP was not adopted. The objective of the task was the preparation and the execution of the public tender for mobile technology frequencies with a public auction.

Already in 2012 the Agency began allocating all available staff to prepare expert bases for reallocating the spectrum and consequently a tender for frequencies for fourth generation mobile networks (4G), which support mobile broadband access (LTE). The preparation of the public tender for mobile technology frequencies with a public auction (4G) was also a priority task for the Agency in 2013, and will continue into at least the first half of 2014, with several divisions and employees collaborating.

In March 2013, the Agency published the platform for this tender, and for the first time also a timeline for the whole project, consisting of three parts: (1) extending the decisions for the 900 MHz band, (2) public tender for a short-term lease of parts of the spectrum in the 1800 MHz and 2100 MHz bands, and (3) the public tender with a public auction for the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz bands). The platform was the subject of a public discussion.

In the first half of 2013, the Agency extended the decisions for 900 MHz, and held the public tender for short-term leases of parts of the spectrum in the 1800 MHz and 2100 MHz bands.

In September 2013, the Agency published a draft Information Memorandum for the Public Tender with a Public Auction and called on the public to submit comments. In order to facilitate a truly in-depth discussion on the document that sets the framework for tender documentation, the Agency also opened a forum on its website, and provided answers to all the questions and opinions received by 11 November 2013. On 9 December 2013, it unveiled the project by publishing the report on the results of the discussion and an amended draft Information Memorandum in which it took into account numerous constructive recommendations it received from operators.

At the end of 2013, the Agency published the Decision on the Beginning of the Public Tender with a Public Auction. In the beginning of 2014, the first task will be preparations for the electronic auction, set to take place in March or early April 2014. The Agency plans that the whole procedure of assigning frequencies will be completed by issuing decisions before the end of June 2014.

In this public tender with public auction, the Agency offered the entire 800 MHz, 900 MHz, 1800 MHz, and 2600 MHz bands and all unassigned spectrum in the 2100 MHz band. All these frequency bands will be made available for the provision of mobile services on a technology-neutral basis, whereby the Agency wishes to satisfy the mobile operators' growing requirements for spectrum shares and their diverse needs. In the procedure of assigning frequencies the Agency is following three core and equally significant goals in accordance with the obligation on efficient use of the spectrum: to ensure appropriate national coverage, to ensure competition on the market of mobile communications, and to provide the country with appropriate financial compensation for the use of frequencies.

3.2. TELECOMMUNICATIONS

3.2.1 The Current State in the Electronic Communications Market

There were 149 operators in the electronic communications market providing end users with mobile telephone, broadband internet access, fixed telephone services, access infrastructure leasing, radio broadcast transmissions, and other services. 13 operators were entered into the registry in 2013, while 12 were removed from it.

Figure 2: The number of operators/service providers entered into the official registry by significant services as of 31 December 2013:

Service	Number
Internet access	
Narrowband access	18
Broadband access (xDSL, FTTH, radio, cable, satellite...)	81
Cable access	46
Cable operators	64
Voice services in the public mobile network	14
operators	4
service providers (VMNOs)	10
Fixed public voice telephone service	
International public voice telephone service operators	26
Local public voice telephone service operators	26
Leased lines operators	36
Value added services providers	28

In 2013, there were 67 changes submitted to the Agency's official registry by notifications, based on which the Agency issued all the required certificates and extracts from the official registry. Because of the changes to the General Act on the Content and the Format of the Notification on the Provision of Public Communication Networks or Conducting Public Communication Services, and the changes to the classification of services or networks or networks, the Agency issued 144 notifications from the official registry of operators.

In 2013, the Agency published on its website 62 calls to interested parties for investing in or leasing networks to state their interest in the planned construction. 44 of these notifications were about planned construction of public electronic communications networks: 20 projects for mobile communications base station construction, 5 projects for copper line shortening using fiber optics at functional locations, 5 projects of laying long-distance fiber optics cable, 6 projects for constructing FTTH or FTTN fiber optics networks, 2 projects for constructing cable ducts, 2 projects for constructing cable communications networks, and 4 project for upgrading or maintaining a wireless microwave link or replacing base station equipment. Most of the notifications on the construction of public communication infrastructure were submitted by Telekom Slovenije, d.d. (21), followed by Si.mobil, d.d. (12), Tušmobil, d.o.o. (6), Telemach, d.o.o. (3), while T-2, d.o.o., and Kabel TV, d.o.o., each submitted one. There were 18 notifications on the construction of other types of economic public infrastructure submitted in 2013, related to the construction of water distribution, sewage, gas, electricity, road, and lighting infrastructure. The Škofja Loka municipality submitted 11 notifications on the construction of other types of economic public infrastructure, with Borovnica, Cerknica, Hrpolje Kozina, Jezersko, Sodražica, Šoštanj, and Velenje municipalities submitting one each. In 2013, we also received 22 notifications on planned joint construction of public communication networks, relating to the joint construction by Telemach, d.o.o., together with municipalities which published the intent of construction, 15 notifications on planned joint construction with Telekom Slovenije, d.d., 3 notifications on planned joint construction by Gratel, d.o.o., Vahta, d.o.o., Sanmix, d.o.o., and FMC, d.o.o., together with municipalities which published the intent of construction of other types of economic public infrastructure.

3.2.1.1 Numbering Space

In 2013, there was only little demand for allocating individual numbering elements. With regard to the state of allocated numbering elements at the end of 2012, the scope of allocated geographic numbers increased by 0.4%, toll-free numbers by 8%, premium service numbers by 5.8%, DPC codes by 2%, ISPC codes by 2%, and short selection numbers by 3%. Only the scope of allocated numbers for remote voting (089) saw a significant, five-fold increase.

Due to the changes to individual provisions on the general act regulating fees for the use of allocated numbering elements, and the corresponding increase in the number of points in 2012, the operators were encouraged to employ a more rational use of resources. In 2013, operators mainly decided to return the inactive numbering elements for toll-free and premium services (080, 090).

There were 6 new general acts regarding the administration of the numbering space issued in 2013, in accordance with the requirements of ZEKom-1, of which 5 replaced the previous ones, and a new one.

As at 31 December 2013, the Agency's official registry included 39 operators and other providers who have been allocated various numbering elements in the past. 36 new decisions on the allocation of numbering elements were issued, 45 on the annulment or expiration or partial expiration of decisions, while 1 decision were changed ex officio, 2 procedures for allocation were stopped, and 1 request was denied. One new operator was entered into the registry. At the end of 2013 there were a total of 312 issued and valid decisions on the allocation of numbering elements.

According to the reports of the selected administrator of transforming numbers into ENUM number domains there was no demand for the use of this feature last year. The number of numbers ported increased by approximately 16% in 2013, compared to the previous year. According to the data from the administrator of the central database of ported numbers, there was a total of 159,689 numbers ported in 2013, of which 94,468 were mobile, and 65,221 were fixed. Since the introduction of number porting in 2006, a total of 978,426 numbers have been ported. The total number of ported numbers as at 31 December 2012 is 719,736, of which 367,426 were mobile, and 352,310 were fixed.

3.2.1.2 Mobile Communications Market

In 2013, there were no changes to the number of mobile communications operators on the market. There were four infrastructure operators of public mobile networks (Telekom Slovenije, Si.mobil, Tušmobil, and T-2), three service providers (Debitel, Izimobil, and Telemach), and Slovenian users can also use services marketed under different brands (joint retail plans, usually by two separate companies), namely Amis and M mobil in cooperation with Si.mobil, Teleing in cooperation with T-2, and Si.mobil is also marketing services under its bob brand.

Alongside the established mobile services such as voice services, text and multimedia messaging, mobile data services, i.e. mobile broadband internet access, has the highest growth rate. Use of mobile data services also dictated the biggest changes in mobile infrastructure operators' investments into their networks again in 2013. Especially Si.mobil, which already began offering LTE services in a limited scope back in 2012, and Telekom Slovenije, which began offering LTE services in March 2013, significantly upgraded their networks with LTE technology. LTE is now available to more than 50% of the Slovenian population, especially in larger towns and cities. Further development and broader availability of LTE services are expected in the next few years, especially as a result of assigning radio frequencies in the 800, 900, 1800, 2100, and 2600 MHz bands in the public tender issued at the end of 2013.

In 2013, the Agency with the assistance of an external contractor again conducted the survey "Monthly Household Expenditures for Electronic Communications Services". The survey showed that 97% of households polled have at least one mobile phone, a quarter of them 4 or more, and 23% have only one. On average, households have three mobile phones, which generally coincides with the number of people living in a household. A good quarter of all the polled households use

at least one type of mobile internet, and 23% of households have plans that already include data transfer. Only individual carrier-to-carrier markets are regulated in the mobile telephone services carrier-to-carrier market, namely "Call termination in individual public mobile telephone networks", i.e. relevant market 7. Based on the individual regulatory decisions, in September 2009 all mobile operators which terminate calls in their own public mobile networks for users of said networks were designated as operators with significant market power, namely Telekom Slovenije, Si.mobil, Tušmobil, and T-2. In accordance with the issued decisions, operators continued to adjust and lower the wholesale prices for call termination in their mobile networks in 2013, with symmetric call termination prices coming into effect as of 1 January 2013 also for Tušmobil and T-2, so that the price is now €0.0324 per minute for all four operators. Along with price obligations the operators on these markets also have the obligation of allowing carrier access for the purpose of call termination, the obligation of equal treatment, and the obligation of transparency, including the publication of a reference offer.

3.2.1.3 Fixed voice communications market

In 2013, the market of traditional fixed telephone services continued contracting, mainly with users switching to IP telephone services, which now holds a significantly higher share. IP telephone services can be used wherever broadband access is available, however some users are still not opting for this option, especially those who do not need other broadband services, such as internet or IPTV.

As a result of declining numbers of traditional telephone service users, Telekom Slovenije, d.d., is gradually disconnecting traditional exchanges, and routing users' traffic through the IP network. Users who do not opt to switch to IP can continue using their traditional telephone connection, and Telekom Slovenije routes their traffic to the IP network only at the access hub. The company plans to complete the switch to an all-IP network in the next few years.

Operators mainly provide access to IP telephone service over copper pairs, and the coaxial and fiber optics network. In areas where they do not have their own networks, alternative operators can use regulated carrier-to-carrier products on Telekom Slovenije's network. All operators can also provide IP telephone services over open broadband networks which were constructed using public-private partnerships and funding for network construction in areas where there is no commercial interest by any of the operators.

IP telephone service is generally offered in combination with broadband internet access and TV service, and in some combinations also in along with mobile communications services. Operators bundle services in attractively priced plans, whereby the additional cost of IP telephone service for the end user is very small. With bundled offers which include IP telephone service and generally also free on-net calls operators additionally encourage users to make the switch.

In 2013, Telemach, d.o.o., merged into a group of cable operators which operate in the countries of former Yugoslavia, and at the end of the year the ownership of the whole group was passed from one investment fund to another.

In the fixed telephone services segment the Agency regulates the retail market of access to the public telephone network at a fixed location, and two carrier-to-carrier markets, the first one for call origination in the public telephone network at a fixed location, and the other for call termination in individual public telephone networks at a fixed location. The Agency also regulated the wholesale market for call transit until October 2013.

In the relevant retail market 1 "Access to the public telephone network at a fixed location for residential and business customers" Telekom Slovenije, d.d., was under the regulatory obligation as an operator with significant market power on this market until the second half of April 2013, when a new regulatory decision with new obligations was issued, including, in addition to pricing obligations, also the obligation of allowing all interconnected providers of publicly accessible telephone services with selection or preselection of the provider access to services, the obligation of allowing carrier access as a service of carrier-to-carrier subscriber connection lease, in the scope of which it must provide equal treatment and transparency through the publication of a reference offer, the prohibition of providing unfair advantage to certain end users, and groundless bundling of network access services with the service of providing subsidized terminal equipment.

In the relevant carrier-to-carrier market 2 "Call origination in the public telephone network at a fixed location", based on the regulatory decision issued in March 2008, the following obligations were imposed in 2013 on Telekom Slovenije, d.d., as an operator with significant market power in this market, along with a pricing obligation: the obligation of providing carrier-to-carrier access to network capabilities required for originating all types of calls, the obligation of providing equal treatment, and the obligation to ensure transparency, including the publication of a reference offer.

In the relevant carrier-to-carrier market 3 "Call termination in individual public telephone networks at a fixed location", based on the regulatory decisions issued in April 2008 to Amis, d.o.o., Detel Global, d.d., Telemach, d.o.o., Tušmobil, d.o.o., and T-2, d.o.o, 2013 saw a continuation of the symmetry in pricing for call termination at a fixed location with regard to the lowest calculated price for call termination at the network interconnection level, providing access to all of operator's end users, which is at the level of double transit of Telekom Slovenije, d.d. All fixed operators which terminate calls in their own fixed networks to users of said networks were designated as operators with significant market power in individual public telephone networks at a fixed location. Along with pricing obligations, these operators also have the obligation of allowing carrier access to network capabilities required for call termination, the obligation of providing equal treatment, and the obligation to ensure transparency, including the publications of a reference offer.

In the relevant carrier-to-carrier market "Transit services in the public telephone network" (former relevant market 10), based on the regulatory decision issued in February 2008, the following obligations were imposed on Telekom Slovenije, d.d., as an operator with significant market power in this market, along with a pricing obligation: the obligation of providing carrier access to network capabilities required for call transit, the obligation of providing equal treatment, and the obligation to ensure transparency, including the publication of a reference offer. These regulations were in force until October 2013, when the market was deregulated.

3.2.1.4 Broadband Access Market

The European Commission's Digital Agenda sets seven objectives for achieving the suitable development of an information society, including access to high-speed and ultra-high-speed internet, digital literacy, and accessible online services for all citizens. Opportunities for investment in next generation networks are apparent from the growth of broadband access connections, providing internet access, VoIP, IPTV, and multimedia services, with the latter becoming increasingly more popular among end users.

The prevalence of broadband internet access is one of the key indicators of the development of the electronic communications market.

In Slovenia, broadband services are available over the copper network, the coaxial cable network, fixed wireless network, mobile wireless network, leased lines, and the fiber optics network. Wireless technologies, especially mobile ones, are gaining traction, as the emerging standards have increased data transfer speeds.

Broadband access at a fixed location is still most often provided over xDSL technologies, using the copper local loops of the public telephone network, and cable networks, however the share of these connections has been declining at the expense of the growth of broadband connections over cable and fiber optics, which is certainly the preferred next generation network technology, in light of the demanding services of HD video and IPTV transmission, the high-end graphics of online gaming, and the expected development of 3D technology.

End users are looking at options for broadband internet access availability that is independent of their location, which contributes to increasingly diverse methods of internet access, as more and more users are opting for various methods of mobile broadband internet access. In 2013, most users had plans that also included some data allowance.

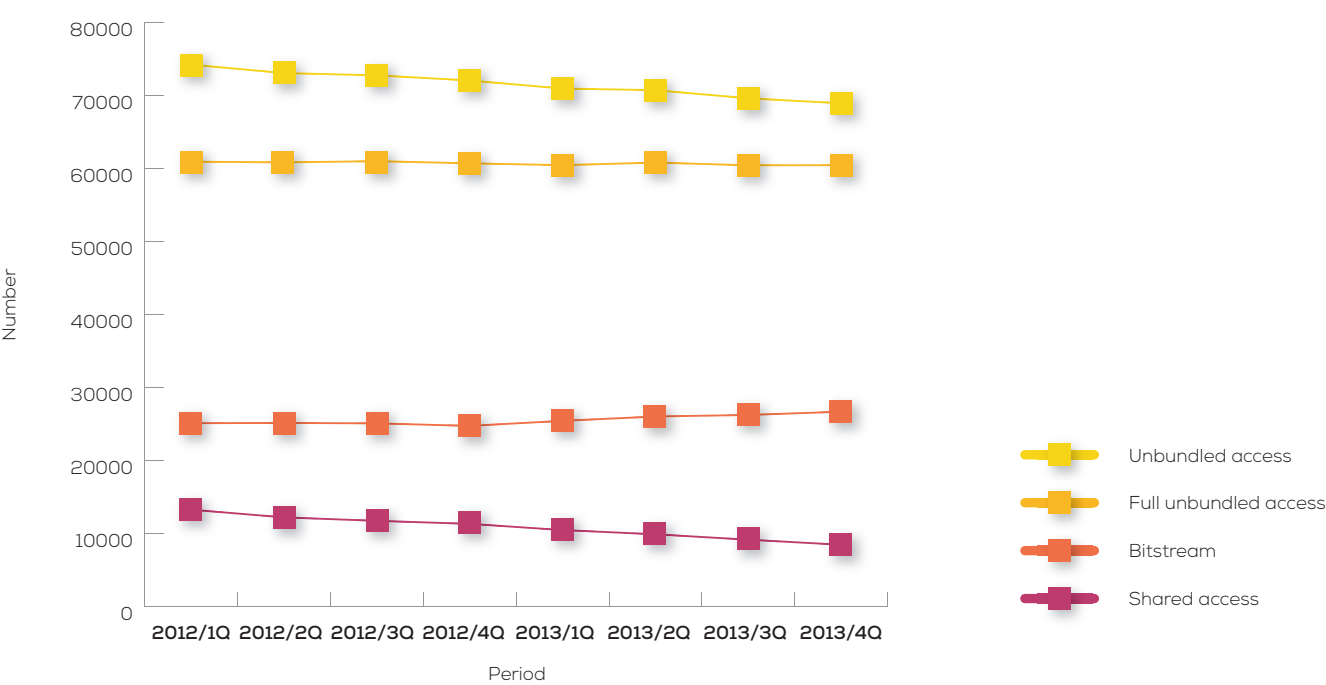
According to the results of the survey "Monthly Household Expenditures for Electronic Communications Services" the key factor when selecting a provider of internet and internet services is high speed, while price and quality of service are also significant factors as listed by approximately one third of responders.

The survey results show that three quarters of internet users are not prepared to pay more for faster internet access, while a good ten percent of them are willing to pay more, which is a slight increase compared to 2012. Three quarters of those who are unwilling to pay more for faster internet connections believe that they simply do not require faster data transfer. The second most frequent reason for this is financial limitations.

Broadband Access Carrier-to-Carrier Market

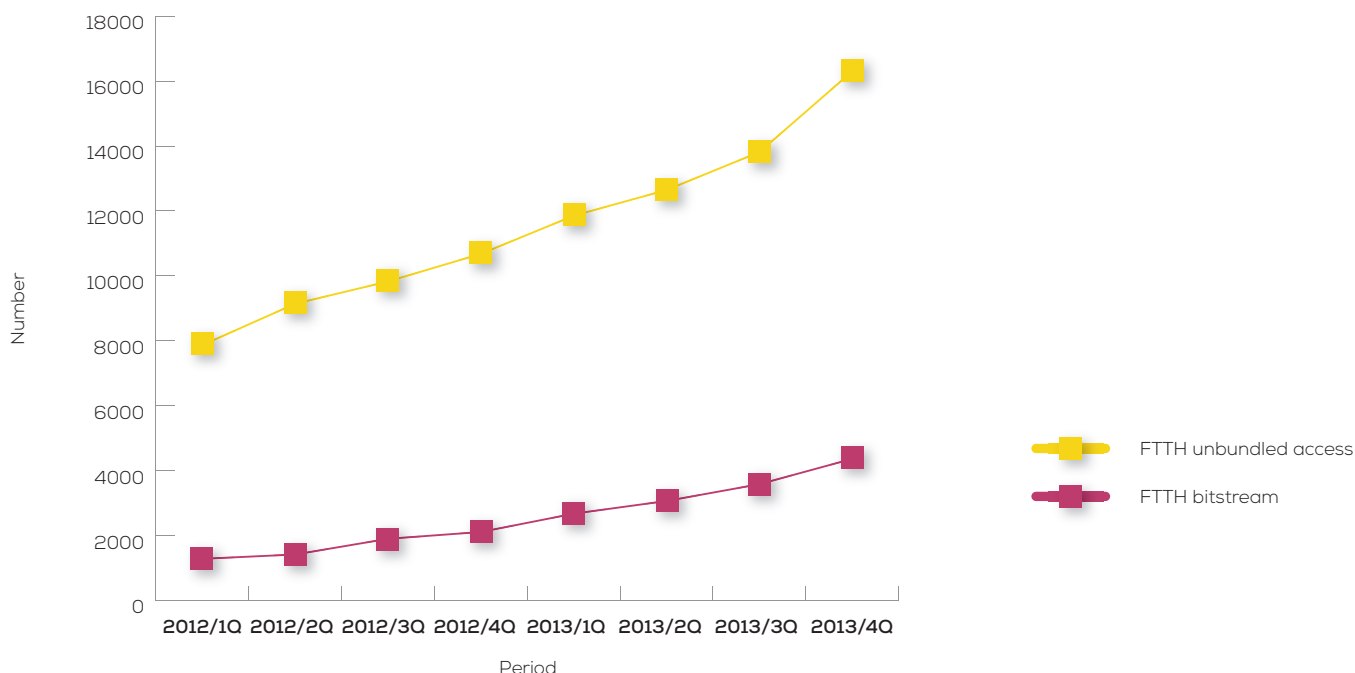
The Agency’s regulatory decisions make it possible for operators to obtain broadband access to the copper and fiber optics networks of Telekom Slovenije by individual connections. This allows operators which do not have their own networks, or have only partially built them, to provide broadband services to end users on the entire territory of the country and to compete in the retail market.

Figure 3: Number of xDSL connections by type of carrier access



The unfavorable economic conditions in the market and network expansions to rural areas have caused a small decline in types of access that require higher investments in equipment and switching to a different type of carrier-to-carrier access.

Figure 4: Number of FTTH connections by type of carrier access



An increasing amount of operators are using access to the network of Telekom Slovenije, d.d., as well as the open broadband networks (OŠOs) of other operators, which is the result of the positive effects of current regulations in place.

The Agency has been regulating the broadband access market at the carrier-to-carrier level on two relevant markets – access to physical network infrastructure at a fixed location and broadband access – since 2005. With the currently valid regulatory decision on the relevant market “Access to (physical) network infrastructure (including shared access and unbundled access) from a fixed location (carrier-to-carrier market)”, and the regulatory decision in the relevant market “carrier-to-carrier market”, the following obligations were imposed on Telekom Slovenije as an operator with significant market power: the obligation to allow carrier access to certain network capabilities and their use, the obligation to ensure transparency, the obligation of providing equal treatment, the obligation of price control, and cost-based accounting, and the obligation of separating accounting records. Within the scope of the obligation of allowing carrier access to certain network capabilities and their use in the relevant market for access to physical network infrastructure, the company is obliged to ensure access to the copper local loop, subloop, and fiber optics loop, building wiring, fiber optics splitter, ducts, pipes, dark fibers, and active ethernet (or other type) of connection.

3.2.1.5 Leased Lines

Leased lines are one of the cornerstones of the electronic communications market. They are used by network operators and service providers and other organizations as a basic transport infrastructure on which their services are based, while enterprises use them as a means of connecting their branches globally, and transport internet voice and data communications.

At the European level the perception of the leased line markets is moving to a different level in the preparation of the new Recommendations on Relevant Markets, which will be adopted in 2014, so that instead of traditional leased lines the market will represent the total range of business services at the wholesale level. The Agency is carefully monitoring how these recommendations are being finalized, and will perform all the required regulatory activities on this market as soon as possible.

3.2.1.6 Television

The development of television still has not stopped yet, as new innovations and technological improvements in this area continue. With the development and expansions of broadband networks, television has branched out onto transfer paths of modern technologies. Digital television providers offer interactive content in a creative way with the goal of meeting consumers' needs and demands. This has brought about the introduction of increasingly popular complementary services, such as time shift, online recorder, video on demand, online television for mobile devices, and similar. Digital television providers are also following the trends of growing use of social networks by offering access to them through TV sets.

The findings of the survey "Monthly Household Expenditures for Electronic Communication Services" show that nearly a half of end users opted for an IP TV connection because of bundling together with fixed telephone services, internet, etc. Compared to last year, this share has grown somewhat. The second most frequent reason is, much like last year, the range of available channels, and in the third place price.

The Agency has been regulating the wholesale market of terrestrial radio broadcasting since 2006 in the scope of the regulation of the relevant market "Transmission of radio broadcast content to end users (carrier-to-carrier market)" The regulation of the carrier-to-carrier market of transmission of radio broadcast content to end users pertains to the analog and digital transmission of radio broadcast content. In this relevant market the following obligations have been imposed on the public institute RTV Slovenija, as an operator with significant market power: the obligation of broadcasting services and providing access to broadcast infrastructure, the obligation of ensuring equal treatment, the obligation of ensuring transparency, the obligation of cost control and cost-based accounting, and the obligation of keeping separate accounting records.

On the basis of this regulatory decision that the Agency issued, operators have, under regulated conditions, access to locations and broadcast infrastructure of the public institute RTV Slovenija for broadcasting television programs over their own multiplex. Television program broadcasters also have the option to access, under regulated conditions, the multiplex capacities that are managed by the RTV Slovenija public institute.

3.2.1.7 Converged Services

The development of networks and modern transfer paths in the field of electronic communications still make it possible

for the convergence trend to continue growing at the level of network, equipment, and electronic communication services. Network convergence is also accompanied by service bundling, and together they are one of the most important tendencies of global development in telecommunications. Operators are investing in the development of new technologies and services based on the demand and the desire to strengthen their technological and economic position on the market. Bundled services are popular with residential as well as business users, as the price of a bundle is generally lower than the total of prices of individual converged services that the operator is offering independently.

According to the Agency's data, the number of connections with service bundles kept growing in 2013.

In the survey "Monthly Household Expenditures for Electronic Communication Services" it was established that the main reason for not using bundled services is lack of interest in using a plan, with the second reason being the lack of available options. Nearly a half of users of bundled services among respondents listed price as the most important reason, while a third listed the quality of service.

3.2.2 Main Activities of the Telecommunications Division in 2013

The main activities of the Agency in this area in 2013 were the regulation of relevant markets, and the preparation of a total of 29 general acts and recommendations.

3.2.2.1 Regulation of Relevant Markets – Mobile Communications

In the first quarter of 2013 the Agency conducted a new analysis of relevant market 7 "Call termination in individual public mobile telephone networks (carrier-to-carrier market)" in which it once again reviewed the state of competition in the said relevant markets. In accordance with the "Commission recommendation of 7 May 2009 on price regulation for call termination in fixed and mobile network in the EU" (hereinafter: Recommendation) it also proposed that pricing obligations be implemented which would follow the requirements of the Recommendation, and which would be based on the pure LRIC price of providing the call termination service. Because the Agency did not have the LRIC model for calculating prices of calls from public mobile telephone networks that would be fully-compliant with the Recommendation at the time, it proposed in the analysis that call termination pricing be set using the benchmark method; the analysis included the countries that have already calculated the prices of call termination in mobile networks based on appropriate LRIC models. Said analysis showed that the following operators have significant market power in individual relevant markets for call termination in mobile networks: Telekom Slovenje, Si.mobil, Tušmobil, and T-2. Along with price obligations (symmetric for all of them) the analysis proposed additional obligations for all of these operators, namely the obligation of allowing carrier access for the purpose of call termination, the obligation of equal treatment, and the obligation of transparency, including the publication of a reference offer. Based on the latest European legal practice the Agency decided to wait on regulating this relevant market until it can calculate the price using its own pricing model.

At the end of 2013 the Agency, in collaboration with an external contractor, began preparing its own cost model for calculating the prices of voice call termination in individual mobile telephone networks based on the Recommendation.

According to plans the cost model will be finished by March 2014.

3.2.2.2 Regulation of Relevant Markets – Fixed Communications

Based on the analysis of relevant retail market 1 “Access to the public telephone network at a fixed location for residential and business users” confirmed that Telekom Slovenije, d.d., is still an operator with dominant market power in this relevant market, and consequently issued a new regulatory decision in April 2013 with new obligations, which include the obligation of allowing operator access to network capabilities, which must also include the service of carrier-to-carrier lease of subscriber connections, the obligation of providing equal treatment, the obligation of providing transparency, the obligation of publishing a reference offer, and pricing obligations which include the obligation of price control, and cost-based accounting in the scope of which the company must form prices for all the services related to ensuring the carrier-to-carrier lease of subscriber connections according to the method “retail price -7%”, and the obligation of regulation of retail services in the scope of which the company was imposed with the prohibition of charging excessive prices to end users, and the formation of prices of monthly subscription fees for fixed telephone connections (PSTN, ISDN BA, ISDN PA, and IP telephone connections) in accordance with the price cap model. Using the price cap model the Agency set the maximum price for the service, which means that Telekom Slovenije, d.d., is free to set its prices even lower, if it assesses itself as sufficiently efficient. The price cap model showed that the prices for individual services (PSTN, ISDN BA, ISDN PA, and IP telephone connections) can be gradually increased. In the first half of 2013 the retail price of the basic PSTN connection was €10.74 (VAT incl.), and in the second half of 2013 it rose to €11.20. The calculated value of the price cap according to the model is X -0.25%, which means that Telekom Slovenije, d.d., will be gradually raising the retail price for its telephone connections at the rate of inflation +0.25% per year, or lower. In accordance with the decision, the last change based on the price cap is planned for 1 February 2016. The price cap is regulated by limiting its annual increase in order to protect consumers from excessive retail prices. The Agency selected external contractors through a public tender to calculate the price cap for retail services in this relevant market.

In December 2013, the Agency submitted into public discussion the analysis of relevant wholesale market 3 “Call termination in individual public telephone networks at a fixed location”, in which it designated the following operators, which terminate calls in in their own individual public telephone networks at a fixed location for the users of said networks to have significant market power: Amis, d.o.o., Detel Global, d.d., Eurotel, d.o.o., Mega M, d.o.o., Novatel, d.o.o., Si.mobil, d.d., Softnet, d.o.o., T-2, d.o.o., Telekom Slovenije, d.d., Telemach, d.o.o., and Tušmobil, d.o.o. The Agency proposed that all these operators be obliged to allow carrier access to network capabilities required for call termination, which means that Telekom Slovenije will have to allow direct IP network interconnection access upon a reasonable request; it also proposed that all operators be obliged to provide equal treatment, and the obligation of ensuring transparency, including the publication of a reference offer. Regarding pricing obligations the Agency calculated in the scope of pricing control and

cost-based accounting obligations the price of call termination according to the bottom-up “pure” LRIC method. For the requirements of future pricing regulation of fixed telephone carrier-to-carrier services the Agency, in accordance with the Recommendation of the European Commission on pricing regulation of call termination, and in collaboration with an external contractor, prepared its own cost model using the bottom-up “pure” LRIC method, which is at the same time weighted or balanced with the top-bottom data, as the European Commission also recommends in the Recommendation. The model is designed according to the technical model, which is based on modern efficient technologies, and not necessarily on the technology of an operator’s existing network. The proposed cost-based price for call termination in individual public telephone networks at a fixed location in accordance with the “pure” LRIC methodology is €0.0876 per minute (excl. VAT). The Agency also proposes that the operators with significant market power make a gradual transition from the current cost-based “pure” LRIC prices of efficient service provision for call termination at IX, SX, and PX levels in the TDM network towards the cost-based “pure” LRIC price of efficiently providing call termination service in an all-IP network. The Agency thus proposes that regulatory decisions be issued to all the operators with significant market power in the market of call termination in individual public telephone networks at a fixed location imposing the price of voice call termination of €0.0876 cents, which would come into effect as of 1 January 2015.

In 2013, the Agency conducted an analysis of carrier-to-carrier relevant market 10 “Transit services in the public telephone network” and established that said relevant market does not meet the criteria for ex ante regulation, and in October 2013 accordingly annulled the decision valid until then, which set Telekom Slovenije, d.d., as an operator with significant market power in said relevant market.

3.2.2.3 Preparation of General Acts and the Agency’s Recommendations

The new telecommunication legislation (ZEKom-1) came into effect on 15 January 2013, which meant that the Agency had the obligation of adapting secondary legislation, general acts, and recommendations in the required 6-month period. The total number of general acts and recommendations that the Agency had to adapt to the new legislation was 38, however not all of them are compulsory. By the end of 2013, the Agency had adopted and published in the Official Gazette of the Republic of Slovenia 25 general acts and 4 recommendations. During this time the Agency did not adopt 6 general acts, as it stated already in the beginning that this would not be possible, the reasons being a high level of required expertise and interconnectedness with the Agency’s further tasks. However, the Agency began with work on the General Act on Transfer Speeds Suitable for Functional Internet Access, and the General Act on the Method of Calculating Net Costs for the Universal Service already in 2013, and they are planned to enter the public consultation phase in early 2014. The preparation of the General Act on Internet Neutrality depends on the European Commission’s documents. Adoption of the General Act on Technical Questions for Access and Distribution Points, which will enable shared use, requires of the Agency to further its knowledge and communications in areas which were not a common part of work at the Agency before the adoption of ZEKom-1, and so it has to consult in the preparation and the presentation of this act with the interested public, which usually does not follow the Agency’s website or work.

3.2.3 Supervision of the Telecommunications Market

The Telecommunications Supervision unit is, together with the Information Commissioner of the Republic of Slovenia, responsible for supervision of compliance with those articles of ZEKom-1 – and the regulations and general acts adopted based on them – which pertain to telecommunications. We share supervision in the field of personal data processing, privacy protection of electronic communications, and data storage with the Information Commissioner. The Act defines the responsibilities clearly enough, so there are no disputes in this regard. In 2013, the Agency and the Information Commissioner collaborated successfully and professionally in preparation of General Acts and provided data to one another that are required for supervision.

In the scope of supervision procedures the Agency determines whether electronic communication service operators observe the obligations of ZEKom-1 and the regulations, general acts and individual acts adopted based on ZEKom-1, as well as the measures adopted by the Agency. If the Agency through its authorized persons discovers in a supervision procedure that there have been any violations of the legal acts mentioned above, it first obtains a statement from the offending party, and demands that it correct any irregularities discovered, while in a minor offense procedure it takes appropriate actions as the minor offense authority. ZEKom-1, which came into effect in the beginning of 2013, has removed the 30-day deadline for correcting irregularities, and thereby enabled the inspectors to demand that the irregularities discovered be corrected more effectively and faster.

In 2013, the Agency was handling supervision procedures regarding the execution of obligations imposed by decisions on operators with significant market power, the obligation of ensuring call service to the European single emergency number “112”, the obligation of ensuring the secrecy, privacy, and security of electronic communications, and other obligations imposed by ZEKom-1 or by general or individual acts, which were adopted based thereupon.

We conducted 939 supervision procedures ex officio, of which 839 were started in 2013. At the end of 2013 there were 511 cases still open. Of them 67.9% are related to the review of easement agreements in the construction of public communication networks, 26.2% are related to unrequested communication, and 5.9% to other issues. The Telecommunication Supervision Unit was given additional supervisory tasks with the adoption of ZEKom-1, especially relating to the construction of public communication networks, and the competencies previously held by the Inspectorate of the Republic of Slovenia for Electronic Communications and Electronic Signature. One inspector was transferred to the Agency from this Inspectorate. In addition to its regular work the Telecommunication Supervision Unit was, along with all other units, also involved in the project of preparing the public tender with a public auction for the frequencies for mobile services. In the 2013 Financial Plan we planned to employ new personnel for the requirements of supervision of infrastructure construction and for the establishment of a system for the verification of the quality of broadband services. As the Financial Plan was not approved, we were not able to hire new employees. The result of this is that, effectively speaking, the number of inspectors did not change, while the scope of their tasks grew immensely, as is evident from above numbers. Because of their significant impact on the telecommunications market and said lack of human resources, we assigned the highest

priority to the procedures relating to ensuring competitive conditions in the electronic communications market, protecting subscribers' rights, and the privacy of communications.

A high percentage of supervisory procedures (33.8%) that the Agency conducted was related to ensuring communication secrecy and privacy, a large part of which were reports of unrequested communications. In 2013, the Agency continued resolving issues relating to the lack of submission of required data for ongoing monitoring of the development of the electronic communication market. In relation thereto, the Agency conducted 37 supervisory procedures against operators which failed to submit quarterly or annual data. The Agency also launched procedures in accordance with the Minor Offences Act against those operators which persistently violated this demand. We find that these measures are proportionate and effective enough, as the number of late submissions is declining, and we have ensured that the data the Agency requires for completing its regulatory tasks is available in due time.

When required in supervision procedures the Agency collaborated with other bodies competent for supervising the provisions of ZEKom-1. The majority of collaboration was with the Information Commissioner of the Republic of Slovenia in the area of ensuring secrecy and privacy of electronic communications (unwanted communications, telephone conversation recording, etc.), the Competition Protection Office of the Republic of Slovenia regarding the suspicion of discrimination in error repairs, the Market Inspectorate of the Republic of Slovenia, and the Information Commissioner of the Republic of Slovenia in the preparation of a joint proposal for changes to the legislation that would regulate sending e-mail between companies with the goal of direct marketing and the Inspectorate of the Republic of Slovenia for Internal Affairs regarding legal interception of communications.

3.3 ELECTRONIC MEDIA

3.3.1 The Current State in the Electronic Media Market

3.3.1.1 Radio Market

The small Slovenian radio market has two distinguishing characteristics – a very large number of radio stations, and the lack of segmentation, which is the result of a small, yet saturated radio market. At the end of 2013 there were 58 radio broadcasters in Slovenia, holding a total of 89 radio broadcasting licenses. As a third of radio stations are connected into radio networks, this means that in spite of a large number of radio stations we cannot claim there is a good range of diverse content.

The whole territory of the Republic of Slovenia, and thereby also the whole population, is covered by the three stations of the public institute RTV Slovenija, namely A1, Val 202, and Ars. Among privately-owned stations, the non-profit Radio Ognjišče has the greatest coverage, however we should also mention the connected broadcasters, i.e. those connected into radio programming networks covering larger areas of the Republic of Slovenia.

3.3.1.2 Radio Networks

There are a total of 5 radio programming networks based on 34 licenses to 17 broadcasters. 15 out of those 17 broadcasters are connected in accordance with Article 83 of the Media Act (ZMed) into 4 radio programming networks, based on 32 licenses, while two broadcasters are connected in accordance with paragraph 2 of Article 79 of ZMed into a regional program, and the regional radio network of local radio stations named Primorski val, which is based on two licenses. None of the licenses is included in more than one network.

The list of individual networks:

- Radio 1 is based on 17 licenses (6 license holders),
- Radio Center is based on 7 licenses (5 license holders),
- Radio Antena is based on 6 licenses (3 license holders),
- The regional radio programming network Radio 94 is based on 2 licenses (2 license holders),
- Primorski val is based on 2 licenses (2 license holders),

3.3.1.3 Radio Broadcasting Licenses

In 2013 the Agency processed 21 administrative issues regarding radio broadcasting licenses, of which 6 were carried over from 2012, and 15 were new ones. Six administrative procedures were launched at the request of the party, and 19 ex officio. The analysis of radio broadcasting licenses issued in 2013 shows a decrease in the number of all types of applications to nearly a half, which could be the result of a consolidation of the ownership structure and the types of radio programming.

In the administrative procedures launched at the party's request, the Agency processed 3 applications for changing the radio broadcasting license in which the license holders wanted to change the basic programming requirements from the licenses, and 6 applications for transferring the radio broadcasting license.

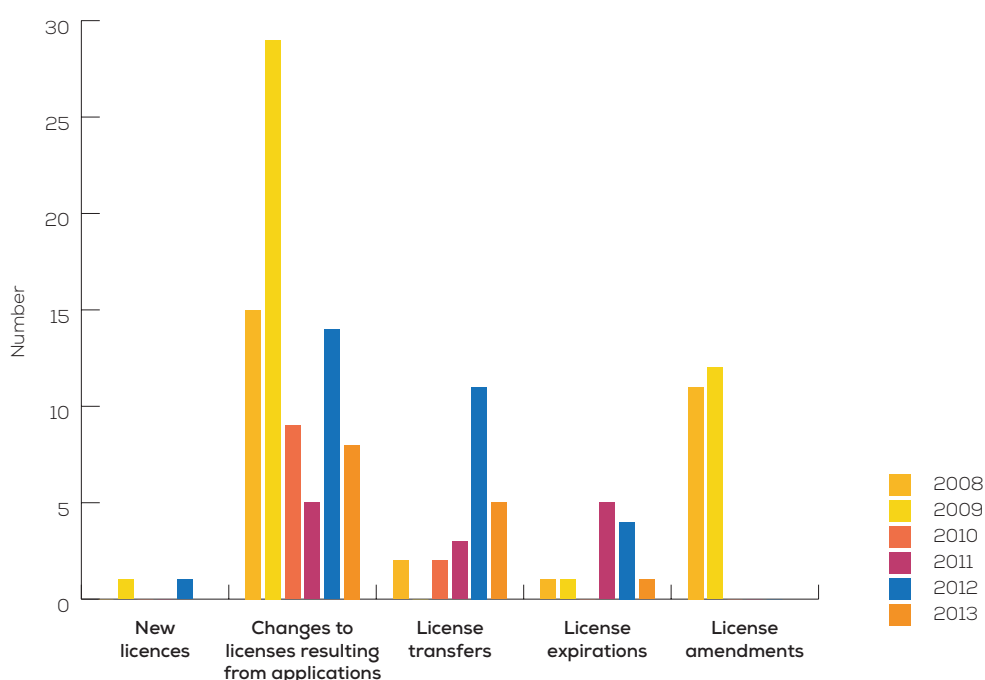
By the end of 2013 the Agency issued:

- 6 new radio broadcasting licenses based on applications for changes to the license, with the old licenses being suspended;
- 5 new radio broadcasting licenses based on applications for transferring the license, with the old licenses being suspended;
- 8 alterations to radio broadcasting licenses made ex officio because of changes to the information about the license holder (change of the holder's address or headquarters, or changes to legal representatives), or changes to the station name, with the old licenses being suspended;

- 1 declaratory decision on the expiration of radio broadcasting licenses issued ex officio, because of the radio station being stricken from the Media Register that is administered by the applicable ministry.

In its analysis of the data on the issued radio broadcasting licenses the Agency detected a significant decrease in the number of radio stations that ceased broadcasting in 2013, as it only issued one declaratory decision on the expiration of a radio broadcasting license. In 2013, the number of applications for changes to the license decreased by nearly a half, and consequently also the issue of new and altered radio broadcasting licenses. Most of these license changes did not alter the basic programming requirements significantly. The Agency transferred 5 radio broadcasting licenses to a different company or person who fulfilled the required conditions for obtaining the license based on applications from license holders. This is a decrease in such applications to just one half, compared to last year, reflecting the activities on the market in the sense of changes to the ownership structure of radio broadcasters.

Figure 5: Radio broadcasting licenses issued between 2008 and 2013



source: AKOS, 2013

3.3.1.4 Television Market

At the end of 2013 there were 86 valid television broadcasting licenses in Slovenia. There are 16 holders of active rights to broadcast television programming in the digital radio broadcasting technology in the area of the Republic of Slovenia, 6 holders of allotments for individual geographic areas, and 8 holders of allotments for smaller local areas.

3.3.1.5 Television Broadcasting Licenses

In 2013, the Agency processed 28 administrative issues regarding television broadcasting licenses, of which 1 was carried over from 2012, and 27 were new ones. 10 administrative procedures were launched by request, and 17 ex officio. Two administrative procedures will be carried over into 2014.

There was a significant decrease in the number of television stations that ceased broadcasting in 2013, as the Agency only issued one declaratory decision on the expiration of a television broadcasting license, while at the same time the trend of new television stations coming to market remains basically unchanged with regard to 2012.

In the administrative procedures launched at the party's request, the Agency processed 7 applications for obtaining television broadcasting licenses, one application for changing a television broadcasting license in which the license holders wanted to change the basic programming requirements from the licenses, and 2 applications for transferring a television broadcasting license.

By the end of 2013 the Agency issued:

- 5 television broadcasting licenses based on applications for acquiring a license, of which one was dismissed by decision;
- 1 decision for changes to the license was dismissed;
- 2 new television broadcasting licenses based on applications for changes to the license, with the old licenses suspended;
- 8 alterations to television broadcasting licenses made ex officio because of changes to the information about the license holder (change of the holder's address or headquarters, or changes to legal representatives), or changes to the station name, with the old licenses being suspended;
- 8 declaratory decisions on the expiration of television broadcasting licenses issued ex officio because of the station being stricken from the media register that is administered by the applicable ministry;
- 3 amendments to television broadcasting licenses with special provisions that the license holder took on at public tenders, made ex officio, with the old licenses suspended.

In its analysis of the data on issued television broadcasting licenses the Agency, discovered that in 2013 the growth trend of adding new television programming in Slovenia in the past few years decreased somewhat, as the Agency issued slightly fewer television broadcasting licenses for new television stations (5) than in the past year. Taking into account the fact that in 2013 one television station ceased its operations, the number of television stations is actually growing considerably. The Agency only issued one declaratory decision on the expiration of a television broadcasting license in 2013, which means that the trend shows a decline in the number of television stations that ceased operations in the past few years due to the economic downturn or other reasons. In 2013, the number of applications for changes to the licen-

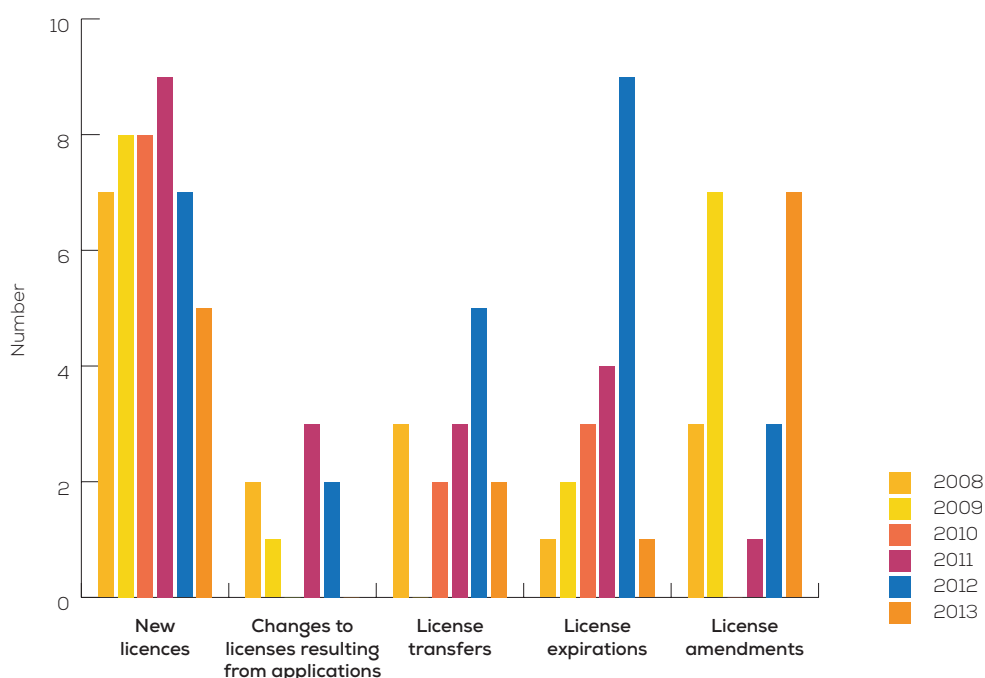
se decreased significantly, and consequently also the issue of new and altered radio broadcasting licenses. The Agency transferred 2 television broadcasting licenses to a different company or person who fulfilled the required conditions for obtaining the license based on applications from license holders, which means that there were no major changes in the ownership structures among broadcasting television programming companies.

Figure 6: Licenses issued for new television stations in 2013

Broadcaster	Station
TELEVIZIJA SLOVENJ GRADEC d.o.o., PE SLOVENJ GRADEC	ALPE ADRIA TV
Antenna TV SL d.o.o.	PRIMA TV
TIPK d.o.o.	TIPK TV
Center za mladinsko kulturo Kočevje	TV Kočevje
FOLX TV d.o.o.	FOLX TV

source: AKOS, 2013

Figure 7: Television broadcasting licenses issued between 2008 and 2013



source: AKOS, 2013

In 2013 the Agency still faced the issue of not receiving timely notifications from television and radio license holders regarding changes to the information on the license holder or station name, which could lead to inaccurate data on the license holder or the station name in individual licenses, however the Agency developed the online e-APEK tool, which helped ensure better responsiveness from license holders due to its online nature.

3.3.1.6 On Demand Audiovisual Media Services

The implementation of the Audiovisual Media Services Act (ZAvMS) gave the Agency new competencies, including the supervision of on demand audiovisual media services. On demand audiovisual media services providers are now required to notify the Agency about their operations, and the Agency is also competent for administering the official record of providers of on demand audiovisual services.

In 2013 the Agency received 7 applications for audiovisual media services, and for the service Voyo from provider POP TV, d.o.o., Ljubljana already 2012.

Figure 8: The On Demand Audiovisual Media Services that were registered in 2013

Provider	Service name
AMIS, d.o.o.	Videosvet
TIPK d.o.o.	TiTV
Tsmedia, d.o.o.	Dajmedol
TELEKOM SLOVENIJE d.d.	DKINO
TELEKOM SLOVENIJE d.d.	VIDEOMANIA
Domates d.o.o. Portorož	www.sponka.tv
Telemach d.o.o.	Video klub

source: AKOS, 2013

3.3.1.7 Stations of Special Importance

In 2013 the status of a regional station of special importance was revoked for the radio station Radio Sora, and it was granted the status of a local station of special importance.

Six radio stations have the status of a local station of special importance (Radio Gorenc, Radio Robin, Radio Triglav, Radio Univox, Radio Sora, and Radio Velenje), along with 6 television stations (ATV SIGNAL LITIJA, Gorenjska televizija – GTV, KANAL 10, MEDIA TV, TELEVIZIJA CELJE, and TV AS), while 9 radio stations have the status of a regional station of special importance (Koroški radio, Radio Celje, Radio Kranj – Gorenjski megasrček, Radio Kum, Radio Murski val, Radio Ptuj, Radio Slovenske gorice, and Radio Štajerski val), along with 3 television stations (RTS, VAŠ KANAL, and VAŠA TELEVIZIJA (VTV)), with Radio Študent holding the status of a student station of special importance, and Radio Ognjišče a non-profit station of special importance. Along with these two more radio stations which are included in the regional network of local radio stations Primorski val have the status of a local station of special importance, namely Alpski val and Radio Odmev.

3.3.2 Main Activities of the Electronic Media Division in 2013

3.3.2.1 Public Tenders

Multiplex C, operated by RTV Slovenija, began operations on 14 October 2013. Before the launch of multiplex C, the Agency received information from RTV Slovenija that upon launch the stations from broadcasters which at that time already had a broadcasting license for the digital terrestrial network, and were using multiplex A at the time, could take up only up to 56% of the multiplex's capacities. This means that upon launch the operator would have had capacities for inclusion and broadcasting of at least six additional television stations in standard definition (SD), and thus the Agency held a public tender for assigning 6 licenses for digital television broadcasting in the territory of the Republic of Slovenia. Because it wanted to ensure the maximum diversity of content and to facilitate a decrease of costs for broadcasting individual television station by having a large number of stations present on multiplex C, it offered the available rights through a public tender to broadcasters from the Republic of Slovenia, as well as to those from other countries which had interest in digital television broadcasting in the territory of the Republic of Slovenia. Even before the launch of multiplex C the Agency concluded this public tender, awarding the rights to 6 providers, namely TOP TV Media, d.o.o., for the station TOP TV, ČARLI, d.o.o., for the station Čarli TV, PETELIN, d.o.o., for the station TV Petelin, VA VIDEO AUDIO FILM, d.o.o., for the station TV Primorka, ANTENNA TV SL, d.o.o., for the station Prima TV, and the Mediatravel institute, Ljubljana for the station MT.TV.

In the beginning of 2013 the Agency concluded 6 public tenders for awarding a license for disseminating television programming in digital broadcasting, which were launched in October 2012 for six local areas: for the Litija area, for the area between Ajdovščina and Bovec, for the area between Ilirska Bistrica and Sežana, for the area between Koper and Sečovlje, for the area between Ravne na Koroškem and Celje, and for the area of Murska Sobota. In each of the areas the Agency put 3 licenses up for tender. It awarded a total of 5 licenses, namely 2 for the area of Murska Sobota (to TV IDEA – Kanal 10, d.o.o. for the television station KANAL 10, and HI-FI Videostudio, d.o.o., for the television station TV AS), and one license for the areas of Litija (ATV BABNIK & CO, d.n.o., for the television station ATV SIGNAL LITIJA), area between Ajdovščina and Bovec (VI-TEL, d.o.o., for the television station VITEL), and for the area between Ravne na Koroškem and Celje (TV Celje, d.o.o., for the television station TELEVIZIJA CELJE).

As there was still some interest for digital television broadcasting in the areas between Ajdovščina and Bovec, between Ravne na Koroškem and Celje, and between Ilirska Bistrica and Sežana after the public tenders were concluded, and since some capacities were still available, the Agency initiated new public tenders in these areas at the end of April 2013. In each of these areas it awarded one license, namely to: ALTERHDTV, IGOR PETERNELJ, s.p., for the television station GO -Tv, VTV VELENJSKI TELEVIZIJSKI STUDIO, d.o.o., for the television station VAŠA TELEVIZIJA (VTV), and to the institute ZAVOD ZA TELEVIZIJSKO DEJAVNOST TV GALEJA Ilirska Bistrica for the television station TV GALEJA.

3.3.2.2 General Act on the Protection of Children and Minors in Television Programming and On Demand Audiovisual Media Services

On 14 October 2013 the Agency published the General Act on the Protection of Children and Minors in Television Programming and On Demand Audiovisual Media Services in the Official Gazette of the Republic of Slovenia, in accordance with Article 14 of ZAvMS. The General Act defines programming content that could cause grievous harm to the physical, mental, or moral development of children or minors (hereinafter: the development of children or minors), and programming content that could harm the development of children and minors, and sets the level of protection in the programming content defined in the General Act, along with the guidelines for broadcasting them. The guidelines help providers and the Agency in categorizing programming content, and help in judging the context and realism of programming content, its effects, the valuation of the acts shown, the manner of treating the topic, etc., and explain which type of content providers must categorize with special caution (violence, dangerous behavior, scary content, consumption of tobacco products, drugs, alcohol, and other harmful substances, inappropriate language, nudity, sexuality, and discrimination).

The General Act defines in greater detail the characteristics of programming content which could harm the development of children and minors, and which is inappropriate for certain age categories, as defined by the Act (12, 15, and 18 years). Broadcasting such programming content on television stations is only allowed if they are limited with a suitably selected time of broadcasting, as defined in the Act (9 PM, 10 PM, 12 midnight), or with a technical protection. A special category is content that is appropriate for all age groups, but includes scenes that might upset children below 12, or might not be understandable without adult supervision. Such programming content may be broadcast without temporal or technical limitations, but with a suitable warning. Also any other programming content that may harm the development of children and minors must be marked with an audio and visual warning, and a visual symbol that is determined by the ministry competent for the media in an executive act. Compulsory technical protection in television programming is only required for explicit sexual content.

The General Act also details broadcasting programming content which could harm or could gravely harm the development of children and minors in on demand audiovisual services. Due to the nature of access to such services, the General Act does not present any temporal limitations for them, but institutes a technical protection for programming content that is not suitable for children and minors under 18, explicit sexual content, and for content that could gravely harm the development of children and minors, and that can only be broadcast in on demand audiovisual media services (while in television broadcasting such content is prohibited). Besides this the on demand audiovisual media service provider must classify any content that is sexual, explicitly sexual, and gravely harmful for the development of children and minors in a special section of the catalog, so that they are separate from other content. Programming content that might gravely harm the development of children and minors must be accompanied by information that would unmistakably inform the users that such programming might gravely harm the development of children and minors, while content that could harm the development of children and minors must be accompanied by the same kind of warning as for television broadcasting.

3.3.2.3. Media Classroom

In the scope of the Media Classroom project the Agency has for several years worked at organizing workshops on media policies. In 2013, it organized three well-received events:

Media in the Digital World: European Outlooks

Alongside the plenary meeting of the Body of European Regulators of Electronic Communications (BEREC) in Ljubljana, the Agency organized on 6 March 2013 an international workshop on the opportunities of the European media industry in connection with modern options of content transfer. Renowned experts and officers from international organizations, the industry and the academic world took part in the workshop, including: European Commission representative Lorena Boix Alonso, scientist Caroline Pauwels, a member of the Media Futures Forum which the European Commissioner Nelie Kroes organized, the Director General of the European Broadcasting Union EBU Ingrid Deltenre, EBU's expert on distribution of media content Peter MacAvock, Lisa di Felicianantonio from the Italian Fastweb, and the President of the European Platform of Regulatory Authorities EPRA Jean-François Furnémont. 140 participants took part in the workshop, most of them the highest representatives of European regulators for telecommunications, some media regulators, representatives of Slovenian media content and service providers, policy-makers and the interested public.

Regulation of Digital Media

In order to prepare and hold the workshop on digital media regulation, which took place on 3 December 2013, the Agency engaged three international experts with experience in European Union and United Nations projects (dr. Katrin Nyman-Metcalf, Dieter Loraine, and Douglas Griffin), and together with them prepared a program on European media policies, legislative media administration and regulation, and current policies and trends in electronic communications related to media services. Special focus was on the position of regulators and the legal and practical challenges in the scope of convergent services and new media. 30 attendees took part in the event, along with the Agency employees and representatives from television broadcasters, telecommunication companies, Broadcasting Council, and the Media Directorate at the Ministry of Culture, who significantly contributed to the quality of discussion with their perspectives and experience.

Supervision of Programming Content by Smaller Regulators

At the meeting of regulators from Slovenia, Croatia, and Belgium, which took place on 10 December 2013, the representatives of the Agency, Broadcasting Council, the Croatian Agency for Electronic Media and the Council for Electronic Media, and the Belgium Higher Council for Audiovisual Policies (Conseil supérieur de l'audiovisuel) exchanged their views on the policies of supervising programming content and on the practical aspects of supervision. The panel posed the question of how to most effectively organize supervision for regulators with relatively low amounts of human resources, and among other issues focused also on the supervision of quotas of European audiovisual works and content from indepen-

dent producers, and other areas of monitoring required by European or national regulations. Because of the immense amounts of data that the regulators must process for the execution of an individual procedure (when establishing annual quotas, for example, there are 10,000 programming units for each TV station), and which are further increasing with the growth of new media, solutions are being sought in the development of credible methods of statistical sampling, and replacing the system of compulsory shares of content with other methods of encouraging production and showcasing media content which is in the public interest.

3.3.3 Television and Radio Programming Supervision

The Agency administered 75 supervisory procedures on television and radio broadcasters in 2013, of which it concluded 46, and only 2 were initiated at the request of the party. The Agency administered 13 procedures on radio broadcasters, while the other procedures (60) were on television broadcasters.

In 2013, the Agency began publishing on its website all its decisions regarding the supervisory procedures on radio and television broadcasters (before only final decisions, now only the decisions on the end of the procedures), and the providers of on demand audiovisual media services, which increased the transparency of the Agency's operations regarding supervision in the field of electronic media.

3.3.3.1 Television Programming Monitoring

The Agency initiated all the procedures supervising television programming which were concluded during the last year ex officio, most of them (48) with the goal of establishing shares of audiovisual works in television programming for 2011 and 2012, of which 36 projects were concluded.

Supervision of Meeting the Quotas of Audiovisual Works in TV Programming for 2011

The Agency established that in 2011 out of 80 holders of television broadcasting licenses, 36 were obligated to submit reports on meeting the quotas for audiovisual works. The data from the submitter reports showed that especially the broadcasters of smaller television stations, and the broadcasters of stations that faced severe financial difficulties in 2011 (companies in compulsory settlement or bankruptcy procedures) had problems administrating the data on broadcasting audiovisual works, with preparing the reports, and especially with meeting the required quotas for audiovisual works. In 2011, the Agency initiated 26 supervision procedures, of which 12 were initiated against stations because of failure to submit the data, and the rest for verifying whether the quotas in the past year were actually met.

The Agency verified whether the quotas of European audiovisual works were met at 17 television stations, while at 4 stations (POP TV, KANAL A, POP BRIO, POP OTO) these quotas could not be verified, as the broadcaster did not submit the requested data on the European audiovisual works actually broadcast to the Agency. The broadcasters claimed that

they did not have the obligation of archiving the data as required by the Act for most of 2011, until ZAvMS came into effect on 17 November 2011. Based on all the 25 completed inspection procedures, the Agency found that 2 stations were no longer broadcasting in 2011 (EPTV and TV Pika), while three stations (TUR-TV, PINK SI, and i-TV) did not meet the required quotas of European audiovisual works, and also submitted well-founded and objective reasons for non-compliance, while 33 stations achieved the quotas for European audiovisual works in 2011.

The Agency also administered expert supervision procedures for 14 television broadcasters, in which it was verifying the achieved quotas of Slovenian audiovisual works for 2011. The Agency established that the five stations of the public institute Radiotelevizija Slovenija (SLO1, SLO 2, TV Koper Capodistria – Regional, TV Koper Capodistria – Italian, Televizija Maribor – Tele M) met the quotas for Slovenian audiovisual works in individual stations, and the total shares for Slovenian audiovisual works and Slovenian audiovisual works by independent producers on the stations SLO 1 and SLO2, and the total share of audiovisual works by independent producers in the four television stations SLO 1, SLO2, TV Koper Capodistria – Regional, and Televizija Maribor – Tele M were also appropriate. In the procedures of expert supervision of the three other television broadcasters (POP SPOT, POP Brio, Pink SI), the Agency established that they met the quotas set in the ZAvMS, while in procedures of another six television broadcasters (POP TV, KANAL A, POP OTO, POP KINO, POP KINO 2, POP FANI) the Agency established that they did not achieve the quotas, and the Agency accordingly issued them decisions with a warning, and a deadline for meeting the quotas in 2014, and submitted the requests for launching minor offense procedures with the Inspectorate for Culture. The Agency's work in the procedures of supervising whether broadcasters had met the quotas in 2011 was very extensive, as 42,000 broadcasts of European audiovisual works and just fewer than 9,900 broadcasts of Slovenian audiovisual works were reported by television broadcasters.

Supervision of Meeting the Quotas of Audiovisual Works in TV Programming for 2012

The Agency established that in 2012, out of 82 holders of television broadcasting licenses, 34 were obligated to submit reports on meeting the quotas for European audiovisual works. In line with the European Commission Guidelines, along with stations holding status of local television stations of special significance, and stations aimed at a local audience for advertising, television sales, and self-advertising, the smaller television stations with ratings shares in 2012 below 0.3% of annual average ratings of all television stations available in the Republic of Slovenia (the so-called tolerance threshold) were also exempt from submitting reports, whereby their total annual average ratings share did not surpass 10% ratings of all television stations in the Republic of Slovenia. Based on the legal exceptions listed above, and the 2012 ratings data for from ABG Nielsen, d.o.o., the Agency established that broadcasters of 16 television stations were obligated to submit reports on the data on meeting quotas for European audiovisual works for 2012.

The Agency decided to verify the data on broadcasters on achieved shares of audiovisual works for 2012 as well. For this purpose it launched procedures on 8 television stations in 2013, all of which will be completed in 2014. Since ZAvMS came into effect on 17 November 2011, broadcasters have been obligated to administer appropriate data on all the broadcast European audiovisual works for all of 2012, and submit them to the Agency (broadcasts of 61,482 Slovenian or European

audiovisual works were submitted), and accordingly the Agency believes that it will be able to verify the data on achieved quotas for all TV stations that were included in the supervisions. Due to large numbers of submitted data on broadcast audiovisual works, the Agency introduced sample methods of verification of submitted data which will make it possible to verify the data faster and more effectively.

The Question of Regulating “Localized” Foreign Stations which Are Broadcast in Slovenian Cable and IPTV Systems

During the past year the Agency was resolving the important question regarding the regulation of an increasing number of foreign “localized” television stations which are broadcast in Slovenian cable and IPTV systems, and are fully disseminated in Slovenian or with Slovenian subtitling, some of them even with partial or full Slovenian advertising, marketed by a Slovenian advertising agency. The report showed that this is not just a retransmission of programming, unaltered from a foreign source into our cable and IPTV systems, but locally altered programming, which are altered by local cable or telecommunication operators, which is why the person who submitted the report believes that such programming falls under the jurisdiction of the Republic of Slovenia, i.e. they should be entered into the Media Register and hold a license for conducting television activities.

The Agency referred the report to the Inspectorate of the Republic of Slovenia for Culture and Media, which has competence over the provisions of ZMed regarding entry into the Media Register, however before referring the matter to them, it resolved the issue of jurisdiction over said programming, as this falls under the Agency’s supervisory competences. It was established for all of these stations that they are licensed in one of the European countries, most of them in the United Kingdom (where there is even a special licensing system for all of these “localized” stations (<http://licensing.ofcom.org.uk/binaries/tv/licensing-position.pdf>)). All of the broadcasters of these television stations have their headquarters or permanent residence outside of the Republic of Slovenia, also all of their editorial boards are outside of the Republic of Slovenia, and consequently none of the most significant editorial decisions regarding these programs are reached in the Republic of Slovenia. In order to conduct the assessment of jurisdiction over said television stations according to other criteria from Article 4 of ZAvMS, either the broadcaster or the editorial board would need to have headquarters or permanent residence in the Republic of Slovenia, so the Agency established that none of these stations falls under the jurisdiction of the Republic of Slovenia, and referred the matter to the Inspectorate. It bears emphasizing that the Directive on Audiovisual Media Services imposes on EU member countries to provide a free transfer of information and audiovisual programming within the EU, hence individual countries should not impose additional licensing systems, with only one EU member country being competent for an individual audiovisual media service provider. The full analysis is available on the Agency’s website.

3.3.3.2 Radio Station Monitoring

In 2013, the Agency conducted the expert supervision procedure after receiving the application from the broadcaster of Radio Prlek for obtaining the status of a local radio station of special importance. The Agency verified all the required con-

ditions for the status and established that the station does not meet certain programming criteria, and issued a decision that the broadcaster of Radio Prlek should not be awarded the status.

During the past year, two other expert supervision procedures were completed in which the Agency supervised compliance of the broadcast network parts of programming with the broadcasting licenses. The Agency administered the procedure against the broadcaster Radio Pro 1, d.o.o., who during the broadcast of the network share (radio network Radio 1) of programming from Radio 1 Krvavec, ENA KR, Radio 1 Obala, ENAKP, and Radio 1 107.9; ENA LJ did not at the same time broadcast the same content, i.e. did not broadcast the network share of programming, and the Agency issued a decision with a warning, and imposed on the broadcaster to cease with violations by a certain deadline. The Agency issued a similar decision in the supervision of the broadcaster Radio Center, d.o.o., for Radio Center Slovenija, who failed to broadcast the same content at the same time, i.e. did not broadcast the network share of programming of Radio Center.

3.4 RADIO SPECTRUM

3.4.1 The Current State in the Telecommunications Market

3.4.1.1 Radio communications market – Radio

At the end of 2013, there were 342 decisions on the assignment of radio frequencies for audio broadcasting in the FM band, and 5 decisions on the assignment of radio frequencies in the mediumwave broadcast band in force. Of these, the public institute RTV Slovenija was the holder of 175 decisions on the assignment of radio frequencies in FM band and 4 in the mediumwave broadcast band. Like in previous years, there were no public tenders for assigning new radio frequencies for FM audio radio broadcasting launched in 2013.

In 2013, there was no major development in digital radio, and on 12 November 2013 the validity of the decision on assigning radio frequencies for T-DAB, held by the public institute RTV Slovenija for broadcasting from Krvavec at the 12B frequency, expired.

3.4.1.2 Radio communications market – Television

At the end of 2013, there were 164 valid decisions on the assignment of radio frequencies for individual broadcasting locations for multiplex A, and 90 decisions on assigning radio frequencies for individual broadcasting locations for multiplex C, with the public institute RTV Slovenija being the operator of both multiplexes. The operators of local multiplexes at the end of 2013: ALTERHDTV Igor Peternejl, s.p., ATV Babnik & Co, d.o.o., Litija, Domates, d.o.o., Portorož, HI-FI d.o.o., VTV Studio, d.o.o., and the institute Zavod TV Galeja Ilirska Bistrica.

In 2013, the following channels of the public institute RTV Slovenija were broadcast over multiplex A (at the national level: TV SLO 1, TV SLO 2, TV SLO 3; in the coverage area West: TV Koper Capodistria; in the coverage area East: Tele M) and the privately-owned channel Vaš kanal (in the coverage area Center). Until 14 October, the privately-owned channels POP TV, Kanal A, Planet TV, TV 3, and Golica TV were broadcast over multiplex A, and from November TV SLO 1 and TV SLO 2 were also broadcast in high definition. In April, the Agency defined a more advanced and efficient audio encoding standard, AAC MPEG-4, for multiplex A, and in July it issued a decision for the existing MPEG-1/II standard to continue being used, as the switch could cause additional costs for those viewers who would have to replace their set-top boxes or even TV sets. In 2013, the operator conducted some small-scale optimizations to its network, however there was no change to population coverage with multiplex A, as it remained at just over 98% at the end of the year.

After the public tender in mid-December 2012, the Agency issued a decision to the public institute RTV Slovenija on assigning radio frequencies for multiplex C. By mid-July 2013, they obtained 89 decisions on assigning radio frequencies for individual broadcast locations. At the end of July, the Agency issued a decision to the operator of multiplex C determining the use of the existing audio codec MPEG-1/II because some viewers might have issues with the more advanced and efficient sound encoding standard AAC MPEG-4. At the end of October the Agency received a notification that the multiplex C network would be operational as of 14 October 2013, providing coverage to 96% of the population of the Republic of Slovenia. Because it is set in the decision for the operator of multiplex A that multiplex A frequencies may be used for broadcasting not only public radio and television channels, and other stations of special importance for the Republic of Slovenia, but also others – however only until multiplex A is the only operating DVB-T multiplex with national coverage – on 14 October 2013 the privately-owned stations POP TV, Kanal A, Planet TV, TV 3, and Golica TV were relocated from multiplex A to multiplex C. At the end of 2013, these 5 privately-owned stations broadcast over multiplex C at the national level, with the population coverage of multiplex C reaching 96%.

In 2013, there were no major changes to the operators of local multiplexes, as the Agency only issued one decision to the operator Domates, d.o.o., Portorož on assigning radio frequencies for one individual broadcast location. At the end of 2013, the operators of local multiplexes were still ALTERHDTV Igor Peternej, s.p., Nova Gorica, for the coverage area between Ajdovščina and Bovec, ATV Babnik & Co., d.n.o., Litija, for the coverage area Litija, Domates, d.o.o., Portorož, for the coverage area between Koper and Sečovelje, Hi-Fi, d.o.o., for the coverage area Murska Sobota, VTV Studio, d.o.o., for the coverage area between Ravne na Koroškem and Celje, and the institute TV Galeja, Ilirska Bistrica, for the coverage area between Ilirska Bistrica and Sežana. The Agency issued a total of 9 decisions on assigning radio frequencies to the operators of local multiplexes for their individual broadcast locations.

3.4.1.3 Trends in Technology

For radio networks for the infrastructure of mobile operators, the switch from the traditional to the packet-based traffic (IP/Ethernet) used in new generations of mobile communications is still an ongoing process. In the past few years the use of Co-Channel Dual-Polarization (CCDP) connections with a higher level of modulation and dual polarization has gained

popularity, especially for backbone networks, which doubled the capacity of connections. These connections use the Cross-Polarization Interference Cancellation (XPIC) mechanism. The combination of these two modern technologies has greatly increased capacities of directed links at nearly identical channel bandwidth.

For private mobile radio (PMR) communications narrow channels and digital technology (DMR) are gaining in popularity. This significantly lowers the possibility of mutual interference.

Operators of public mobile communications also obtained a license for using the advanced LTE technology in the 2 GHz frequency bands, which were until then only used for UMTS. Such a change to decisions for the 900 MHz and 1800 MHz bands was already effected earlier. In accordance with long-term Radio Frequency Spectrum Policy Program (RSPP) a public tender was launched in 2013 for assigning the unallocated part of the spectrum and the part of the spectrum to be released in 2016. For the first time in the Republic of Slovenia an auction was used for awarding radio frequencies.

With regard to users' demands for greater data transfer speeds and obligations from the Digital Agenda, new options for licensed shared use of spectrum (LSA, ASA) are opening up. This technology will make it possible to establish access systems (on a secondary basis) on frequency bands which were allocated to other services (e.g. broadcasting).

3.4.2 Main Activities of the Radio Spectrum Division in 2013

3.4.2.1 Executive Acts

In 2013, the Agency, in accordance with ZEKom-1, prepared and issued the following acts in the field of radio spectrum administration:

- draft Decision on the Plan for the Allocation of Radio-Frequency Bands (Official Gazette of the Republic of Slovenia, no. 69/2013),
- General Act on the Plan for the Use of Radio Frequencies (Official Gazette of the Republic of Slovenia, no. 91/2013),
- General Act on the Conditions for the Use of Radio Frequencies for Amateur Radio and Satellite Amateur Radio Services (Official Gazette of the Republic of Slovenia, no. 68/2013),
- General Act on Limiting Signals of Analogue Audio Broadcasting Radio Stations (Official Gazette of the Republic of Slovenia, no. 44/2013),
- General Act on the Distribution of Digital Radio and Television Distribution Stations (Official Gazette of the Republic of Slovenia, no. 48/2013),
- General Act on the Calculation Method for Payments for the Use of Radio Frequencies (Official Gazette of the Republic of Slovenia, no. 30/2013 (amended 40/2013)),
- General Act on Limiting Signals of Analogue Audio Broadcasting Stations (Official Gazette of the Republic of Slovenia, no. 44/2013),

- General Act on the Interoperability of Digital Television Equipment (Official Gazette of the Republic of Slovenia, no. 136/2006),
- General Act on the Use of the RDS system (Official Gazette of the Republic of Slovenia, no. 55/2004).

3.4.2.2 Administrative Proceedings Regarding Fixed and Mobile Services

Satellite Connections and SNG/OB

In 2013, the Agency received 31 administrative requests for issuing new decisions for satellite connections or SNG/OB.

Fixed Connections (Microwave Links)

In 2013, the Agency issued 1158 new decisions, changes to decisions, and extensions of the validity of decisions on allocating radio frequencies for fixed connections (microwave links). Because of increasing requirements for higher transfer speeds, operators of fixed and mobile telephone services are expanding their existing transfer capacities by broadening channel bandwidths and raising modulation levels in the decisions on assigning frequencies.

Private Mobile Radio Communications (PMR)

In the field of private mobile radio systems the Agency issued 509 decisions on assigning radio frequencies, i.e. for extending the validity of existing decisions and issuing new decisions for new mobile radio systems.

In the field of private mobile radio communications in 2013, the Agency focused a lot of attention on bringing the operation of PMR systems in the 29.7 MHz to 87.5 MHz, 146 MHz to 174 MHz, and 440 MHz to 470 MHz in line with Recommendation ERC/REC T/R 20-08, which lists the appropriate frequency sub-bands for the operation of base stations and terminal equipment.

Public Mobile Radio Communications (PMR)

The remaining unassigned frequencies in the 1800 MHz band and one of the two FDD 5 MHz channels in the 2100 MHz band were awarded in a public tender. The decisions on assigning radio frequencies for the 900 MHz band were extended until 2016.

At the end of 2013, the Public Tender with a Public Auction for Assigning Radio Frequencies for the Provision of Public Communication Services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz Frequency Bands was published.

MMDS

In 2013, the Agency prepared the technical parameters for providing the operations of MMDS systems in the 12 GHz or the 10 GHz frequency band. The parameters for the 12 GHz frequency band are published in NURF-3. They are designed to enable shared use of the frequency band with the satellite broadcasting service, as well as the use of different MMDS technologies.

In the 10 GHz frequency band there was no interest for obtaining the frequencies, so there were no activities regarding their assignment.

Administrative Proceedings for Obtaining Amateur Radio Licenses

The Agency issued 503 CEPT amateur radio licenses for the requirements of amateur radio activities.

Radio Licenses for Ships and Aircraft

The Agency issued 97 decisions for radio licenses for aircraft in 2013, and 102 for ships.

The preparation of procedures for handling requests for the allocation of call signs for personal locator beacons (PLB) continued. The main issue pertains to the handling of information when a PLB holder requests help in the event of an accident.

R&TTE equipment

In 2013, the Agency received for approval 650 equipment notifications in accordance with the R&TTE Directive. Two thirds of all the requests were resolved without limitations on the equipment's performance, a quarter were issued a limitation in accordance with EU harmonized radio communication standards, while under a tenth of all requests were rejected because of inoperability with the above-mentioned standards and/or because of specific radio frequency use in the Republic of Slovenia. An individual EU member state can allocate a certain part of the frequency spectrum differently than other EU member countries with regard to the levels of development and use of the radio spectrum, however this must not distort competition.

3.4.2.3 Ensuring Optimum Broadcasting Spectrum Use

The Agency ensures the optimum use of the spectrum for digital broadcasting, in accordance with the provisions of ZDRad and ZEKom-1. It still also provides ensures the optimum use of the spectrum for FM audio broadcasting, in accordance with the provisions of ZEKom-1, and partly also ZRTVS-1.

In 2013, the Agency handled 300 cases connected with radio broadcasting spectrum administration, of which 290 were resolved, and 10 were carried over into 2014. Of the 290 cases 183 were at the request of the party. In 177 cases the parties' requests were granted, in 4 they were rejected, while 2 procedures were stopped. 108 cases were instigated ex officio. Since the General Act on the Calculation Method for Payments for the Use of Radio Frequencies came into effect, the Agency issued new decisions on the allocation of the number of points for using radio frequencies in 87 cases. In one case a decision was issued on the annulment of an additional radio frequency.

Of the 10 unresolved cases carried over into 2014, 5 resolutions on the proceeding's cancellation were issued, while 4 administrative proceedings are still being resolved.

3.4.2.4 Optimum Use of the UHF and FM Spectrum

In the field of the UHF radio frequency spectrum, the Agency did not conduct any major replanning of digital television channels in 2013. Because some areas of Prekmurje did not have a high enough quality of coverage from existing transmission points, the Agency issued the decision to the operator of multiplex A in April on assigning radio frequencies for additional transmission points in Hodoš, Domanjševci, and Središče. In order to ensure multiplex C is received by the broadest possible number of viewers, and because of severe interference from Italian stations on channel 22, the Agency switched the operator's transmission channel from 22 to 33 for transmission points Beli Križ, Tinjan, Trstelj, Skalnica, Anhovo, and Slavnik.

In the field of FM audio radio broadcasting the Agency continued with the optimization of assigned radio frequencies, including additional radio frequencies. The Agency also issued decisions regarding the changes at programming radio networks. The options for receiving new frequencies for FM audio radio broadcasting are very limited, mainly to the coordination of new frequencies for low-power, limited reach radio stations. Such frequencies are mostly used for supplemental coverage of already operational radio stations or correcting reception interference for already operational stations.

3.4.2.5 Resolving Issues with Italy

In 2013, the Agency continued with its activities toward a permanent solution to matters involving the reception of Slovenian channels alongside the border with Italy. It monitored the situation along the countries' border and reported the interference to the Italian administration and the Office for Radio Communications with the International Telecommunications Union (ITU). It continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding elimination of interference, and intensified the notifications of the Radio Spectrum Policy Group (RSPG) at the European Commission.

The Agency also informed the Ministry of Education, Science, Culture and Sport and the Ministry of Foreign Affairs regarding the issues of interference of reception of Slovenian radio and television channels along the border with Italy, and collaborated in a working group on solving the problems of Slovenian channel reception along the border with Italy.

In 2013, the Agency launched a procedure against Italy because of occupying digital television channels in the scope of the so-called cross-border coordination, which is administered under the auspices of RSPG.

The Agency also continued with the optimization of additional radio frequencies for Slovenian holders of decisions on the assignment of radio frequencies in the west of the country in order to mitigate the problems with the reception of Slovenian channels because of the unlawful interference from Italian stations.

The Agency also provided technical and legal support to Slovenian holders of decisions on the assigning of radio frequencies who decided to press legal charges in Italian or Slovenian courts and turned to the Agency for support.

3.4.2.6 Testing New Technologies for Digital Television Broadcasting

In the second half of 2013, the trials of new DVB-T2 technology for digital television broadcasting expired, which were conducted at the initiative of the Ministry for Higher Education, Science and Technology, and which began in early 2012. The DVB-T2 trials were held in western Slovenia. The public institute RTV Slovenija was selected as the contractor through a public tender. Broadcasting took place on available channels that were allocated to the Republic of Slovenia in the international Geneva 2006 treaty. The objective of the trials was to test the new options that the advanced broadcasting system DVB-T2 brings.

The Agency found through these tests that most television channels in western Slovenia are already occupied by Italian signals. Italy is still, despite considerable effort at several levels, occupying the frequencies that were allocated to the Republic of Slovenia in international treaties. This was also noticeable in the reception of the DVB-T2 test signals, as the final conclusion of the test was that Italian interference makes it impossible to achieve high-quality reception with DVB-T2 in the broader region along the Italian border. Despite the discouraging early results, the Agency finds that by broadcasting on the frequencies that were allocated to the Republic of Slovenia, they become less usable across the border, which in turn decreases their viability for illegal use.

3.4.3 Radio Frequency Spectrum Supervision

In order to ensure uninterrupted use of the radio frequency spectrum to all users of radio services on the one hand, and holders of decisions on the assignment of radio frequencies on the other, the Agency has its own Radio Frequency Spectrum Supervision Department, in accordance with legal obligations. This department supervises the radio frequency spectrum, either systematically on the basis of its annual plans, or based on internal orders for special spectrum measurements, or within the scope of investigating reported radio interference.

When supervising the radio frequency spectrum, the Agency's authorized personnel use the provisions of the Inspection Act as appropriate (ZIN); they can act with the power of a minor offence authority if they establish during the supervision

proceedings that the severity of the offence requires them to take action in accordance with the Minor Offences Act, and, as experts in the field, assist radio station owners by advising them on how to resolve various technical issues. The Radio Frequency Spectrum Supervision Department also conducts measurements that are required by the Agency's Radio Communications Department, which are then used when issuing decisions on the assignment of radio frequencies.

In 2013, the Agency ensured the uninterrupted use of the radio frequency spectrum, except in the parts of Slovenia bordering Italy. That area has been subjected to interference for years, caused by unencoded broadcasting from Italian radio stations. The Radio Frequency Spectrum Supervision Department conducted the following activities in the past year:

- It investigated 31 reports of harmful radio interference. During the course of these investigations it found that the causes for radio interference include infractions of provisions from the decisions on the assignment of radio frequencies. Approximately one third of the cases pertained to interference of mobile operators (GSM and UMTS) by natural or legal persons using GSM repeaters that were not properly installed or configured, broken DECT devices, or other devices not operating properly. The Agency also spent a lot of time on removing interference to the weather radar by RLAN connections. The Agency also monitored activities along the border with Italy, where Italian radio stations interfere with Slovenian ones, as they are not adhering to the provisions of international treaties. It also regularly conducts measurements in this area.
- In the scope of systematic radio spectrum supervision, the Agency conducted 37 inspections in researching radio interference and based on reports. It processed violations of the Act (transmitting without a decision on the allocation of radio frequencies, breaching said decisions, and other), and in 12 cases conducted minor offence proceedings.
- It conducted 21 recordings of the radio frequency and television spectrum in various locations around Slovenia. The results were the basis for international coordination between radio broadcasting stations, as well as for issuing decisions.
- It conducted several measurements in the microwave spectrum on the basis of interference to microwave radio links, and because of supervision.
- It continued with systematic daily measurements of the radio broadcasting spectrum, where the data from all the RNPs are archived in numerical format by conducting systematic monthly spectrum measurements, where the data is also archived in graphic format, and with systematic semi-annual spectrum measurements, where the identification data of each radio broadcasting transmitter is archived alongside spectrum characteristics.
- It conducted measurements regarding GSM, UMTS, and LTE coverage,
- It intensively monitored the implementation of new technologies, and took action when they were not used appropriately,
- It constantly monitored the conditions in the radio broadcasting spectrum along the border with Italy, where it conducted intensive measurements of interference to our DVB-T transmitters and reported them to the Italian administration.

3.4.3.1 Upgrades to and Maintenance of the Measurement System

In order to perform its tasks related to supervising the radio frequency spectrum, the Agency is upgrading the Radio supervision and measurement system of the Republic of Slovenia (RSMS). The Radio Frequency Spectrum Supervision Department requires special measuring equipment and access to fixed remote or mobile radio supervision stations (RSS). In Slovenia, there are currently 12 operating RSSs, of which 2 are populated radio supervision measurement stations, and 3 are specialized measurement vehicles operated as mobile RSSs. All this fixed and mobile equipment is connected to the RSMS network that the employees use for remotely supervising the radio spectrum.

The Agency used available funds for upgrading key RSMS components. In 2013, it purchased three new measuring receivers and renovated the equipment for monitoring mobile operator coverage, which will make it possible to monitor all the technologies currently in use. At 3 locations the antennae systems were additionally upgraded. One of the locations had a thorough renovation.

At the end of 2013, 10 remote RSSs were in operation. The Agency used the 2 populated stations in Jeruzalem and Stegne, and conducted measurements of the radio frequency spectrum with vehicles locally and remotely. The Agency is only able to conduct measurements and monitoring using special professional equipment, which it must regularly maintain and upgrade when needed, and highly specialized experts who are currently not available.

3.5 POST

3.5.1 The Situation in the Postal Services Market

On 31 December 2013, 1 provider of universal postal service was registered in the Agency's official register, along with 16 providers of postal services, 5 of which were issued a declaratory order by the Agency for providing so-called interchangeable postal services.

Providers of interchangeable postal services provide services, which, from the users' perspective, might be deemed as services from the segment of universal postal service, as they are sufficiently interchangeable with universal postal service. These providers have also been granted access to postal infrastructure or services from the segment of universal postal service (i.e. access to Pošta Slovenije's postal network). 5 companies provided interchangeable postal services in 2013, which is 1 less than the year before because DIMIKARSTVO DOVRTEL d.o.o., was removed from the official register of providers, as it was no longer providing postal services. In 2013, interchangeable postal services were thus provided by CETIS d.d., EPPS d.o.o., INFORMATIKA d.d., KRO d.o.o., and MAKSMAIL d.o.o.

The other 11 postal service providers entered in the Agency's official register are legal entities and natural persons who had notified the Agency about providing postal services in advance but did not receive a declaratory order because they

do not provide interchangeable postal services. Their number changed compared to 2012, as 2 were erased from the register of postal service providers (EKSPRESNA DOSTAVA d.o.o. and SPEED IN d.o.o.), while 1 was entered into the register for the first time (ALOJZ ČERNAČ s.p.).

Universal postal service in Slovenia is provided by Pošta Slovenije d.o.o. based on a decision/license issued by the Agency in 2013. The five-year license expires on 31 May 2018.

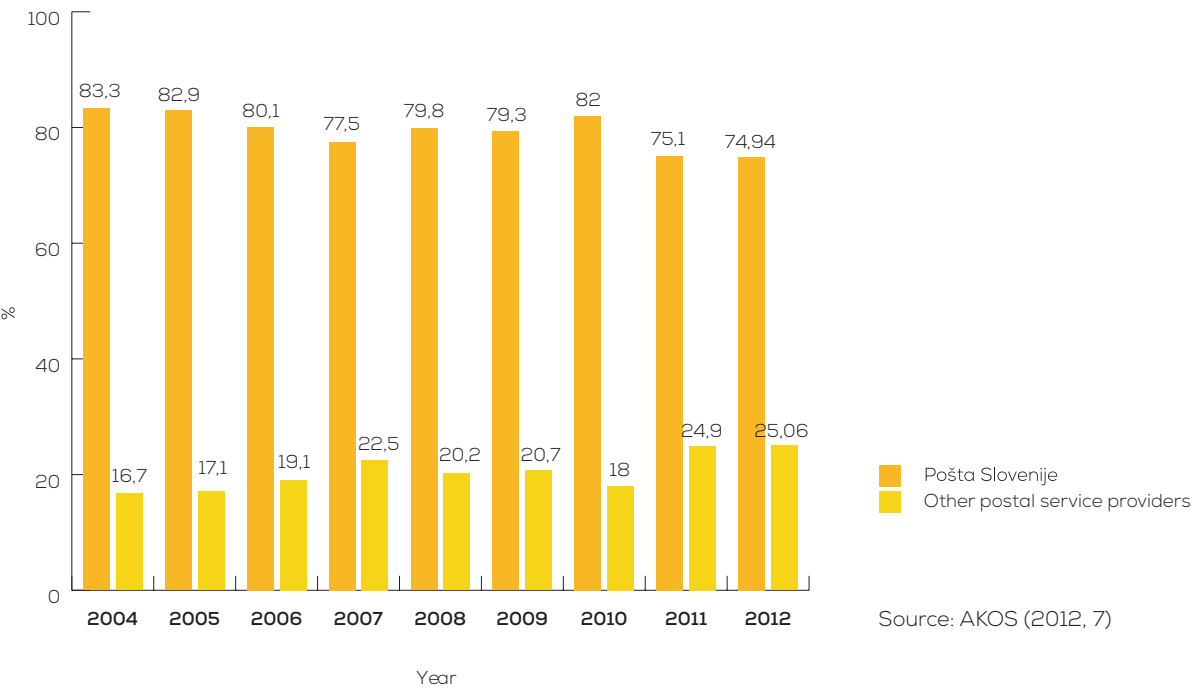
3.6.1.1 Analysis of the Postal Services Market

In 2013, the Agency also conducted and published an analysis of the postal services market in the Republic of Slovenia for 2012 and compared the results with analyses from previous years. The analysis was based on publicly available data and data that the Agency acquired through questionnaires filled out by postal service providers that were registered in the Agency’s official register of postal services providers as at 31 December 2012.

Revenue and employees

The analysis shows that postal service providers generated EUR 233,961,318 in revenue from providing postal services in 2012, which is 4.05% less than in 2011. The drop in the revenue was primarily caused by the effects of the economic crisis on companies’ economic activity and consequently on the postal services market. The provider of universal service recorded a 4.2% decrease, while the revenue of other postal services providers was down by 3.62% compared to 2011.

Figure 9: Shares of Pošta Slovenije and other postal service providers in the total revenue from providing postal services (2004-2012)



The postal sector in the Republic of Slovenia provided postal services by providing approximately 1.33% of all the jobs in the country on 31 December 2012, which is almost the same as the year before. The largest share of these jobs were provided by Pošta Slovenije, which employed 5,598 people for providing postal services, while other postal service providers employed a total of 208 people.

Network

Pošta Slovenije's postal network comprised 556 post offices and 2 mail sorting and logistics centers. In addition to post offices, the post also picked up mail at 2,345 mailboxes.

The project of reorganizing and optimizing Pošta Slovenije's postal network needs to be highlighted here, as part of which 3 contracted post offices opened in 2012, namely 6242 Materija, 8272 Zdole, and 9206 Križevci.

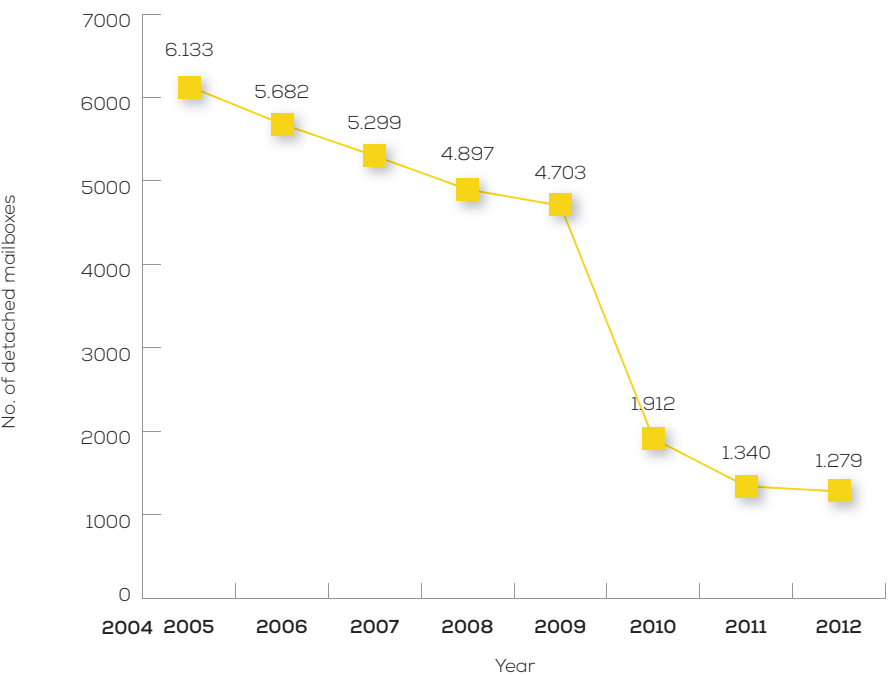
The project continued in 2013, when Pošta Slovenije reorganized another 25 post offices: 1337 Osilnica, 8362 Hinje, 5296 Kostanjevica na Krasu, 8282 Koprivnica, 5252 Trnovo pri Gorici, 9246 Razkrižje, 3304 Tabor, 8343 Dragatuš, 3201 Šmartno v Rožni dolini, 3221 Teharje, 9205 Hodoš, 2276 Kog, 4282 Gozd Martuljek, 8258 Kapele, 6273 Marezige, 3326 Topolšica, 8213 Veliki Gaber, 3261 Lesično, 8211 Dobrnič, 1273 Dole pri Litiji, 8283 Blanca, 2323 Ptujška Gora, 6225 Hruševje, 1272 Polšnik, and 4246 Kamna Gorica.

Pošta Slovenije plans to transform some 55% of the existing post offices into contracted ones by the end of the project of postal network reorganization and optimization in 2019.

For Pošta Slovenije, contracted post offices are a new type of organizational unit, which combine postal services and the business activity of the selected contractor. Contracted post offices provide universal postal service at prescribed level of efficiency, quality, and reliability (reception and delivery of mail) in the entire territory of the Republic of Slovenia, as they are bound to it to the same extent as permanent post offices. Contracted post offices also provide the majority of other Pošta Slovenije's services in the same manner as permanent post offices.

It is important to maintain the decreasing trend in the number of households receiving mail through detached mailboxes, with their number dropping by 61 in 2012 and their share amounting to only 0.05% of all households in the Republic of Slovenia at the end of the year.

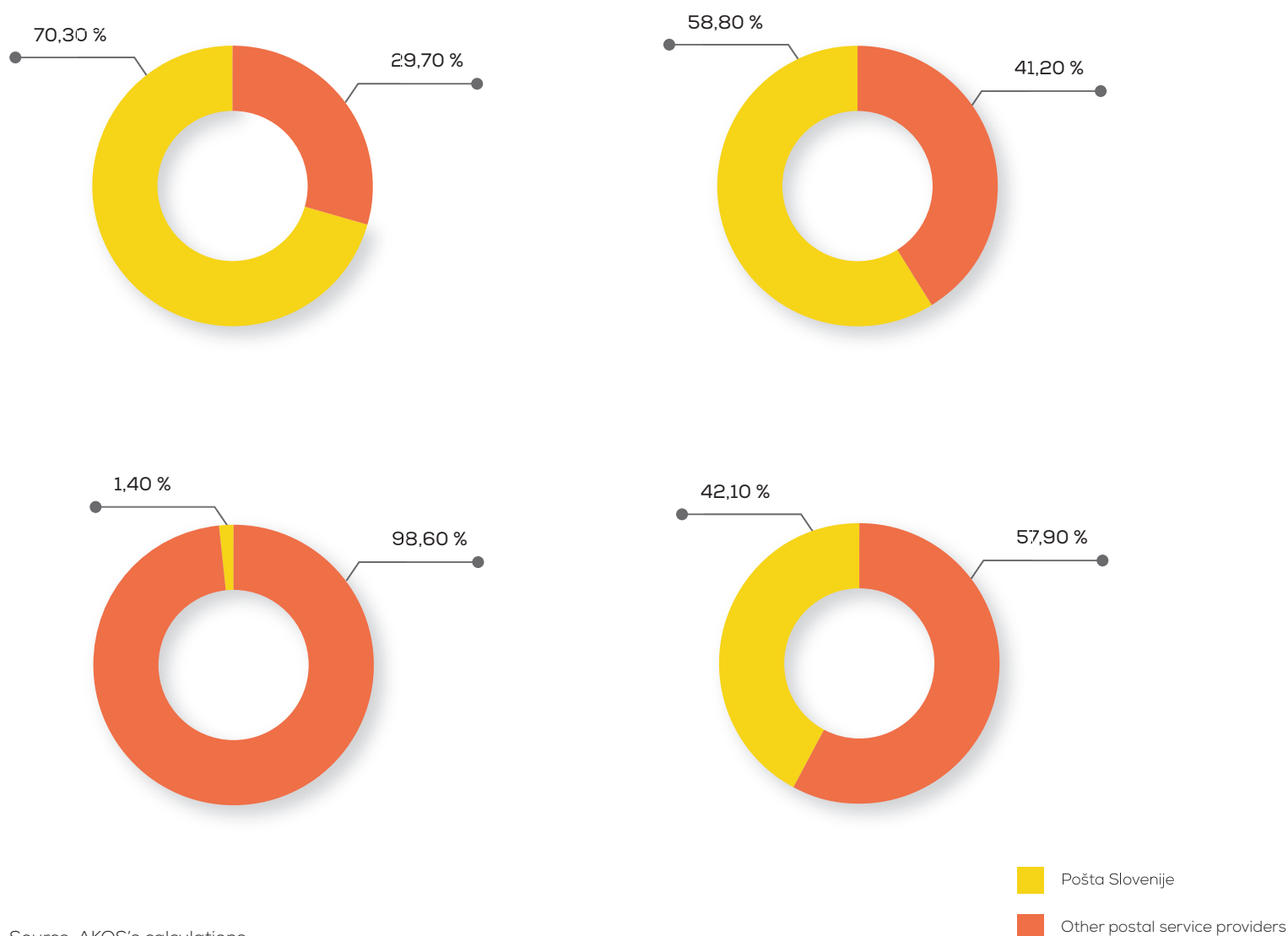
Figure 10: Number of detached mailboxes – permanent exemption from serving and delivering the mail to the home address in Slovenia (2005–2012)



Comparisons

In the market analysis for 2012, the Agency compared Pošta Slovenije with other providers by different indicators: revenue, number of employees, and network. The Agency could compare services and their number for only two services: Pošta Slovenije’s business parcel with CEP parcels, and Pošta Slovenije’s express mail with service CEP documents. The calculated market shares for compared services are shown in the figure below.

Figure 11: Comparison between the selected services of Pošta Slovenije and other postal service providers in 2012 (in domestic and international traffic)



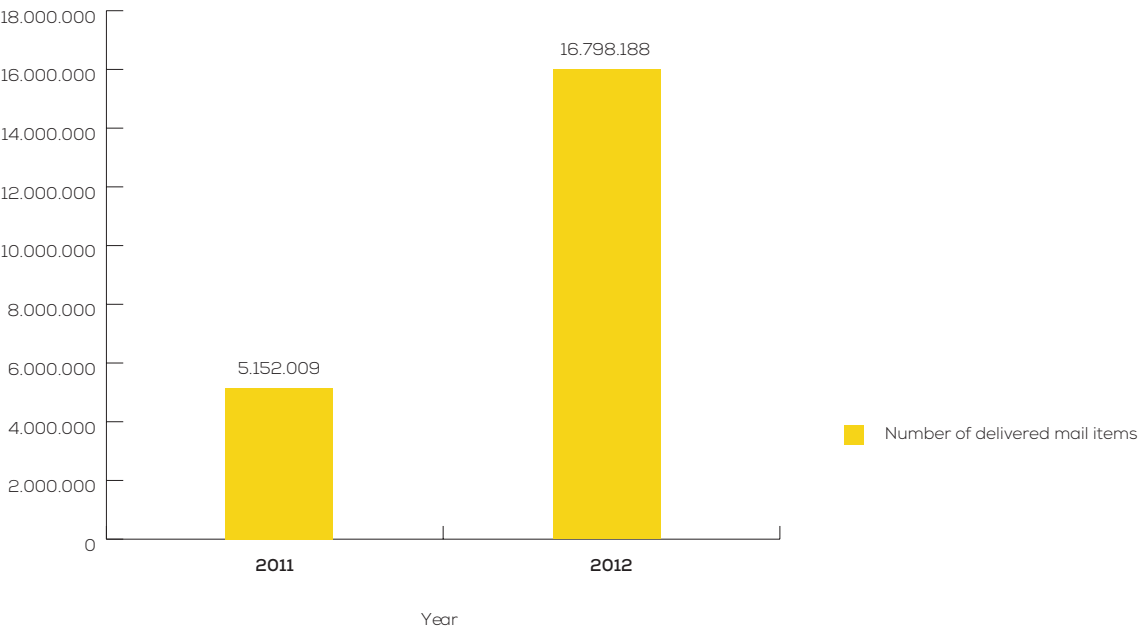
Providers of Interchangeable Postal Services

Under paragraph 2 of Article 32 of ZPSto-2, Pošta Slovenije must provide access to its postal network to providers of interchangeable postal services upon their request. Pošta Slovenije started providing this segment of services only after the liberalization of postal services market in 2011. As a result, a steep increase in the number of mail items delivered by providers of interchangeable postal services was observed in domestic traffic in 2012. All five providers of interchangeable postal services, namely CETIS d.d., EPPS, d.o.o., INFORMATIKA d.d., KRO d.o.o., and MAKSMAIL d.o.o., had a concluded contract and used access to Pošta Slovenije's network in 2012.

The figure below shows the amount of letter mail delivered by providers of interchangeable postal services in 2011 and

2012. This segment of postal services saw a 226% increase in 2012 compared to 2011.

Figure 12: The number of mail items weighing up to 2 kg (letters) delivered by providers of interchangeable postal services through Pošta Slovenije's network in 2011 and 2012.



Short Summary of Analysis Results

A comparison between the results of analyses of postal service providers' operations for 2012 and 2011 yields the following conclusions:

- an increase in the number of providers of interchangeable postal services operating in the market who had signed a contract on access to Pošta Slovenije's network by 1 (INFORMATIKA d.d.),
- a drop in postal services providers' revenue from providing postal services,
- a drop in the number of employees in the postal sector,
- the beginning of the project of reorganizing and optimizing Pošta Slovenije's postal network, as part of which reorganization was carried out and first 3 contracted post offices opened,
- a drop in the number of Pošta Slovenije's post boxes,
- a drop in the number of Pošta Slovenije's detached mailboxes,
- a significant drop in the amount of letter mail delivered by Pošta Slovenije in the segment of the universal postal service in domestic and international traffic,
- a significant increase in the total number of mail items delivered by other postal service providers in domestic traffic,
- a significant increase in the amount of letter mail delivered by providers of interchangeable postal services through

the service of access to Pošta Slovenije's network,

- a significant decrease in the share of Pošta Slovenije's business parcel service compared to the CEP service of parcel delivery provided by other postal operators in domestic postal traffic,
- a significant drop in the number of complaints regarding the provision of universal postal service by Pošta Slovenije,
- an increase in the number of filed and justified complaints against postal service providers other than Pošta Slovenije, primarily because one of the providers began monitoring and operating complaints' records,
- the prescribed quality of delivery of letter mail and parcels in the domestic postal traffic achieved by Pošta Slovenije.

The analysis showed a significant decrease in the amount of mail delivered as part of Pošta Slovenije's universal postal services, which is primarily the result of the drop in traditional mail services, use of other postal services, and increased activity of other postal service providers, mostly through access to Pošta Slovenije's network, and consequently a drop in the revenue from providing universal postal service. At the same time the analysis found a significant increase in the amount of letter mail delivered by other postal service providers, primarily by utilizing access to Pošta Slovenije's network, which is the result of increased activity of 5 providers of interchangeable postal services following market liberalization on 1 January 2011.

3.5.1.2 The Quality of Universal Service

The quality of letter mail and parcel delivery in the Republic of Slovenia is regulated by the General Act on the Quality of Universal Postal Service Provision.

In 2013, Pošta Slovenije selected a new independent contractor for measuring delivery times for letter mail – Maksimilijan d.o.o., which carried out the seventh official measurement of the quality of letter mail delivery in Slovenia in accordance with the Slovenian national standard SIST EN 13850:2013 – Measurement of the transit time of end-to-end services for single piece of priority mail and first class mail. The measurement started with a delay in March 2013.

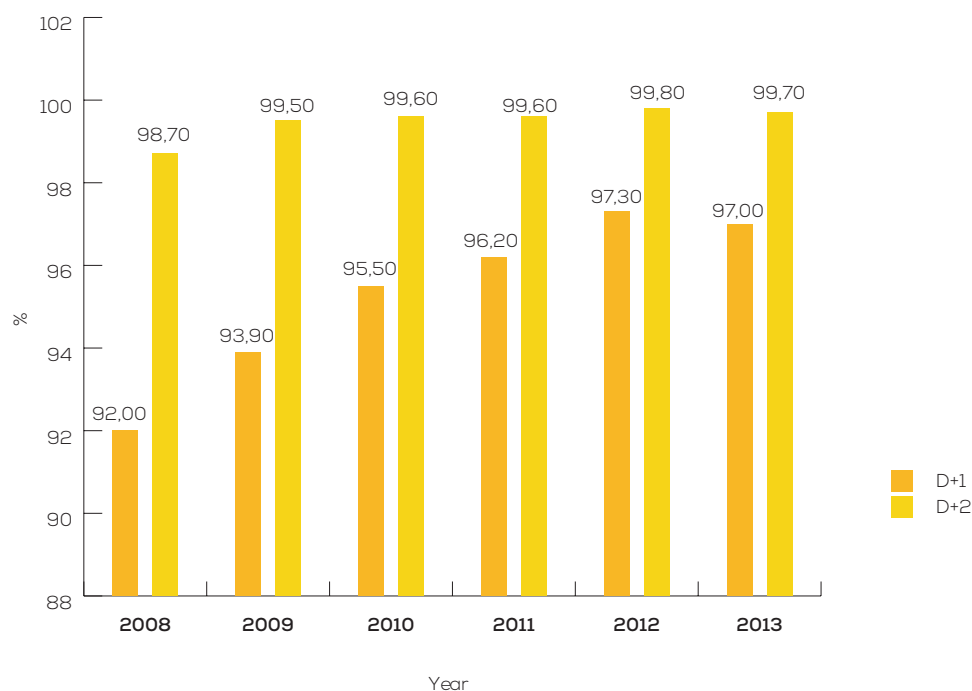
In May 2013, the Agency and SIQ d.o.o. reviewed the measurement results and the methodology applied in 2012. The review confirmed that the prescribed standards and requirements of delivery quality were met in 2012, which also seems to be the case in 2013 considering the unrevised partial data for the March–December 2013 period.

Figure 13: Prescribed and achieved delivery times for letter mail

Deadline	Prescribed quality	Achieved in 2012	Achieved in 2013*
D + 1	95,0 %	97,3 %	97,0 %
D + 2	99,5 %	99,8 %	99,7 %
D + 3	100 %	100 %	100 %

* Unrevised data of Pošta Slovenije d.o.o. for the period March–December 2013

Figure 14: The quality of letter mail delivery within D+1 and D+2 (2008–2013)



Source: AKOS

Note: Data for 2013 refers to the period March–December 2013

The General Act on the Quality of Universal Postal Service Provision also prescribes the quality of parcel delivery. In May 2013, the Agency and SIQ d.o.o., reviewed the measurement results and the methodology applied in measuring the quality of parcel delivery in 2012. The review confirmed that the quality standards were met in 2012, which also seems to be the case in 2013 considering the unrevised data for the January–December 2013 period.

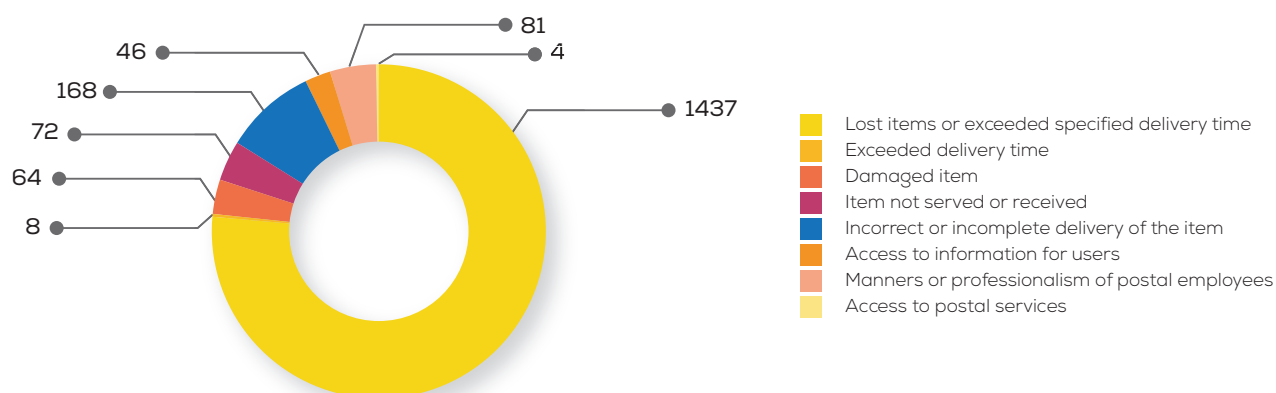
Figure 15: Prescribed and achieved delivery times for parcels in domestic traffic

Deadline	Prescribed quality	Achieved in 2012	Dosežena 2013*
D + 2	80 %	99,9 %	100 %
D + 3	95 %	99,9 %	100 %

* Unrevised data for the period January–December 2013

The Agency also monitored the quality of letter mail delivery in international postal traffic within the EU, in which Pošta Slovenije should deliver 85% of mail in 3 business days (D+3) and 97% in 5 business days. As part of the UNEX project, 91.4% of outbound mail and 88.5% of inbound mail was delivered within 3 business days in the period from January to September 2013. The final results for 2013 will be officially published in the first half of 2014.

Figure 16: Complaints against Pošta Slovenije in 2012 by type



Source: AKOS (2012, 30)

Around 24% of all the filed complaints were justified, and in 96 cases the procedure concluded with payment of damages (in nearly 90% of cases because of delays in delivery).

The average time required to issue a final report on a complaint resolution procedure stood at 6.8 days for all types of complaints, while the average time needed to pay out damages, which comprises the time from the day the claim was filed to the day damages were paid, stood at 36.19 days.

The number of complaints filed against Pošta Slovenije in regard to universal service has been constantly decreasing. In 2009, it decreased by almost 22% compared to 2008, and it dropped by further 16% in 2010, while in 2012 it was down by around 16% compared to the year before. The ratio between different types of complaints has remained similar throughout these years.

3.5.1.4 User Satisfaction

In collaboration with Episcenter, d.o.o., the Agency carried out its sixth survey on users' satisfaction with postal services (general and business public), and compared the results with those from previous years. The survey was aimed at establishing the extent to which postal services are used, users' satisfaction with the quality of postal services, and customer awareness about competing postal service providers. The Agency published the survey results on its website, and only the most important findings are presented below.

General Public

The most important quality factors according to the general public were the same in 2013 as in 2012, namely the location of the post office (38%), employees' attitude towards clients (17%), and business hours (14%).

One third of users visit a post office at least once a month, and two thirds always visit the same post office. Users were in general satisfied with the distance to the nearest post office. 24% of users thought that the post office's business hours were not appropriate.

Like in 2012, the most frequent reason for visiting a post office in 2013 was conducting payment transactions (61%), followed by collecting mail after receiving a notification (45%), and sending registered and insured mail (38%).

39% of users sent letters through mail boxes, and in general they found the distance between their home and the mail drop box appropriate.

Slightly over a third of users sent 1 to 2 letters per month. The share of users sending or receiving parcels rose. The share of respondents who sent at least 1 parcel weighing up to 10 kg in a year increased to 42%. The share of those who received at least 1 parcel in a year amounted to 73%.

Users found the price of sending a standard letter irrelevant, since the majority of them still do not know the price, while the share of those who find it low or appropriate grew (89%). In regard to the quality of letter delivery, the share of those believing that a letter should always be delivered on the next business day has dropped over the long run (40%).

The effect of e-mail continued to decrease the use of postal services in 2013, since the share of respondents citing e-mail as the reason for using postal services less frequently increased by 4 percentage points to 55%.

19% of the respondents used services of other postal service providers apart from Pošta Slovenije, with speed (40%) and urgency of the delivery (28%) being the main reasons for that. Over half of the respondents selected the services of DHL Ekspres (Slovenija) d.o.o.

73% of users were not irritated by unaddressed mail. 12% of respondents used the sticker banning delivery of unaddressed mail to mailboxes.

Business Public

Reliability of mail delivery was the most important factor in postal services quality for business users. For business users the location of post offices is the least important factor in contrast to the general public.

An increase was recorded in the number of business users sending up to 200 mail items per month, while a decrease was observed in the number of those sending over 1000 mail items per month. A long-term negative trend has been observed in regard to the number of users sending over 150 international ordinary letters per month. In the last three years the share of business users that do not send any registered or insured mail or parcel per month has been increasing.

The majority of interviewed business users sent mail from post offices (60%) and received it at their premises (64%). Enterprises sent mail from their premises more frequently (in 51% of cases). In 2013, a higher share of interviewed business users said that internet and e-mail did not result in them using traditional postal services less. The number of companies not replacing traditional postal services with internet and e-mail has been growing in the long run, and the number of companies which replaced more than 20% of postal services with internet or e-mail has been dropping.

Similarly to past studies, the majority of companies interviewed in 2013 (67%) believed that a letter should always be delivered on the next business day, although the number of companies that do not find this necessary has been growing in the long run.

88% of interviewed business users were satisfied with Pošta Slovenije's services. Price (38%) and quality (19%) were again cited as crucial reasons for selecting another postal service provider by the majority of respondents. In addition to Pošta Slovenije's services, the majority of companies used services provided by DHL Ekspres (Slovenija), d.o.o., TNT Express Worldwide, d.o.o., and UPS Adria (S) Ekspres, d.o.o.

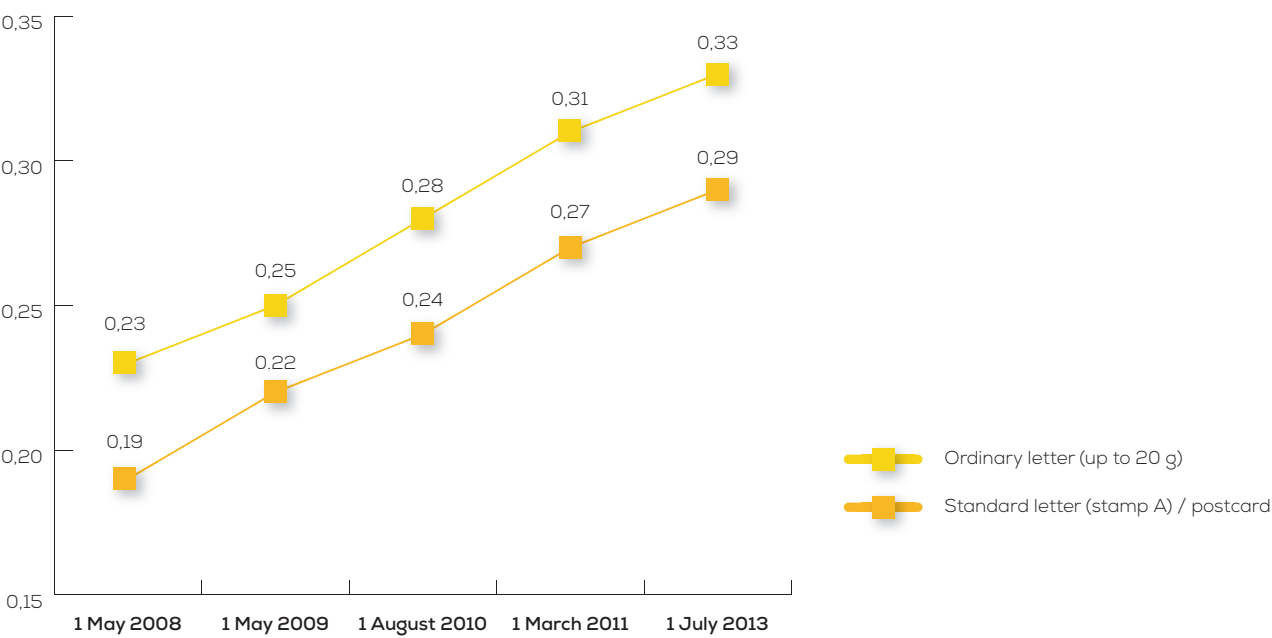
3.5.2 Main Activities of the Post Division in 2013

3.5.2.1 Price Regulation and Separate Accounting

In 2013, the Agency received 1 requests from Pošta Slovenije for changing the prices of universal postal service, namely for letter delivery on domestic traffic. In regard to the first request for a change of prices as of 1 May 2013, the Agency reviewed all the relevant data and found that the data on revenue from and the cost of universal service that Pošta Slovenije cited in the request was based on separate accounting records (hereinafter referred to as methodology), which were found to be non-compliant with provisions from Articles 35 and 36 of the ZPSto-2 in an inspection. Based on this the Agency established that with the data and tables stated in the request Pošta Slovenije does not meet the criteria for granting an increase in the price of universal service for mail in domestic traffic, and as a result rejected the request. After all the errors found in the methodology during the inspection were corrected, Pošta Slovenije again filed the request for increasing universal service prices in domestic traffic with the Agency. Since all the errors previously found in the methodology were corrected, the Agency concluded that costs related to the provision of universal service cited by Pošta Slovenije were correct and transparent, and granted the request for increasing the price of letters in domestic traffic as of 1 July 2013 after more than two years.

The figure below shows changes in prices (VAT excluded) for the two most important services included in universal postal service in domestic traffic from 2008 to 2013.

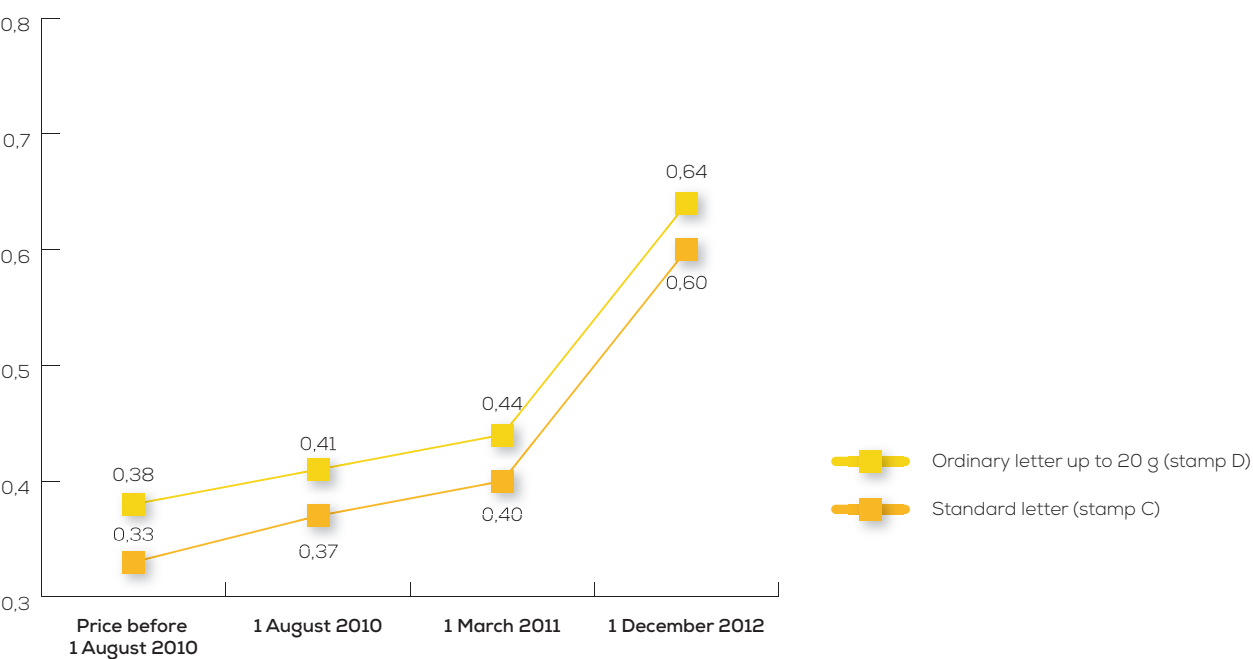
Figure 17: Changes in the prices of delivering letters of up to 20 g in domestic traffic in the 2008–2013 period, without VAT*



*Note: since 1 January 2011, universal service prices have been exempt from VAT. Source: AKOS

The prices of delivering standard and ordinary letters as part of universal service in international traffic did not change in 2013.

Figure 18: Changes in the prices of delivering letters of up to 20 g in international traffic in the 2010–2012 period, excl. VAT



Source: AKOS

In collaboration with KPMG Slovenija d.o.o., the Agency analyzed in 2013 how revenue was allocated under the methodology in order to establish whether the methodology is compliant with provisions from article 6 of the General Act on Separate accounts and Prohibition of Subsidies (Official Gazette of RS 29/2010; hereinafter referred to as the general act) and Article 36 of ZPSto-2 in the part where revenue and services were allocated to cost units. This analysis was the second phase of the review of the universal postal service provider's revenue, which focused on a substantive review of revenue and the correctness of its allocation to cost units within the methodology. The review resulted in the auditor's qualified opinion, primarily because of irregularities found in the allocation of financial and other revenue to cost units of the universal service, as well as irregularities in calculating discounts for services related to universal service. Despite these irregularities, the auditor said in its opinion that the revenue recorded in the methodology was a true and fair presentation of revenue from providing universal service in accordance with the international standard on auditing 805, ZPSto-2, and Article 6 of the general act.

In 2013, the Agency and KPMG Slovenija d.o.o. also calculated for the first time the weighted average cost of capital (WACC) for Pošta Slovenije, which is an example of indirect allocation of revenue and costs to cost units under the methodology and the calculation of which is based on invested funds used for providing a regulated service. The main finding was that in 2012 the nominal rate of WACC before taxes for Pošta Slovenije stood at 10.14%.

In 2013, Pošta Slovenije submitted thoroughly amended separate accounting records (hereinafter referred to as the new methodology) to the Agency. Based on ZPSto-2 and the general act, the Agency in collaboration with an external independent body started already at the end of 2013 reviewing whether the new methodology was compliant with ZPSto-2 and the general act.

The aims of the project of reviewing the new methodology are for the methodology to:

- provide separation of costs between universal service and other services based on consistently applied and objectively supported principles of cost accounting, and for its description to be meaningful and appropriately detailed; provide compliance with paragraphs 2 and 3 of Article 36 of ZPSto-2 and the general act therewith;
- prevent subsidizing of other services from universal services, therefore ensuring compliance with paragraph 5 of Article 36 of ZPSto-2 and the general act;
- enable the calculation of prices of services from the universal service segment that are cost-oriented and encourage efficient universal service provision as prescribed by paragraph 1 of Article 35 of ZPSto-2;
- be a suitable basis for dividing costs into fixed and variable, thus providing a suitable basis for calculating special tariffs and rates for access to the network. This would be in compliance with paragraph 1 of Article 32, paragraph 4 of Article 35, and paragraph 2 of Article 36 of ZPSto-2;
- be a suitable source of data for calculating the net cost of universal service, which also means compliance with paragraph 2 of Article 36 of ZPSto-2.

The review will be carried out in two phases and should be concluded by the end of 2014. The first phase, which should take 5 months, comprises checking for and identifying potential irregularities of the new methodology and preparing recommendations for Pošta Slovenije on how to correct these irregularities. The second phase, which should take 4 months, will meanwhile comprise checking whether Pošta Slovenije corrected the irregularities found in the first phase, preparing a potential second batch of recommendations, and issuing the final auditor's opinion on the new methodology's compliance with the legislation.

3.5.2.2 Drafting the Decision Designating the Universal Service Provider

Pošta Slovenije's license for providing universal service in the Republic of Slovenia expired in May, so the Agency analyzed the market and published a public call to obtain the opinions of the interested public in the Official Gazette of RS and on its website at the beginning of 2013 for the purpose of issuing a new decision on designating a universal service provider. Based on all the findings, the Agency issued a new decision to Pošta Slovenije, designating it the universal service provider in the entire territory of the Republic of Slovenia for providing all the services from the universal service segment at the prescribed quality and at affordable prices for a period of 5 years, from 1 June 2013 to 31 May 2018.

3.5.2.3 Drafting of the General Act on Amendments to the General Act on Exemptions in Providing Universal Postal Service

The Agency issued the General Act on Amendments to the General Act on Exemptions in Providing Universal Postal Service (published in the Official Gazette of RS no. 58; in force from 9 July 2013). With these amendments, the Agency wanted to define more specifically the term "public road" for the purpose of this act, since experience showed that different interpretations were possible in practice, resulting in unequal treatment of those users of postal services in the Republic of Slovenia connected through a forest road. For the purpose of this general act, a public road shall mean not only a road as defined by the act regulating roads, but any forest road as regulated by the Forest Act leading to postal service users (households) and maintained by the local community.

3.5.3 Postal Services Market Supervision

In 2012, the Agency carried out 7 inspections ex officio based on the Postal Services Act and the Inspection Act through an authorized person:

- 3 inspections of universal postal service quality;
- 3 inspections of exemptions in providing universal postal service;
- 1 inspection in a case of potential discrimination in the General Terms and Conditions of Access to the Postal Network of Pošta Slovenije d.o.o.

1 of these inspections was carried over from 2012. The other 6 inspections were initiated and concluded in 2013. No inspections were carried over from 2013 to 2014.

In 3 inspections into the quality of providing universal postal service the Agency examined the number of mailboxes in Litija, Jesenice and Kočevje. The Agency halted all the proceedings, as it did not find any irregularities.

The Agency also performed 3 inspections of exemptions from delivery to home address in Jesenice, Gabrovka, and Dragograd. Exemptions from delivery to home address were justified in all 3 cases, so proceedings were halted.

In the inspection of potential discrimination in General Terms and Conditions of Access to the Postal Network of Pošta Slovenije d.o.o. (Maribor, January 2013) the Agency examined whether Pošta Slovenije's the General Terms and Conditions breached the law regarding the information on change of address, namely access to changes of address, which it must provide under Article 32 of ZPSto-2. The Agency halted the proceedings, finding no irregularities, as Pošta Slovenije proved in the proceedings that it provided access to the information on change of address in accordance with legislation (since 1 January 2013).

In 2013, the Agency also reviewed Pošta Slovenije's response to the Agency's requirements from the inspection of compliance between the system of accounting by activity using the fully allocated cost model for Pošta Slovenije (hereinafter referred to as the methodology) and ZPSto-2 and the General Act on Separate Accounts and Prohibition of Subsidies (Official Gazette of RS 29/2010; hereinafter referred to as the general act). The inspection was concluded with a decision at the end of 2012, when the Agency instructed Pošta Slovenije to correct the irregularities in determining the handling of costs at post units, the transport cost and cost of delivering mail to addressees, as well as ensuring the transparency of tariffs in terms of whether discounts granted for universal service were appropriate. The Agency established that Pošta Slovenije corrected the irregularities found in the inspection, which means that the prices stated in the methodology are correct and transparent.

3.6 RAILWAY TRANSPORT

3.6.1 Railway Traffic Service Market Development

The railway traffic service market for providing all types of railway freight transport services has been open to carriers from EU member states since 1 January 2007. The market of international railway passenger transport has been open to carriers from EU members since 1 January 2010.

In Slovenia, competition between carriers has only been established in the market of railway freight transport. In 2013, 3 carriers provided these services using public railways infrastructure of the Republic of Slovenia: Slovenske železnice – To-

vorni promet, d.o.o., Rail Cargo Austria AG, Ljubljana branch, and Adria Transport, d.o.o.. International and domestic passenger transport was only provided by Slovenske železnice – Potniški promet d.o.o. Luka Koper, d.d. also holds a railway carrier license, but only for conducting its services at the Koper freight station.

The Agency is authorized to monitor competition in the railway traffic services market, which is why it collects information from the allocation authority, public railway infrastructure operator, and carriers about their activities in the market. It analyzes the collected information to establish the situation in the market, and adopts adequate measures in case of irregularities.

3.6.1.1 Monitoring the Market of Railway Freight Traffic Services

In 2013, 19.19 million tons of freight was transported on the public railway infrastructure of the Republic of Slovenia, and carriers made a total of 4.29 billion net ton-kilometers.

Figure 19: The volumes of freight transported on railway (in tons) in 2013

	SŽ-Tovorni promet	Rail Cargo Austria	Adria Transport	Total
International traffic	16,097,784	1,101,448	437,590	17,636,822
Domestic traffic	1,549,774	-	-	1,549,774
Total	17,647,558	1,101,448	437,590	19,186,596

Source: AKOS

Figure 20: The volume of service delivered (in net ton-kilometers) in 2013

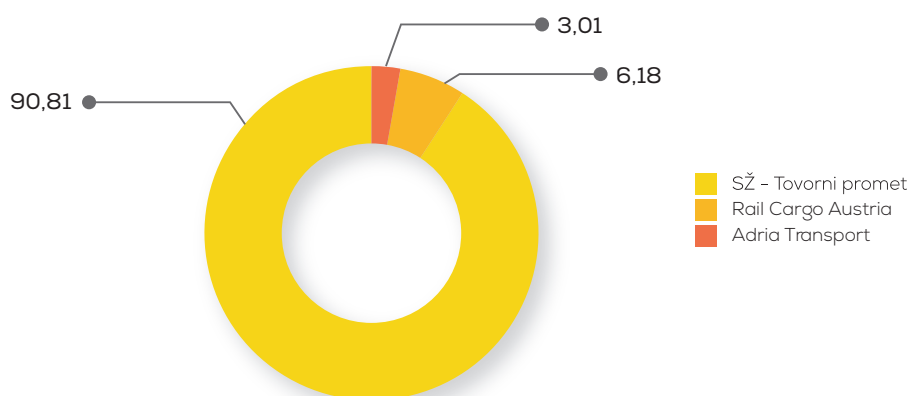
	SŽ-Tovorni promet	Rail Cargo Austria	Adria Transport	Total
International traffic	3,645,794,807	264,981,000	129,117,850	4,039,893,657
Domestic traffic	249,895,069	-	-	249,895,069
Total	3,895,689,876	264,981,000	129,117,850	4,289,788,726

Source: AKOS

Compared to 2012, in 2013 the volume of service delivered on the Republic of Slovenia's public railway infrastructure increased by 11.10%. Due to further growth in the transshipment of cargo in the Port of Koper, the volume of service delivered in international traffic increased by 11.13% compared to 2012, while the volume of service delivered in domestic traffic grew by 8.51%. The increase in the volume of service delivered was recorded by all three carriers providing railway freight transport, with SŽ-Tovorni promet observing an 11.01% increase, Rail Cargo Austria a 9.06% increase, and Adria Transport a 60% increase.

In regard to the volume of service delivered, the carriers' market shares remained almost the same as in 2012. The market share of SŽ-Tovorni promet decreased by about 1 percentage point, while Adria Transport's market share increased by approximately 1 percentage point.

Figure 21: Market shares of carriers in railway freight traffic in %



Source: AKOS

3.6.1.2 Monitoring the Market of Railway Passenger Traffic Services

In 2013, 16.4 million passengers were transported over the public railway infrastructure of the Republic of Slovenia, of which 15.6 million comprised passengers in domestic and cross-border regional traffic, and 857,600 passengers in international traffic. Compared to 2012, the number of passengers in domestic and cross-border regional traffic increased by 6.43%, while the number of passengers in international traffic dropped by 3.61%. The total number of passengers carried on the public railway infrastructure of the Republic of Slovenia rose by 5.86% compared to 2012.

Railway passenger transport services in the Republic of Slovenia are only provided by the national carrier Slovenske železnice – Potniški promet.

Figure 22: The number of transported passengers and the volume of service delivered in 2013

	Number of passengers	Volume of service delivered [pkm]
SŽ – Potniški promet		
International traffic	857,600	124,594,295
Domestic and cross-border regional traffic	15,562,879	635,707,567
Total	16,420,479	760,301,862

Source: AKOS

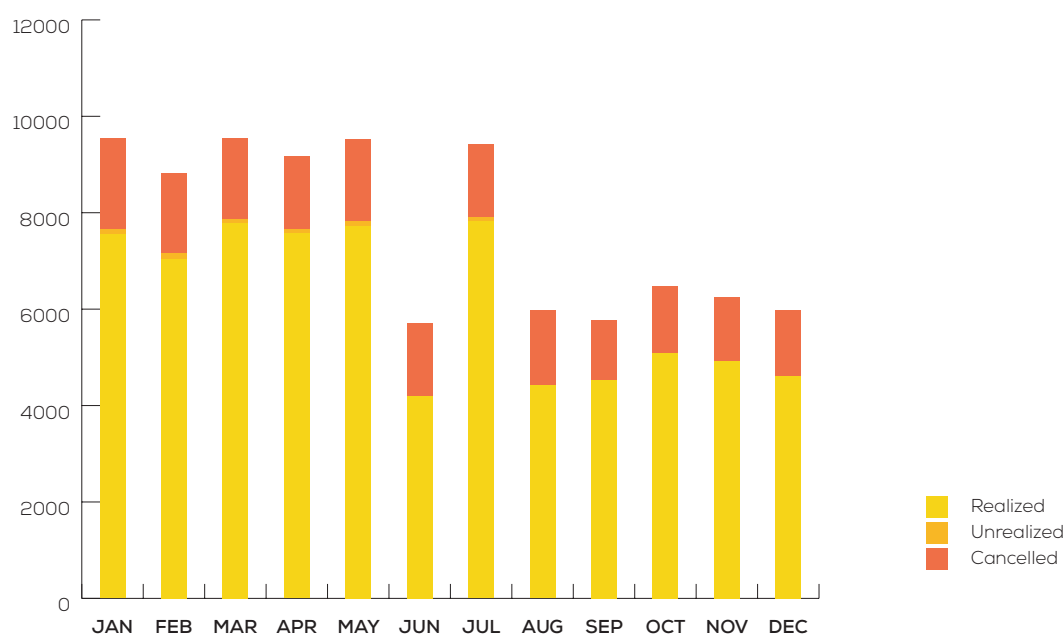
3.6.1.3 Realization of Allocated Train Paths by Carrier in Freight Traffic

As part of its task of monitoring competition on the railway transport service market, the Agency regularly monitors the realization of allocated train paths on the public railway infrastructure, and analyzes the realization of allocated train paths by individual carriers based on monthly reports submitted by the public railway infrastructure operator.

Slovenske železnice – Tovorni promet d.o.o.

SŽ – Tovorni promet was allocated 92,260 train paths in 2013. The number of train paths allocated to this carrier fell by 23,522 compared to 2012.

Figure 23: No. of train paths allocated to SŽ-Tovorni promet in 2013

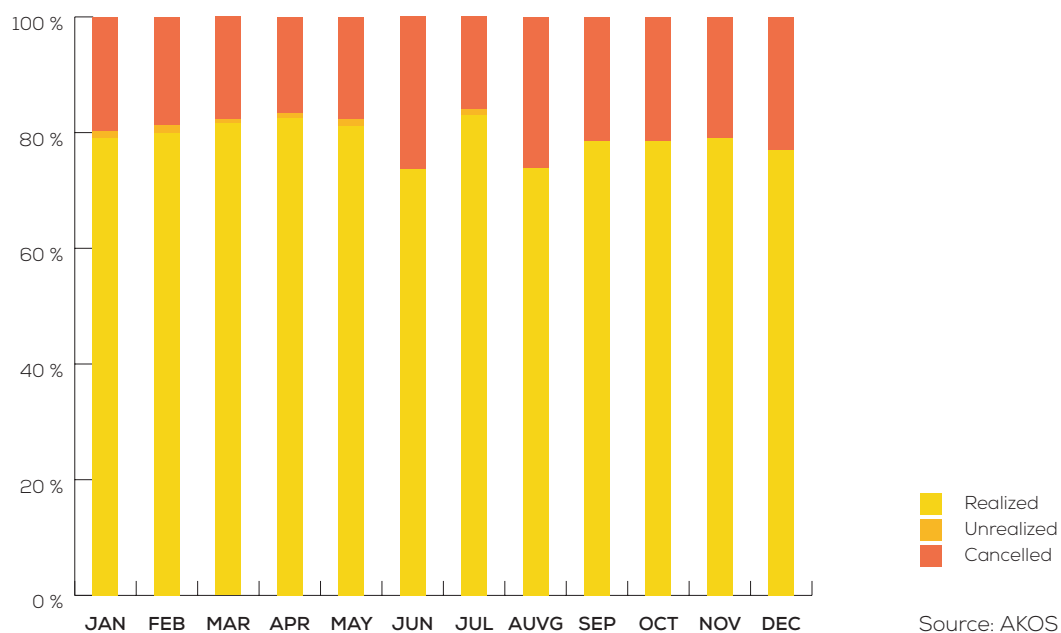


Source: AKOS

Analysis of the realization of train paths allocated to SŽ-Tovorni promet shows a drop in the number of canceled and unrealized train paths in the monitored period. The share of unrealized and canceled train paths in the total number of allocated train paths meanwhile remained approximately the same as in 2012.

It was established that in 2013 the carrier adapted its train path requests to its actual needs more diligently, because a significant share of this carrier's allocated train paths were allocated by an ad-hoc procedure (dedicated train paths).

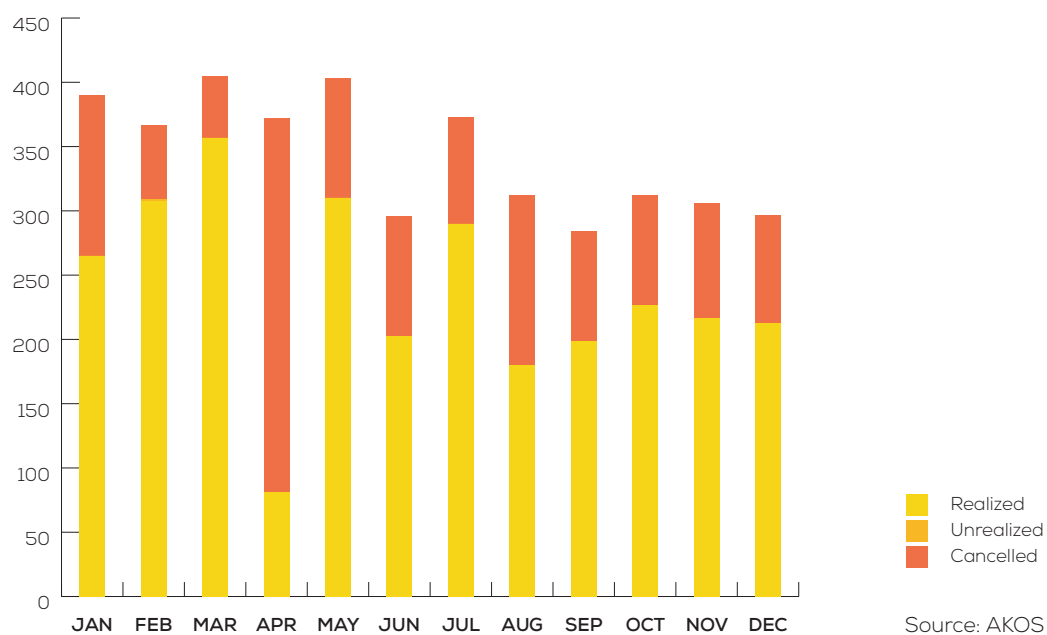
Figure 24: Realization of train paths allocated to SŽ-Tovorni promet in 2013



Rail Cargo Austria AG

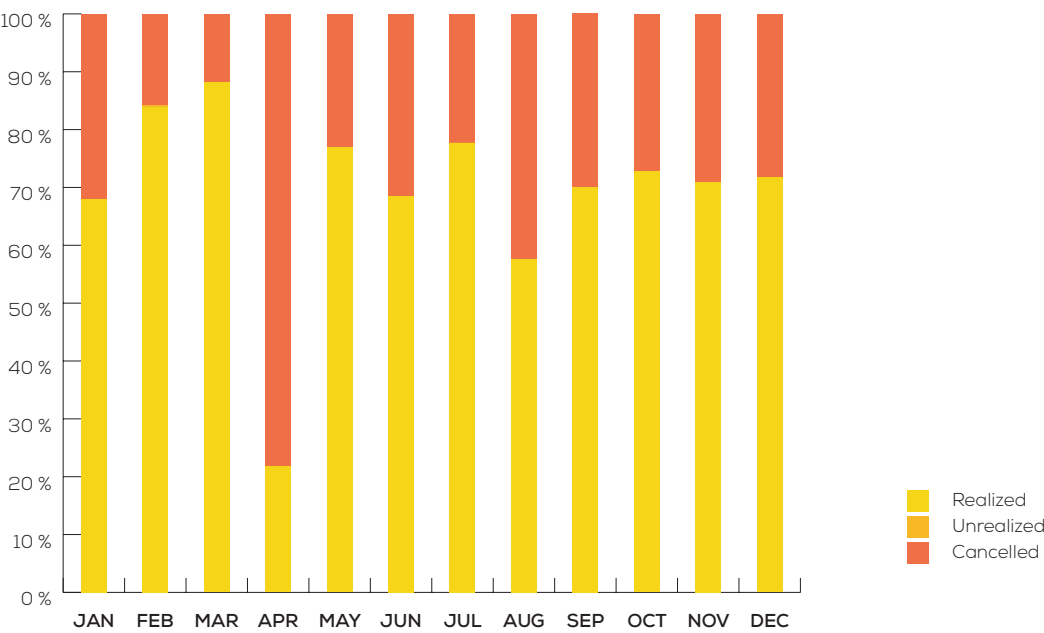
Rail Cargo Austria AG (hereinafter referred to as RCA) was allocated a total of 4,117 train paths in 2013. The number of train paths allocated to this carrier fell by 896 compared to 2012.

Figure 25: No. of train paths allocated to RCA in 2013



Despite such a drop in the number of train paths allocated to this carrier in 2013, RCA realized only 84 runs fewer than in 2012. The carrier better adapted the number of requested train paths to its actual needs, and a decrease in canceled train paths was recorded. Its number of canceled train paths represented a 25% share of all train paths allocated to this carrier, while in 2012 the carrier canceled 37% of all allocated train paths.

Figure 26: Realization of train paths allocated to RCA in 2013

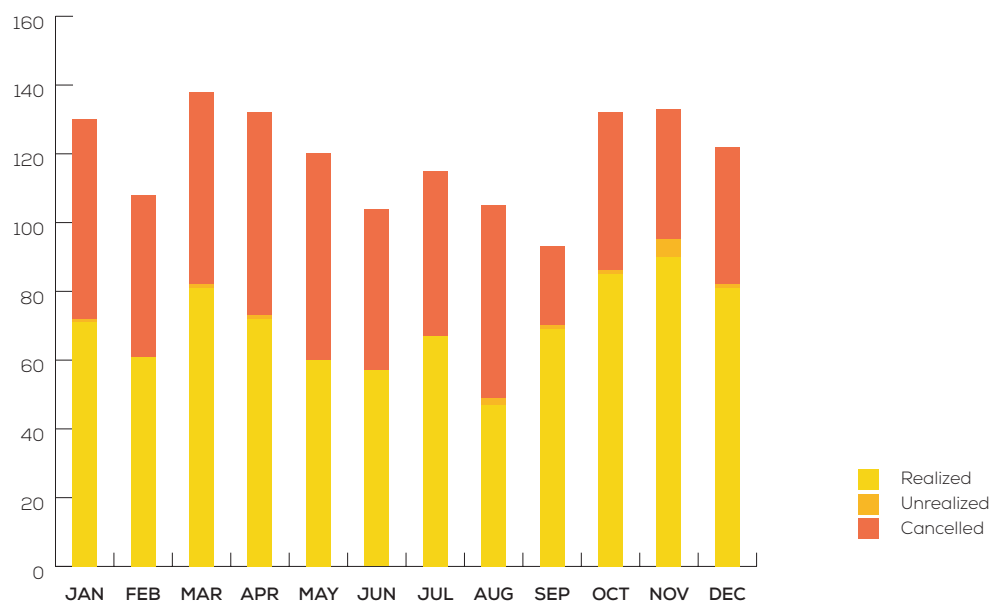


Source: AKOS

Adria Transport d.o.o.

Adria Transport was allocated a total of 1,432 train paths in 2013. This is a 23% increase compared to 2012 when it was allocated 1,160 train paths.

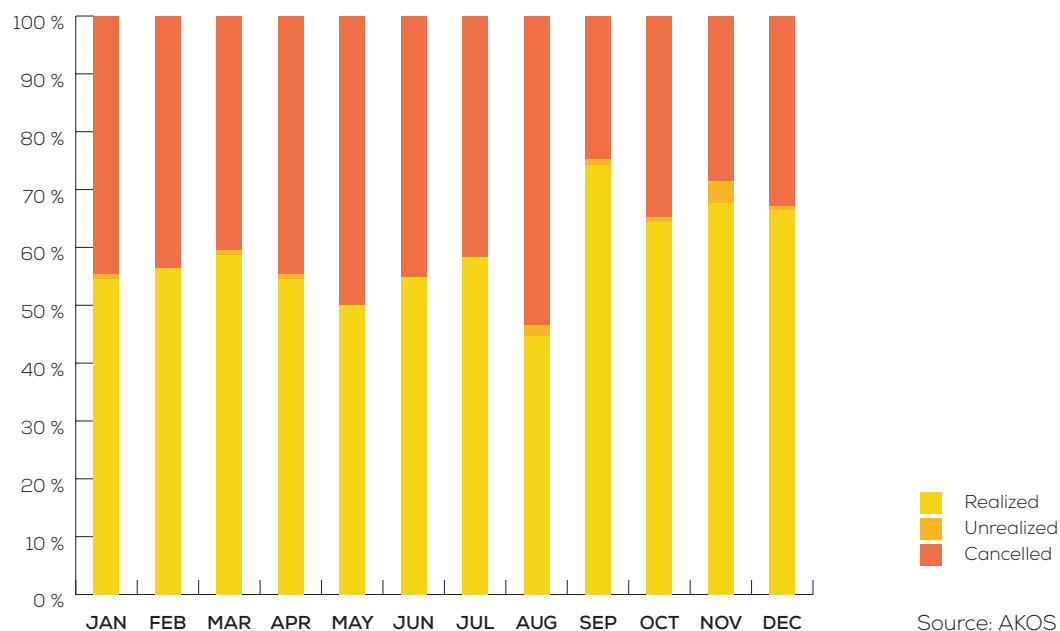
Figure 27: No. of train paths allocated to Adria Transport in 2013



Source: AKOS

In 2013, Adria Transport realized 841 runs, which is 42% more than in 2012. The analysis of realization of train paths allocated to this carrier in 2013 again showed a large share of canceled train paths. In 2013 the carrier canceled 578 train paths, which is 40% of all the train paths that it was allocated. Compared to 2012, the share of canceled train paths decreased by 9 percentage points.

Figure 28: Realization of train paths allocated to Adria Transport in 2013



Source: AKOS

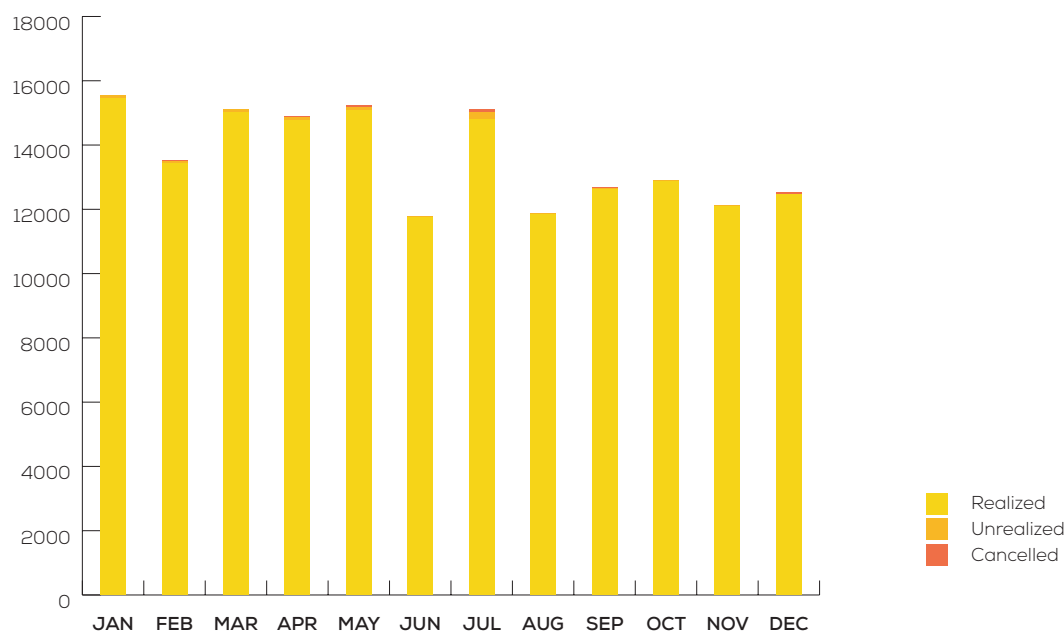
3.6.1.4 Realization of Allocated Train Paths by the Carrier Providing Passenger Transport

In contrast to freight transport, where the share of canceled and unrealized train paths remains high, analysis of allocated train path realization in railway passenger transport continues to show almost 100% realization of allocated train paths in 2013. The share of unrealized and canceled train paths for 2013 stands at only 0.72%. The main reason for this lies in the fact that passenger transport services are mainly provided as part of the obligation to provide the public service of passenger transport in domestic and cross-border regional railway traffic.

Slovenske železnice – Potniški promet d.o.o.

SŽ – Potniški promet was allocated a total of 163,299 train paths in 2013. Compared to 2012 when this carrier was allocated 183,662 train paths, the total number of train paths allocated in passenger transport fell by 20,363.

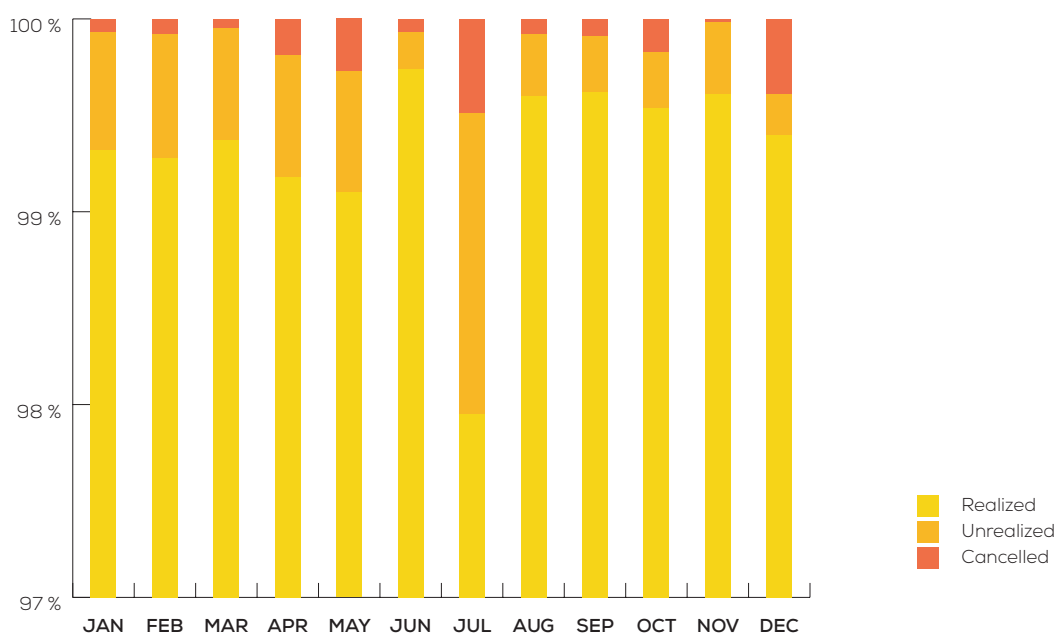
Figure 29: No. of train paths allocated to SŽ-Potniški promet in 2013



Source: AKOS

In the years of monitoring allocated train path realization (since January 2009) the share of unrealized and canceled train paths allocated to this carrier has been constantly dropping, and a decrease was also recorded in 2013, when this share only amounted to 0.72% of all allocated train paths.

Figure 30: Realization of train paths allocated to SŽ-Potniški promet in 2013



Source: AKOS

3.6.2 The Agency's Measures for Improving Public Railway Infrastructure Utilization

Already at the end of 2012 the Agency recommended that the public railway infrastructure operator and the allocation authority regularly monitor the realization of allocated train paths primarily in the railway freight transport, and adopt measures for improving the utilization of allocated train paths. This recommendation, adequate response of the parties, and carriers' conduct resulted in better utilization of allocated train paths in 2013, since a lower share of canceled or unrealized train paths was recorded for all carriers. Based on the trend of improving utilization of allocated train paths, the Agency concluded there is no need for further (stricter) measures.

It should be noted that in railway freight transport carriers have been, based on their actual needs, requesting train paths for the entire timetable period more rationally and have been requesting dedicated train paths (ad-hoc) more frequently than in the past. In 2013, 47,189 of the train paths realized in freight transport were requested through the regular procedure, while 29,158 were allocated in ad hoc procedures.

Since none of the applicants filed a complaint against a decision on train path allocation in 2013, the Agency concludes that all applicants were granted access to the public railway infrastructure in the Republic of Slovenia under equal and fair conditions.

3.6.3 User Fees for Access to the Public Railway Infrastructure of the Republic of Slovenia

Carriers must pay user fees for using the public railway infrastructure. The Agency is responsible for ensuring that user fees are set according to relevant regulations and that they are non-discriminatory. Public Agency of the Republic of Slovenia for Railway Transport, which is responsible for determining and charging the user fee, adopted the Act establishing the charges for using the public infrastructure of the Republic of Slovenia in 2012, which determines new methodology for calculating the user fee. The user fee has been charged based on the new methodology since 1 March 2013. The Agency established that the Act establishing the charges for using the public infrastructure is compliant with relevant legislation and that user fees are based on the actual costs incurred by the public railway infrastructure operator.

In 2013, carriers did not file any complaints against the determined and charged user fees.

3.6.4 Passengers Complaints in Railway Transport

In addition to the rights that passengers in the railway transport have based on the contract on transportation (concluded with the purchase of the ticket), they also enjoy rights determined in the Regulation (EC) No 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers' rights and obligations. 3 complaints about alleged violations of rights from this regulation were filed in 2013. The complaint about a change of timetable was discarded, since it did not pertain to a right determined in the regulation. A passenger's petition that a carrier should be fined for not providing meals and refreshments during a delay was rejected, since imposing a fine (subsequently to establishing the existence of a breach) falls within the jurisdiction of a transport inspector. In a case regarding the carrier's liability for damages to a passenger missing a connecting train, the Agency established that the carrier was liable for paying damages to the passenger.

3.7 DISPUTE AND COMPLAINT RESOLUTION

Based on the provisions of the Electronic Communications Act (Official Gazette of the RS, 109/2012 and 110/2013; hereinafter referred to as ZEKom-1) and the Postal Services Act (Official Gazette of the RS, 51/2009 and 77/2010; hereinafter referred to as ZPSto-2), the Agency is authorized to resolve disputes in the fields of electronic communications and postal services in the Republic of Slovenia.

3.7.1 Disputes in the Field of Electronic Communications

Under ZEKom-1, the Agency has the authority to resolve disputes between entities in the market of electronic communications. Disputes arise between users and operators, as well as between operators themselves. Article 217 of ZEKom-1 distinguishes between:

- disputes between natural persons and legal entities providing electronic communication networks and/or services, if disputes are related to rights and existing obligations as determined by this Act, and regulations, as well as general and individual acts issued based on this Act (disputes between operators), and
- disputes between natural persons and legal entities providing electronic communication networks and/or services and end users, if disputes are related to rights and obligations as determined by this Act and regulations based on this Act, and rights and obligations arising from contracts on the provision of electronic communication networks or services (disputes between operators and end users).

ZEKom-1 defines a new category of disputes – disputes between natural persons and legal entities providing electronic communication networks and/or services and other natural persons or legal entities which benefit from access or inter-connection obligations. These disputes are resolved as disputes between operators (paragraph 2 of Article 217).

In 2013, the General Act on Mediative Procedure (Official Gazette RS 62/2013; hereinafter referred to as General Act) was adopted, specifying the manner of conducting mediative procedures based on Article 220 of ZEKom-1. Its main purpose is to simplify the mediative phase of the dispute resolution procedure. The Agency communicates with the parties over e-mail or the phone to speed up the procedure and make it more economical. The General Act also allows the Agency to informally collect additional information from the parties, and gives it more flexibility in setting procedural deadlines. If the parties in dispute fail to come to an agreement, the Agency may conclude the mediative procedure at any time and resolve the dispute in an administrative procedure by issuing a binding decision (Article 218 of ZEKom-1).

The prescribed deadline in which the Agency should resolve the matter (for disputes between operators and disputes between operators and end users) is 4 months after receiving the complete complaint (paragraph 6 of Article 218 of ZEKom-1).

In accordance with paragraph 3 of Article 217 of ZEKom-1, resolving a dispute through the Agency does not affect potential legal jurisdiction, and parties can always bring the dispute before a competent court. If during the dispute resolution procedure before the Agency any party initiates proceedings before a competent court in the same case, the dispute resolution procedure before the Agency shall be halted (paragraph 4 of Article 218 of ZEKom-1).

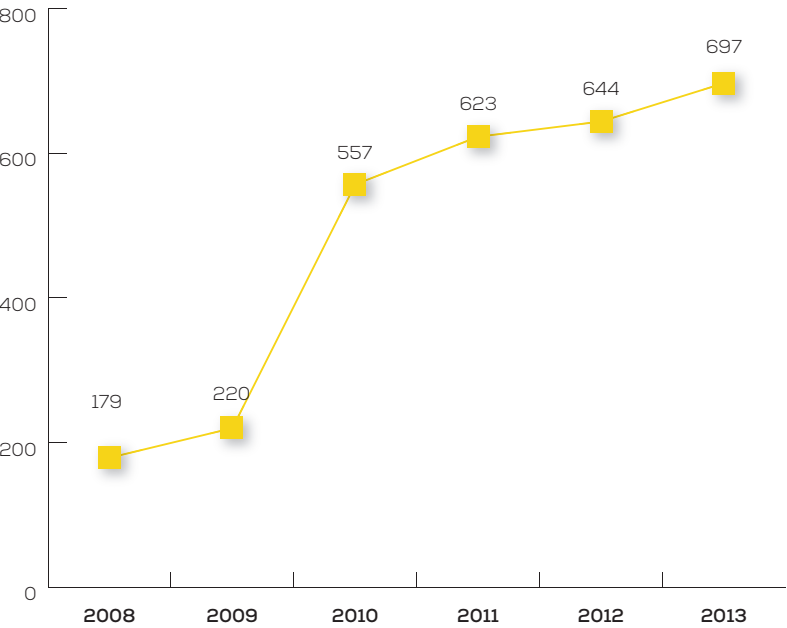
3.7.1.1 Disputes between Operators and End Users

ZEKom-1 changes the possible reasons for initiating proceedings. According to Article 142, every end user has the right to object to a decision or the conduct of operators in relation to the rights and obligations laid down in ZEKom-1 and in the regulations issued pursuant thereto, and in contracts on the provision of electronic communications networks and/or services. End users must first contact the operator within 15 days of learning about the disputed decision or conduct. If an operator fails to grant or decide on objections within 15 days of their submission, end users may, within the next 15 days,

seek legal protection before the Agency by filing a request for resolving a dispute with an operator.

The Agency received a total of 697 complaints for resolving disputes with operators from end users in 2013.

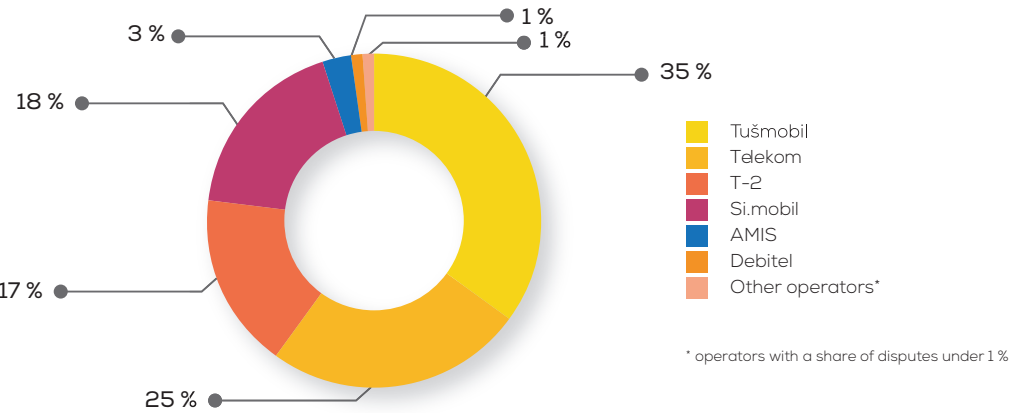
Figure 31: Number of requests for resolving disputes with operators



The chart reveals that the number of disputes has continued to rise, as the increase in 2013 was more rapid than in 2011, however not as high as in 2010. The Agency attributes this increase partly to a higher number of end users , and partly to the economic crisis and consequently users’ increased sensitivity to expenses. The increased number of disputes might also be the result of end users’ growing awareness of their rights and of the Agency and its work.

In 2013 the Agency resolved disputes between end users and the following electronic communications operators:

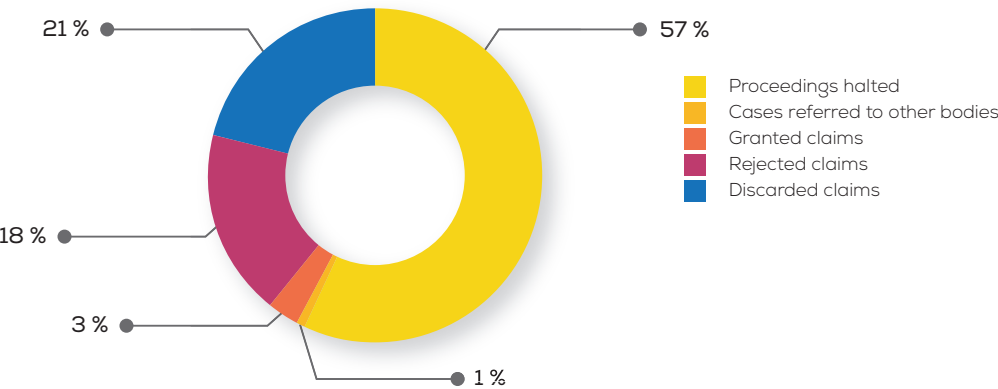
Figure 32: Requests received by operator



In addition to the 697 complaints received in 2013, the Agency continued with the resolution of 130 disputes initiated at the end of 2012 and carried over into 2013. The total number of disputes between end users and operators in which the Agency was involved in 2013 thus amounted to 827, 675 of which were concluded by the end of 2013, while the Agency will continue resolving 152 disputes in 2014.

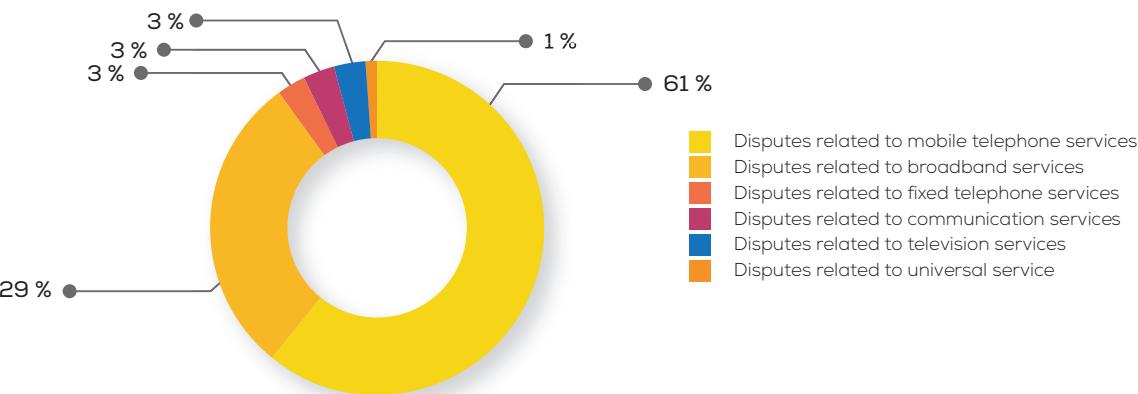
The Agency is very successful in mediation, as the operators and end users reached mutual agreements on dispute resolution in 57% of cases, which was followed by a decision on halting the procedure (382 cases). In other cases, the Agency, in accordance with paragraph 3 of Article 218 of ZEKom-1, concluded proceedings by issuing a decision. In 19 cases it granted the complaint and in 120 cases it rejected it, while in 146 cases it issued a decision discarding the complaint as late or unauthorized.

Figure 33: Cases by outcome



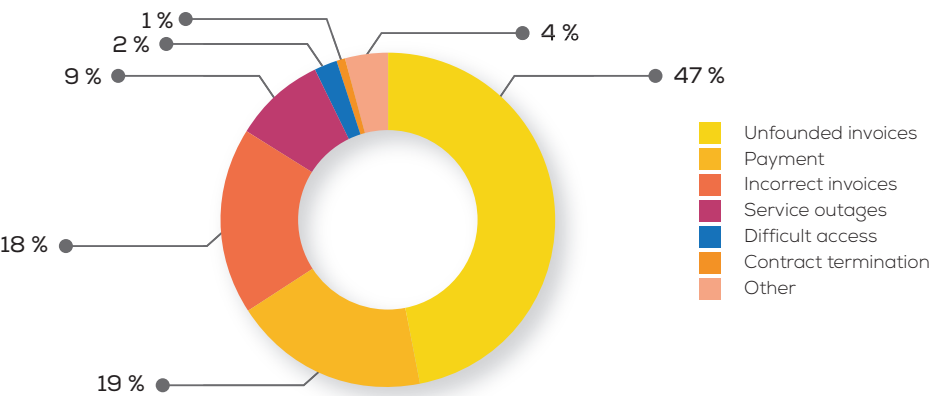
In regard to the type of service, disputes related to mobile telephone services continued to prevail in 2013 (61%). These were followed by disputes related to broadband services (29%), while the share of other disputes (e.g. related to fixed telephone services, communication services, universal services) did not amount to over 3% per category.

Figure 34: Cases by service



Users turned to the Agency most frequently over invoices which operators issued unfoundedly. In 47% of the complaints addressed to the Agency, users claimed they never ordered services charged by an operator. A large share of complaints were also related to payment for services (19%), in which operators charged costs, i.e. liquidated damages, for terminating or canceling the subscription contract, or set the return of equipment as a condition for terminating the contract. These were followed by disputes over incorrect invoices (18%), in which data on invoices (usually charged amounts of services) were incorrect or amounts doubled, and disputes related to service outages (9%).

Figure 35: Cases by issue



In 2013, the Agency resolved 72% of the disputes within the prescribed deadline, while in 18% of the cases this deadline was not met.

3.7.1.1 Disputes between Operators

In 2013, the Agency received 1 request for resolving a dispute between operators, namely regarding the shared use of a fiber optic network (shared use under Article 91 of ZEKom-1). Since the Agency found that court proceedings before the competent court were being conducted regarding this case while resolving the dispute, it rejected the request for resolving the dispute in accordance with item 4 of paragraph 1 of Article 129 of ZUP.

The Agency carried over 2 disputes between mobile communications operators from 2012, both of which were concluded in 2013.

In the dispute regarding the price of call termination in a public mobile telephone network the Agency issued a decision on halting the proceedings, since a lawsuit was initiated during the dispute resolution proceedings before the Agency.

In the dispute regarding operator access and preventing already approved operator access, the Agency issued a decision rejecting the claim, since a request for a ruling regarding the validity of a concluded legal transaction for a loan between

the operators was filed in the proposal for resolving the dispute. As an administrative body, the Agency does not have jurisdiction over matters involving property and/or civil relationships, as these are under the court jurisdiction.

3.7.2. Disputes in the field of Postal Services

In accordance with Article 62 of ZPSto-2, the Agency resolves disputes between parties in the postal market (disputes between postal services providers themselves, and disputes between postal services providers and users) if the disputes are related to rights and obligations determined by ZPSto-2 or by regulations and general acts based on it. Similarly to the field of electronic communications, disputes in the postal services market arise between users and postal service providers as well as between providers themselves.

Like in the field of electronic communications, the Agency first tries to resolve the dispute through mediation as determined in Article 63 of ZPSto-2, and based on the General Act.

The prescribed deadline in which the Agency should resolve a dispute in the field of postal services is 4 months after receiving the complete complaint (Paragraph 6 of Article 218 of ZEKom-1).

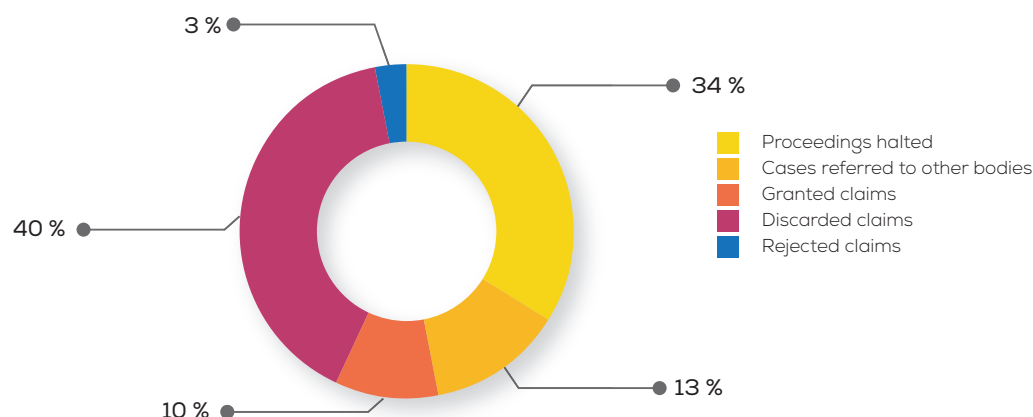
3.7.2.1 Disputes between Users and Postal Service Providers

Based on paragraph 1 of Article 51 of ZPSto-2, every user of postal services has the right to file a complaint with the postal service provider within 3 months of posting the mail regarding loss, damage, theft or robbery, late delivery, and unprovided or incompletely or incorrectly provided postal services; users can also do so immediately upon delivery or within 30 days of delivery if the defects are not visible immediately. If the operator does not favorably resolve the complaint or fails to even respond to it, postal services users can escalate their complaint before the Agency.

In 2013, the Agency received 32 requests for dispute resolution between users and postal service providers.

In addition to the complaints received in 2013, the Agency continued with the resolution of 4 disputes initiated at the end of 2012. The total number of disputes between users and providers in which the Agency was involved in 2013 thus amounted to 36 cases, 30 of which were concluded, while the Agency will continue resolving 6 disputes in 2014.

Figure 36: Cases by outcome



The above chart shows that in 10 cases the Agency succeeded with mediation through which the user and postal services provider came to an agreement, which was followed by the Agency issuing a ruling on halting the proceedings (34%). In other cases, the Agency, in accordance with paragraph 3 of Article 62 of ZPSto-2, concluded proceedings by issuing a decision. In 3 cases it granted the complaint and in 1 case it rejected it, while in 12 cases it discarded the complaint as it had no jurisdiction over the matter.

In most cases users of postal services filed complaints due to undelivered mail and damage claims for damaged or destroyed mail.

84% of the 30 disputes resolved by the Agency in 2013 were resolved within the four-month prescribed deadline, while in 16% of the cases this deadline was not met.

3.7.2.2 Disputes between Postal Service Providers

In 2013, the Agency did not receive any petitions for dispute resolution from postal service providers.

3.7.3 The Agency's Representation before the Court

Judicial protection is ensured against a final decision of the Agency in an administrative case which is conducted before the Administrative Court. If a party disagrees with the court's ruling or decision, it may request a judicial review of, i.e. lodge an appeal against, the Administrative Court's decision before the Supreme Court of the Republic of Slovenia.

In 2013, 35 claims were filed before the Administrative Court against the Agency's decisions and rulings, and 2 requests for issuing interim decisions.

The Administrative Court issued a total of 23 rulings and decisions in 2013, resolving 22 appeals (2 of which were joined into 1 case) filed against the Agency's decisions, and ruled on the 2 requests for issuing interim decisions, 1 of which it rejected while discarding the other. The Administrative Court did not grant any of the appeals. In 2 cases the Administrative Court halted the proceedings after claims were withdrawn, 14 claims were rejected as unfounded and 5 were discarded.

Four requests for extraordinary judicial review and 2 appeals were filed against the Administrative Court's decisions before the Supreme Court. The Supreme Court rejected 2 reviews as disallowed, and 2 as unfounded. It also rejected both appeals against the Administrative Court's decisions.

3.8 PROTECTION OF END USERS

3.8.1 Implementation of the Roaming Regulation

The Agency actively monitors operators' implementation of the Regulation on roaming on public mobile communications networks within the Union. The recast regulation from mid-2012 further decreases the regulated rates as of July 2013. It sets new maximum retail prices for calls at EUR 0.24 per minute excluding VAT for outgoing calls, EUR 0.07 per minute for incoming calls, and EUR 0.08 per sent text message. The charging interval for incoming calls is still 1 second, while the minimum initial charging interval may not exceed 30 seconds. The recast Regulation also sets a new maximum price for data roaming, namely EUR 0.45 per MB VAT excluded, billed per kB transferred. Since Croatia joined the EU in July 2013, the recast Regulation on roaming on public mobile communications networks now also applies to roaming in this country, which will significantly reduce mobile telephone service costs of Slovenian users traveling to Croatia.

In order to prevent excessive invoices, the cap for data service usage, which is set at EUR 50 by default and which users can optionally increase with their carrier, still applies. The recast Regulation expands this safeguard also to the countries outside the EU. Upon crossing the border of an EU member state, users are also to receive a text message or other notification containing information about roaming voice and data rates, and must also be notified when reaching 80% of the agreed upon capped amount. This notification must also contain information about the procedure users must follow to keep using these services, as well as the costs involved per each additional unit. Free calls to the uniform European emergency number 112 must also be available to users when roaming in EU countries.

In addition to retail prices, wholesale prices of services have also been further cut as of July 2013. The maximum wholesale price for outgoing calls is EUR 0.10 excluding VAT per minute, and the wholesale price of incoming calls is the same as the regular price of call termination in the individual network. The charging interval for incoming voice calls in the wholesale market is still a second, while the minimum initial charging interval may not exceed 30 seconds. The wholesale price per text message sent is limited to EUR 0.02 excluding VAT, and the maximum wholesale price for data services is EUR 0.15 per MB of transferred data without VAT, billed per every kB transferred.

The recast Regulation also requires carriers to publish relevant reference offers for wholesale roaming access for other operators as of January 2013. Such a reference offer must be adequately detailed and must include all the components for wholesale roaming access and specification of offers in regard to direct wholesale roaming access and wholesale roaming resale access. Under the recast Regulation domestic providers should also enable their users to access regulated voice, text message, and data roaming services, provided as a bundle by any alternative roaming provider. Under the recast Regulation, roaming users will also be able to change their roaming service provider in the EU at any time after July 2014. Such a change must be put into effect no later than 1 business day after concluding an agreement with the new roaming service provider, and is free of charge to the user.

3.8.2 Single European Emergency Number 112

112 is the single European emergency number, which means that residents of any EU member or users roaming in any EU country can call the toll-free number 112 in the event of an accident or other emergency. To increase the recognizability of the number and raise general public awareness, the Agency published a presentation on the 112 number on its website on the international European 112 Day in 2013, as it is aware that adequate knowledge and high awareness among all people about the single European emergency number 112 are exceptionally important factors in saving lives.

According to the annual survey targeting households the awareness about the toll-free emergency numbers 112 and 113 is increasing, and 77% of interviewed households were familiar with them in 2013. The share of interviewed households that know that 112 is the single European emergency number has likewise increased (to 65%).

The Agency checks the data on the quality of the single European emergency number twice per year and reports on the findings to the Communications Committee of the European Commission. Between the beginning of July 2012 and end of June 2013, fixed telephone services operators received 242,235 calls to the 112 and 113 emergency numbers, while mobile telephone services operators recorded 126,420 such calls in the same period.

In 2013, operators reported 455 instances of network and/or service interruptions, 326 were announced, while 129 were unannounced. The service of the 112 and 113 emergency numbers was not available on 290 occasions due to upgrades, updates, and maintenance, and in 86 instances due to errors or malfunctions. We believe that the 112 emergency number service was not interrupted in mobile networks, since emergency calls can also be made through other operators' networks due to the nature of their operations.

3.8.3 Numbers for Services with Social Value – 116 xxx

In accordance with the Decision 2007/116/EC from the Commission (EU Official Journal L 49; 17 February 2007), the Agency reserved the numbering range beginning with 116, which is reserved for services of social value in the EU, already in the General Act on Numbering Plan, adopted in 2007. Since then, it has assigned 3 out of 5 available numbers listed in

the annex to the Commission Decision through public calls, namely:

- 116 000 – missing children hotline (assigned to Zavod 116);
- 116 111 – child helpline (assigned to the Friends of the Youth Association of Slovenia);
- 116 123 – emotional support helpline (Association of Slovenian Helpline Advisers for Mental Distress).

The Agency must in regular intervals, which must not be longer than three years, review whether a new public call for obtaining the opinions of the interested public regarding the assignment of the remaining numbers should be published.

The Electronic Communications Act (ZEKom-1) set 15 April 2013 as the deadline by which operators had to comply with the obligations regarding including the single European missing children hotline number 116 000 among emergency numbers.

3.8.4 Universal service

The existing obligations pertaining to the provision of services from the segment of universal service were determined by the Agency in a public call in 2009, when it selected the operator with the largest market share in the relevant retail market of access to fixed telephone services based on the number of connections for providing all the services, except the services of providing a comprehensive directory and comprehensive directory inquiry. Telekom Slovenije d.d. was selected as the universal service provider then, and the decision expires in December 2014, which is why the Agency started preparing a new public call for universal service providers already at the end of 2013.

Universal service means the set of services listed in Article 115 of the Electronic Communications Act, which must be available to all end users in the Republic of Slovenia. The minimum set of services under universal service includes: connection to the public communications network and access to publicly available telephone services at a fixed location; the provision of access to publicly available telephone services; the provision of and access to a comprehensive directory and comprehensive directory inquiry service; the provision of public pay phones or other public voice telephony access points, from which it is possible to make emergency calls free of charge and without any means of payment; and provision of measures for disabled end users. Since the universal service mechanism exists in all sectors that are of key importance for the population, rules are very exact. However, due to the very dynamic environment and market requirements in electronic communications, users' requirements are increasing and the set of acceptable services has completely changed over time. Consequently, the Agency will have to carefully review the set of services determined by the law and support its decisions with analyses in 2014. Considering the complexity of preparing the public call and some necessary preliminary analyses, the Agency started analyzing the effects of changing data rates already in 2013.

3.8.5 Workshops for Operators and Consumer Organizations

Every year the Agency organizes up to two workshops for operators and representatives of consumer organizations. The purpose of these events is to respond to any potential issues regarding the relationship between providers and consumers, and increase the level of mutual understanding. In this respect, the workshops are a preventive measure reducing the risk of conflicts between operators and users of their services.

In 2013, the Agency focused its efforts on regulating the compensations to end users in the event of outages or reduced quality of public communication services. Refunds that operators grant in their general terms are often disproportionate and do not reflect the actual loss that outage or reduced quality of public communication services means for end users. The Agency initially intended to regulate the issue by adopting an unbinding Recommendation on the Method of Determining Refunds Operators Should Provide to End Users Due to Public Communication Services Outages or Reduced Service Quality (hereinafter referred to as the Recommendation) as envisaged in Article 133 of ZEKom-1. However during the public consultation, operators expressed their willingness to try to regulate the issue with a self-regulation code.

In 2013, the Agency thus organized a number of consultation meetings between the Association of Informatics and Telecommunications at the Chamber of Commerce and Industry of Slovenia, which represented electronic communications operators in the process of drafting the code, the Electronic Communications Council, and the Slovenian Consumers' Association (ZPS), both representing users. At the meetings, which were held on 4 July 2013, 16 October 2013, 26 November 2013, and 12 December 2013, all stakeholders exchanged their opinions and positions, which finally led to the draft of the Self-Regulatory Code of Refunds for the Outages or Poor Operations of Public Communication Services of Operators (hereinafter referred to as the Code). The Code primarily envisages determining the refunds for outages or reduced quality of services depending on the duration of the error (while equating outage and reduced quality of services in terms of duration as well as amounts of refunds), and which will be binding for operators signing it. The adoption of the Code is expected at the beginning of 2014. If operators do not adopt the code, the Agency will regulate the issue with a recommendation, as prescribed by ZEKom-1.

3.8.6 Portals www.akos-rs.si, www.komuniciraj.eu and <http://dvb-t.appek.si>

In July 2013, the Agency presented the overhauled transparency portal (www.komuniciraj.eu). The portal provides a review of all fixed and mobile operators, their contact information, and their portfolio of services and products in the electronic communications market in one place. It also includes a tool for measuring users' data rates. If users agree, these measurements may be recorded on a map of Slovenia or posted on Facebook. All recorded data rates are also kept as summary statistics analysis.

The Agency regularly updated its website (223 items published on the website), and upgraded it with the e-news module – Agency's new communication tool, which allows everyone to subscribe to the e-news that the Agency publishes

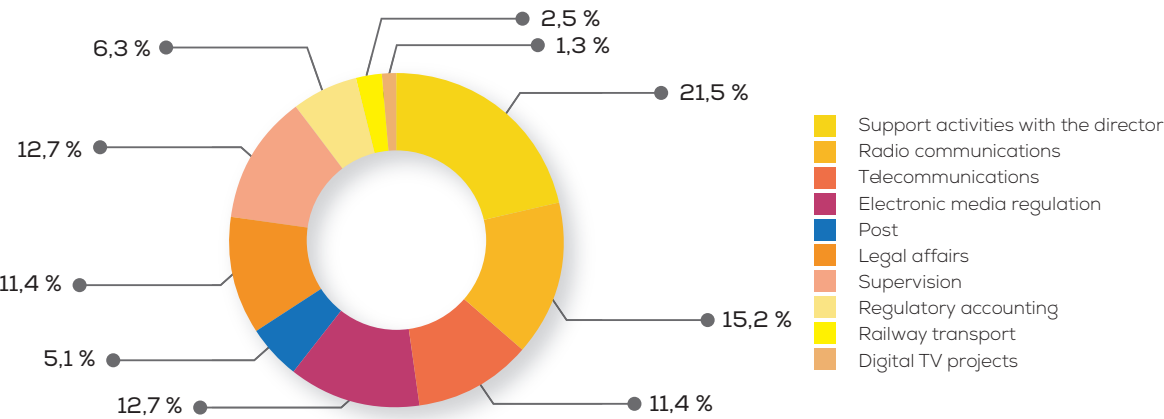
when necessary. Although the digital switchover has already concluded, the Agency keeps editing the <http://dvb-t.apek.si> portal on digital terrestrial broadcasting.

3.8.7 Call Center

The Agency runs a call center, which is available at the 080 27 35 toll-free number between 9 AM and 1 PM on every business day. The main purpose of the call center is to provide professional advice and basic information regarding dispute resolution proceedings before the Agency, as well as general explanations regarding all aspects of the Agency's work and its jurisdiction. In this respect the call center also plays a preventive role by reducing the need for further complaints filed with operators and/or the Agency by explaining or clearing up potential issues.

In 2013, the Agency received 1,024 calls and responded to all of them. The chart below shows that the highest share (32%) of callers to the Agency's 080 27 35 toll-free number required general information about dispute resolution proceedings before the Agency (i.e. how to file a request for dispute resolution, express disagreement with the issued invoice), which was followed by questions regarding the Agency's jurisdiction (23%), and calls from end users who had already filed the request for dispute resolution and were inquiring about the progress of their case (15%).

Figure 37: Received calls by issue



3.8.8 Explanations to End Users

To prevent disputes, the Agency provides users with the possibility of asking for advice on what to do when encountering problems in their relationship with the operator. In such cases the Agency provides a written response, usually within 15 days.

In 2013, the Agency received 225 requests for an explanation of the situation or advice regarding a certain issue from end users. The Agency sent out 218 written explanations and responses.

In regard to the type of service for which users required explanations, inquiries related to mobile telephone services prevailed in 2013 (60%). They were followed by inquiries related to broadband services (27%), as well as communication services and fixed telephone services (4% each).

3.9 MANAGING THE AGENCY

3.9.1 Human Resource Management

As at 31 December 2013, there were 82 public employees at the Agency besides the Director. 78 of the employees were employed in a permanent position, which means that their work was financed from the Agency's own resources, while 2 of the employees employed on a permanent basis in the Railway Transport Department are funded directly from the national budget.

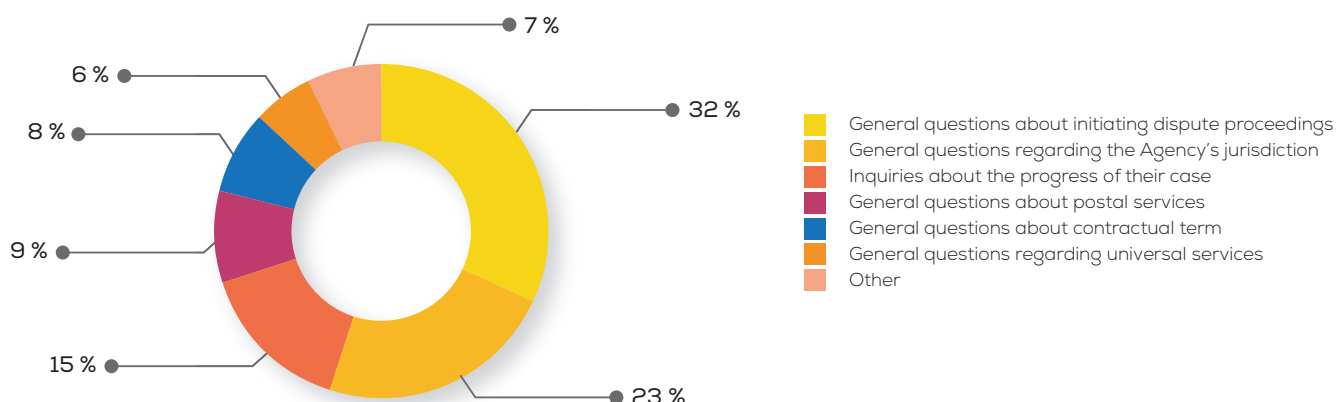
2 employees are employed on a temporary basis for the duration of the LTE project managed by the Agency, while another 2 employees are employed on a temporary basis for the duration of the maternity leave of 2 temporarily absent public employees.

In 2013, three contracts were concluded with freelancers due to operational needs; 2 in the IT Department and 1 in Public Relations.

The Agency employs one staff member entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia, which, under the Vocational Rehabilitation and Employment of Disabled Persons Act, means that the Agency is partly exempt from payment of pension and disability insurance contributions for disabled persons, required for companies failing to meet the prescribed 2% quota.

In accordance with the legislation on occupational health and safety, the Agency provides pre-placement and regular periodic medical examinations as well as regular occupational safety training through an authorized doctor and external authorized expert on occupational safety.

Figure 38: Share of employees by organizational unit and filed of work



Source: AKOS

In accordance with the Agency's needs and in the interest of improving knowledge and expertise, the staff attended different conferences and workshops of significance for the professional, high-quality performance of the Agency's (basic regulatory) mission.

Besides the aforementioned training activities, the Agency prepared a focused development plan for its employees in 2013, which was however not realized because the 2013 financial and operating plans were not approved.

The program comprised a number of seminars and workshops focused on acquiring soft skills and knowledge, which would be carried out in collaboration with external experts and organizations.

The topics of the planned seminars and workshops were fitted to different groups of employees depending on their position in the organization as well as area of work:

- Seminars and workshops for the Agency's management;
- Seminars and workshops for the Agency's experts;
- Seminars and workshops for all employees.

The educational structure of the Agency's staff is at a high level, as almost 75% of the employees hold at least an undergraduate university degree.

The training program for the Agency's staff was development-oriented and designed for the Agency's management employees, as well as for experts from different areas of work.

Especially management employees often find themselves in a double role – as experts in a certain field, as well as resource managers. When tackling expert issues, they often rely on their colleagues, while decision-making, organizing,

managing, and supervising are completely in their hands.

The purpose of employee development is to have qualified staff that can meet the set goals, which is why the Agency must ensure that:

- employees have adequate know-how, skills, and competencies (soft skills and competencies) to efficiently perform their work;
- the quality of the work of individuals as well as teams improves;
- employees develop in a direction that allows them to advance.

The Agency's decision to introduce a more systematic employee development program was based on the following facts:

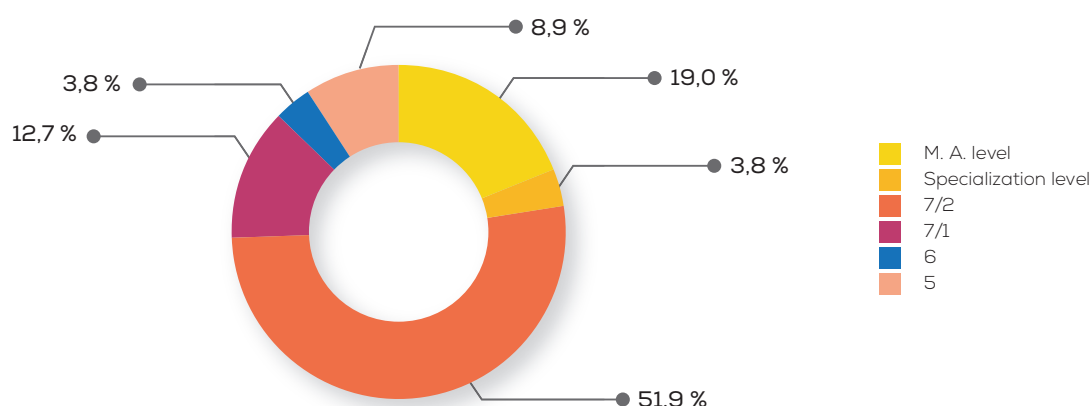
- no systematic (methodical) employee development program was in place in the past;
- significant changes in the staff in the past resulted in a lower level of expertise and qualification;
- by organizing and holding seminars and workshops, the Agency wishes to encourage a strong bond between employees;
- the Agency can present its goals and vision through training, thus consolidating the approach to work;
- due to constant restrictions regarding the employment of new experts, the Agency wishes to invest more resources into developing its own experts – (own academy);
- the Agency is introducing approaches that require continuous the integration of different areas and collaboration between employees, i.e. project-based work and teamwork are ever more common in the Agency's day-to-day processes.

Based on all this, the Agency's training program will focus on three different approaches:

- the Agency will start developing employees' personal competencies through training for acquiring soft skill, such as management by objectives and teamwork;
- it will provide group and individual expert training, as part of which the best employees will be occasionally sent to seminars abroad;
- in-house group expert training in the form of lectures from foreign and Slovenian experts.

The Agency believes that a more comprehensive training program is necessary if it wishes to keep up with the rapidly developing industry.

Figure 39: Educational structure of the Agency's employees



Source: AKOS

3.9.2 IT Support

In 2013, the Agency's IT team upgraded software so it meets the requirements of the amended legislation (notifying license holders about license expiry), and changes arising from the fact that the Agency was funded in 12 installments and that consequently the logistics changed, since holders received several decisions determining the fees in one year (a comprehensive overhaul of the module for issuing the decisions). Due to increased security requirements, updates regarding the data capture from quarterly and annual questionnaires were also implemented. The IT team regularly provided upgrades to quarterly questionnaires, which followed TC guidelines, and also met other users' important requests, i.e. a forum for discussing the LTE tender was integrated in the website, an e-news tool was added, etc.

In the context of the project "Stage One of e-Transactions" we continued the transfer of case files to the current document database, where archive documentary materials are also now kept, in accordance with the guidelines provided by the Decree on Administrative Operations, since the Agency previously did not have a current document database, which is a requirement. In addition to the physical collection, the data is also stored in the electronic current database via the SPIS document archival system.

The project's future steps involve introducing an e-archive, as well as the construction of a physical archive, as the Agency currently does not have one of those either. We are drafting internal regulations in collaboration with an external partner with the purpose of receiving certification from the Archives of the Republic of Slovenia, which is precondition for a transition to e-archiving.

The security of the Agency's equipment and processes was examined, and a plan for eliminating any weaknesses was designed. The majority of weaknesses will be eliminated in 2014.

The IT team also routinely carried out upgrades of the information environment, such as purchasing new computers, upgrading the software environment and anti-virus protection etc., and provided support for colleagues.

3.9.3 Transparency of the Agency's Work

In 2013, the Agency received 90 requests for access to public information, which is 8 fewer than the year before. Together with the open cases carried over from the previous year, the Agency resolved 91 requests.

In 85 cases, the Agency granted the request and provided the required information to the applicant. In 6 cases it rejected access to the required information, because the information was not publicly available or the Agency did not have it. The Agency rejected the requests based on Article 6 of the Public Information Access Act (Official Gazette of the RS, 51/2006-UBP2, 117/2006-ZDavP-2; hereinafter referred to as ZDIJZ) because the request of information was related to proceedings not yet concluded, or because the applicants required information labeled as confidential.

3 complaints were filed against the Agency's decisions, which were referred to the Information Commissioner as the body of second instance. In 2 cases the Information Commissioner ruled that the Agency must allow applicants to inspect the documents in question, and the Agency filed an appeal against 1 of these 2 rulings before the Administrative Court. Since an appeal temporarily stays the decision, the Agency will not provide the requested information to the applicant until the Court decides on the matter. The Information Commissioner is still resolving one of the complaints and should decide on it in 2014.

In only one case, in which an extensive amount of information was requested (the applicant requested documents from 2006 on), the usual deadline of 20 business days was extended. All other matters were resolved within the prescribed 20-business day deadline.

The Agency also regularly and promptly responded to the questions posed by the press. In 2013, it received 118 questions from the press (145 in 2012). All questions were answered within the prescribed period. In addition, in order to provide maximum understanding of and support for its arguments, the Agency engaged in formal and informal methods of communication with partners (e.g. press conferences, invitations for collaboration, public presentations of bylaws, public debates, etc.), it maintained proactive relations with the public, it engaged in formal activities, and maintained and upgraded its website up-to-date.

3.9.4 Collaboration with National and International Organizations

Last year, the Agency regularly collaborated with bodies whose work is substantively tied to, and has an indirect bearing on its decisions. The Ministry of Education, Science, Culture and Sport, Ministry of the Economy, Ministry of Transport, Ministry of the Environment and Spatial Planning, the Inspectorate of the Republic of Slovenia for Electronic Communications

and Electronic Signature, Slovenian Competition Protection Office, the Institute of Macroeconomic Analyses and Development, the Consumer Protection Office, the Traffic Information Center (PIC), the Electronic Communications Council, the Broadcasting Council, the Slovenian Institute for Standardization (SIST), the Statistical Office of the Republic of Slovenia, and Bank of Slovenia.

In the international arena, the Agency's work was focused primarily on regular participation in bodies and taskforce/project teams on the European Commission level (BEREC, COCOM, PDC, ERGP RSPG, RSC, EPRA, RBWG, RMMS), and the CEPT/ECC level (mainly in the context of the Working Group Frequency Management (WGFM), Working Group Spectrum Engineering (WGSE), Working Group Regulatory Affairs (WGRA) and the relevant project teams, CEPT/CERP and its project teams). The Agency was also actively involved with the International Telecommunications Union (ITU), the Universal Postal Union (UPU), NATO, regulators from other countries, and other international partners.

Participation in the Body of European Regulators for Electronic Communications (BEREC), as the Agency hosted its plenary session in 2013. As a BEREC member, the Agency was in charge of organizing the two-day event. Over 30 delegations representing European national regulators and international institution representatives attended the event. In the context of the plenary meeting the Agency organized a workshop entitled "Media in the Digital World: the European Perspective", which included high-level representatives and experts from the European Commission (EC), the European Broadcasting Union (EBU), and the European Platform of Regulatory Authorities (EPRA). The workshop was attended by 140 participants, including the majority of the highest representatives of European telecommunications regulators and some media regulators, representatives of Slovenian media content and service providers, policy makers, and the interested public.

3.9.5 Special Projects: SEE Digi.TV, Coordination of the Digital Switchover in South East Europe

The SEE Digi.TV international project of coordinating the activities related to the switchover to digital terrestrial television broadcasting in the wider region was designed already in 2009, when the activities for the digital switchover in Slovenia and neighboring countries were near their peak, and all the involved countries were facing issues of a technical, legal, financial, and communicative nature. The nature of terrestrial broadcasting required intensive international collaboration, which comprised everything from coordinating the use of radio frequencies and exchanging experience regarding the implementation of the switchover to future-oriented discussions on the use of the digital dividend.

All these aspects were joined together into one project, under which the Agency succeeded in joining representatives of 13 partner organizations, mostly European electronic communications and/or media regulators, as well as one strategic partner and one observing organization, all coming from 10 countries covered by the program of international collaboration South East Europe, which was funded by the EU. Besides Slovenia, the project also included Italy, Austria, Hungary, Croatia, Bosnia and Herzegovina, Serbia, Macedonia, and Albania. The relevant bodies approved the project already at

the beginning of 2011, and over EUR 1.5 million of EU funds were allocated for it, of which the Agency received nearly EUR 300,000. These funds were primarily used for labor costs, which also allowed the Agency to temporarily hire employees to work on the project and they brought new know-how to the team. Part of the funds that the Agency received was spent on a study comparing the legal aspects of the digital switchover, guidelines for applying regulation on government aid, and analyses of the possibilities for using the digital dividend and introducing new media services. The rest of the funds was spent on organizing events, i.e. the introductory meeting for the project, national workshops for the local media, and well attended international conferences on the issues of the digital divide, possibilities offered by the digital dividend, the future of terrestrial television, and the conditions on other digital platforms.

As the leading partner, the Agency coordinated the activities of the consortium from the first project plans to the final realization, which included monitoring the activities, product quality control, financial and communications management, risk management, representing the project before the project bodies, and presenting the project goals and achievements to international organizations from the field of media policies and radio spectrum management.

The Council of Europe's Audiovisual Observatory presented the project and its findings on 10 pages of a special edition of the IRIS plus report that was dedicated to the digital switchover. News on the project was also followed and published by the EPRA platform of media regulators and the DigiTAG association of stakeholders in the digital terrestrial TV industry. The Co-ordinators of Research Policies with the Western Balkans Countries selected the SEE Digi.TV project as the best project in April 2013, and published a comprehensive report on it. The bodies of the South-East Europe program presented the project at the program's most prominent event in 2012. The same year, the project was presented with selected international initiatives at a panel chaired by the director of the ITU Radiocommunication Bureau Francois Rancy, at the regional development forum and seminar for Europe and CIS countries organized by the International Telecommunication Union (ITU) in Warsaw.

ITU experts as well as the representatives of the European Broadcasting Union (EBU) regularly participated in the project's international events. These events were also attended by representatives of global brands in the area of technological solutions development, equipment manufacturing, and content distribution, such as Panasonic, Samsung, Temcast, Enensys, Chello, RTL, Fox, UPC, and representatives of media and telecommunications companies, regulators, and media policy makers from around the region.

The substantive activities of the project were concluded in the spring of 2013 with the consortium's conclusion that all tasks had been successfully completed and project goals met. This was also echoed by the South East Program bodies, which adopted and approved the final reports submitted by the Agency in autumn 2013 in compliance with the program's rules. At that time, the Ministry of Infrastructure and Spatial Planning examined at the first instance how the Agency spent the funds, which was accompanied by an on-the-spot inspection at the Agency's premises. The Ministry issued a favorable opinion.

The project resulted in a number of concrete products, which operators use in their day-to-day work, e.g. tools for mea-

surings public awareness about planned measures, guidelines for information campaigns and financing of public surveys and promotional ads, technical specifications for digital receivers, recommendations for implementing technological solutions, benchmarks for and summary analyses of regulation in individual areas in the region, and the assessments of economic potentials for new services. Above all, among all the achievements of the project, we should highlight the establishment of the platform of regulators that allows fast exchange of experience and resolution of issues that require international coordination.



4

BUSINESS REPORT

4.1 LEGAL BASIS

As a legal entity governed by public law the Agency is bound by regulations governing the preparation and submission of annual reports of certain users of the standard chart of accounts. The preparation of this financial report is governed by the following regulations in particular:

- Public Finance Act (Official Gazette of the RS 11/11-UPB4 and further),
- Accounting Act (Official Gazette of the RS 23/99 and further),
- Instructions on preparing the annual financial statement and on methodology for preparing a report on the achieved goals and results (Official Gazette of the RS 12/01 and further),
- Rules on Drawing up Annual Reports for the Budget, Budget Spending Units and other Entities of Public Law (Official Gazette of the RS 115/02 and further),
- Slovenian Accounting Standards (Official Gazette of the RS 118/05 and further),
- Ruling of the establishment of the Communications Networks and Services Agency of the Republic of Slovenia (Official Gazette of the RS 41/2013),

The regulations apply in the following order: The Accounting Act, regulations issued by the Minister of Finance, and Slovenian Accounting Standards. The Agency's financial statements are drawn up in accordance with the aforementioned applicable regulations.

In accordance with Slovenian Accounting Standards, the preparation of financial statements requires the Agency's management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

The financial report comprises a balance sheet with attachments:

- balance and changes in intangible assets and property, plant, and equipment,
- balance and changes in long term financial investments and loans,

- revenue and expenditure account for specific users, with attachments,
- revenue and expenditure account for specific users, categorized by type of activity,
- revenue and expenditure account for specific users, categorized according to the cash flow method,
- statement of account of financial receivables and investments for specific users,
- statement of account for financing for specific users,
- declaration regarding the result of the public finance internal audit.

All of the above documents and the declaration constitute an integral part of this report and are enclosed as an attachment.

4.2 FINANCIAL CONSEQUENCES OF AN UNAPPROVED OPERATIONAL PLAN AND FINANCIAL PLAN FOR THE YEAR 2013

The Agency finances itself fully from the fees on the basis of a notification (Article 6 of ZEKom-1), fees for using radio frequencies (Article 60 of ZEKom-1), fees for using numbering resources (Article 74 of ZEKom-1), fees from postal service providers (Article 34 of the Postal Services Act; ZPSto-2), fees paid based on television broadcasting licenses and/or entries in the official register of on-demand audiovisual services providers (Article 38 of the Audiovisual Media Services Act; ZAvMS), and payments from carriers and the public railways infrastructure operator (Article 18.e of the Act Amending the Railway Transport Act; ZZelP-I).

Each of the fees is determined by first assigning a certain number of points to a liable entity, and then by multiplying the number of points with the value of the point for a certain fee. The fees are determined based on the rules on assigning points and the value of points. The fees are determined once a year with decisions on determining the fee, which the Agency issues and serves to liable entities in accordance with the administrative procedure rules.

The points are assigned to liable entities based on rules adopted by the competent ministry or the Agency in the form of a regulation. Railway traffic is the only exception, with points being determined in an act (Paragraph 2 of Article 18.e of ZZelP-1). The value of a point (for all areas) is determined with a tariff, adopted by the Agency every year in the form of a general act. The main rule is that the value of the point should be determined so that the collected fees will cover all the planned costs the Agency incurs in carrying out the tasks and goals from the Operating Plan for separate areas.

The Agency's approved annual reports for 2011 and 2012 and surplus from each year are the Agency's source for investments in 2013, while the approved Financial Plan for 2013 is the basis for conducting all the planned activities and determining fees for that year.

Since the Financial Plan for 2013 was not approved, the Agency applied the Financial Plan for 2012 based on the law and regulations, and its financing was divided into twelfths.

Since the Annual Reports for 2011 and 2012 were not approved (in the first half of 2013), nor was the Financial Plan for 2013, all the Agency's activities were temporarily halted and only routine tasks and urgent projects were carried out in

the first half of 2013. All investments and major projects were postponed until the second half of 2013 or until such time when the Government of the Republic of Slovenia should adopt the 2013 Financial Plan.

The Agency issued retroactive decisions on determining the fees for all the fees where the 2012 tariffs were in place. This was not possible for the tariff for the media, since no tariff was in place, which means that services were not being charged for. Our activities in the media field are temporarily financed from other sources, which means that funds are being reallocated (despite the law forbidding such reallocation).

From the aspect of public procurement, where the Agency must act in accordance with the Public Procurement Act, it was impossible to carry out the planned projects envisaged by the relevant legislation, since the Agency's funds are limited (if divided into twelfths). In 2012, salaries represented over 50% of the total expenditure, while the remaining part was spent on the Agency's routine work. The Agency does not have a lot of room for maneuvering in reallocating its funds, and it also cannot independently allocate the surplus, so this was only a way of bridging liquidity problems. What is more, the procedures under the Public Procurement Act are time-consuming, making it impossible to achieve all the set goals in six months.

In its Financial Plan for 2013, the Agency planned EUR 7.09 million in revenue and EUR 7.49 million in expenditure, and it also intended to spend the surplus from previous years. In the last approved Financial Plan, the one for 2012, the Agency planned EUR 5.54 million in revenue (which included the DIGI TV project) and EUR 6.15 million in expenditure. The difference in planned revenue between the two years stands at EUR 1.55 million, and in planned expenditure at EUR 1.34 million.

Due to liquidity problems, the Agency was limited in carrying out projects in 2013 and it had to define priorities, since it could not fund all the tasks prescribed by ZEKom-1. Liquidity in the first half of the year was an additional problem, since the Agency's funds could barely cover its monthly expenses for salaries and operating costs. The Agency pointed this out in its half-yearly report. The restrictive policy in the first half of the year, and operations based on the 2012 Financial Plan and prioritizing in the second half of the year led to the results disclosed below.

The change in planned tariffs is the second financial consequence. As the Operational Plan for 2013 was not adopted, neither were the proposed tariffs, which was reflected in the fees paid by liable entities. Entities liable for paying fees on the basis of a notification (Article 6 of ZEKom-1), and entities liable for paying fees for the use of numbering resources (Article 74 of ZEKom-1), should have been paying more in 2013, while entities liable for paying fees for the use of radio frequencies (Article 60 of ZEKom-1), and postal service providers (Article 34 of the Postal Services Act; ZPSto-2), should have been paying less in the same period.

This situation also resulted in higher operating costs, since the Agency had to be funded retroactively and in increments of twelve, which means that decisions on determining the fees had to be issued several times to all liable entities. This was an additional operating cost for the Agency. What is more, such retroactive financing significantly deteriorates the revenue dynamics and makes it harder to cover basic costs. Unlike the majority of other European regulators, the Agency cannot use the funds from previous years without the Government's approval.

4.3 AGENCY'S FINANCIAL STATEMENTS

The financial statements are based on historical cost. They are denominated in euros (€), rounded to the nearest integer.

Figure 40: Balance sheet as of 31 December 2012

BREAKDOWN OF THE GROUP OF ACCOUNTS	ACCOUNT GROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
ASSETS				
	A) NON-CURRENT ASSETS AND MANAGED ASSETS (002+003+004+005+006+007+008+009+010+011)	001	5.238.292	5.534.755
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	002	992.237	833.463
01	VALUE ADJUSTMENT ON INTANGIBLE ASSETS	003	710.211	443.459
02	REAL ESTATE	004	4.989.497	4.944.487
03	VALUE ADJUSTMENT OF REAL PROPERTY	005	1.188.111	1.041.033
04	EQUIPMENT AND OTHER TANGIBLE ASSETS	006	4.505.460	4.373.993
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3.368.598	3.150.714
06	LONG-TERM FINANCIAL INVESTMENTS	008	0	0
07	NON-CURRENT LOANS GRANTED AND DEPOSITS	009	0	0
08	LONG TERM OPERATING RECEIVABLES	010	18.018	18.018
09	RECEIVABLES FOR ASSETS ENTRUSTED FOR ASSET MANAGEMENT	011	0	0
	B) CURRENT ASSETS; EXCL. INVENTORIES AND DEFERRED EXPENSES AND ACCRUED REVENUES (013+014+015+016+017+018+019+020+021+022)	012	2.850.692	2.251.747
10	CASH IN HAND AND READILY CASHABLE SECURITIES	013	0	0
11	CASH IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	254.512	344.357
12	SHORT-TERM ACCOUNTS RECEIVABLE	015	701.176	179.679
13	ADVANCES AND SECURITY DEPOSITS PAID	016	1.920	2.145
14	CURRENT RECEIVABLES DUE BY SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	017	1.835.083	1.155.839
15	SHORT-TERM INVESTMENTS	018	0	0
16	CURRENT RECEIVABLES FROM FINANCING OPERATIONS	019	0	0
17	OTHER SHORT TERM RECEIVABLES	020	6.399	486.541
18	UNPAID EXPENSES	021	0	0
19	DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	022	51.602	83.186
	C) INVENTORIES (024+025+026+027+028+029+030+031)	023	0	0
30	PURCHASE OF MATERIAL CALCULATION	024	0	0
31	INVENTORIES OF MATERIAL	025	0	0
32	INVENTORIES OF STATIONERY, SMALL TOOLS AND PACKAGING MATERIAL	026	0	0
33	WORK-IN-PROGRESS AND SERVICES	027	0	0
34	PRODUCTS	028	0	0

BREAKDOWN OF THE GROUP OF ACCOUNTS	ACCOUNT GROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
35	CALCULATION OF PURCHASE OF GOODS	029	0	0
36	INVENTORIES OF GOODS	030	0	0
37	OTHER INVENTORIES	031	0	0
	I. TOTAL ASSETS (001+012+023)	032	8.088.984	7.786.502
	LIABILITIES			
	D) CURRENT LIABILITIES AND ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES (035+036+037+038+039+040+041+042+043)	034	518.730	701.051
20	CURRENT LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	12.682	775
21	CURRENT PAYABLES TO EMPLOYEES	036	205.363	199.509
22	ACCOUNTS PAYABLE	037	140.137	52.536
23	OTHER CURRENT OPERATING LIABILITIES	038	150.262	413.444
24	CURRENT LIABILITIES OWED TO SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	039	2.266	28.154
25	CURRENT LIABILITIES TO SOURCES OF FINANCING	040	0	0
26	CURRENT LIABILITIES FROM FINANCING OPERATIONS	041	0	0
28	UNPAID REVENUES	042	0	0
29	ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	043	8.020	6.633
	E) OWN ASSETS AND NON-CURRENT LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058- 059)	044	7.570.254	7.085.451
90	GENERAL FUND	045	0	0
91	RESERVE FUND	046	0	0
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	047	0	0
93	LONG-TERM PROVISIONS	048	0	0
940	FUND OF EARMARKED ASSETS HELD IN PUBLIC FUNDS	049	0	0
9410	FUND CONSISTING OF ASSETS HELD IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH IS OWNED BY THEM, FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	050	0	0
9411	FUND CONSISTING OF ASSETS HELD IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH IS OWNED BY THEM, FOR INVESTMENTS	051	0	0
9412	SURPLUS OF REVENUES OVER EXPENSES	052	0	0
9413	SURPLUS OF EXPENSES OVER REVENUES	053	0	0
96	LONG-TERM FINANCIAL LIABILITIES	054	0	0
97	OTHER NON-CURRENT LIABILITIES	055	0	0
980	LIABILITIES FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	056	5.220.274	5.516.737
981	LIABILITIES FOR NON-CURRENT INVESTMENTS	057	0	0

Figure 41: Revenue and expenditure account for specific users from 1 January to 31 December 2013

BREAKDOWN S U B - CLASSIFICATION OF ACCOUNTS		ACCOUNT SUBGROUP NAME	AOP code	AMOUNT	
				For the current year	Previous year
1	2	3	4	5	
	A. OPERATING REVENUES (861+862-863+864)	860	6.022.595	5.500.625	
760	REVENUES FROM SALES OF PRODUCTS AND SERVICES	861	6.017.232	5.494.968	
	INCREASE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	862	0	0	
	DECREASE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	863	0	0	
761	REVENUES FROM SALES OF GOODS AND MATERIAL	864	5.363	5.657	
762	B) FINANCIAL REVENUES	865	82.890	29.449	
763	C) OTHER REVENUES	866	22.610	9.394	
	Č) REVALUATORY OPERATING REVENUES (868+869)	867	0	11.347	
part 764	REVENUES FROM SALES OF FIXED ASSETS	868	0	0	
part 764	OTHER REVALUATORY OPERATING REVENUES	869	0	11.347	
	D) TOTAL REVENUES (860+865+866+867)	870	6.128.095	5.550.815	
	E) COSTS OF MERCHANDISE, MATERIAL AND SERVICES (872+873+874)	871	2.154.432	1.762.436	
part 466	PURCHASE VALUE OF SOLD MATERIALS AND GOODS	872	0	0	
460	COST OF MATERIALS	873	91.662	108.219	
461	COST OF SERVICES	874	2.062.770	1.654.217	
	F) LABOR COSTS (876+877+878)	875	2.867.297	2.927.266	
part 464	SALARIES, WAGES AND COMPENSATIONS FOR SALARIES AND WAGES	876	2.259.551	2.323.738	
part 464	EMPLOYERS' SOCIAL SECURITY CONTRIBUTIONS	877	386.074	405.014	
part 464	OTHER LABOR COSTS	878	221.672	198.514	
462	G) DEPRECIATION AND AMORTISATION	879	0	0	
463	H) PROVISIONS	880	0	0	
465,00	J) OTHER COSTS	881	0	0	
467	K) FINANCIAL EXPENSES	882	45	240	
468	L) OTHER EXPENSES	883	3	42	
	M) REVALUATORY OPERATING EXPENSES (885+886)	884	20.109	90.931	
part 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	0	0	
part 469	OTHER REVALUATORY OPERATING REVENUES	886	20.109	90.931	
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	5.041.886	4.780.915	
	O) SURPLUS OF REVENUES (870-887)	888	1.086.209	769.900	
	P) SURPLUS OF EXPENSES (887-870)	889	0	0	
part 80	Corporate income tax	890	0	0	

BREAKDOWN S U B - CLASSIFICATION OF ACCOUNTS		ACCOUNT SUBGROUP NAME	AOP code	AMOUNT	
				For the current year	Previous year
1	2	3	4	5	
part 80	Surplus of revenues for the period after income tax (888-890)			1.086.209	769.900
part 80	Surplus of expenses for the period after income tax (889+890) or. (890-888)			0	0
	Surplus of revenues from previous periods for covering expenses of the present period			56.570	339.230
	Average number of employees based on the number of work hours for the period (integer)			78	77
	Number of months in operation	895		12	12

Figure 42: Revenue and expenditure account categorized according to the cash flow method from 1 January to 31 December 2013

CLASSIFICATION OF ACCOUNTS	ACCOUNT TITLE	ADP code	ZNESEK			
			Current year	Previous year	2012 FP	Current year/2012 FP
1	2	3	4	5	approved	realization in %
	I. TOTAL REVENUE (402+431)	401	6.140.694	5.457.624	5.542.990	110,78
	1. REVENUE FOR PROVIDING PUBLIC SERVICES (403+420)	402	6.140.694	5.457.624	5.542.990	110,78
	A. Revenue from public funds (404+407+410+413+418+419)	403	115.036	32.236	107.229	107,28
	a. Funds received from the government budget	404	115.036	32.236	107.229	107,28
part of 7400	Funds received from the government budget for current expenditure	405	115.036	32.236	107.229	107,28
part of 7400	Funds received from the government budget for investments	406	0	0	0	
	b. Funds received from the municipal budgets (408+409)	407	0	0	0	
part of 7401	Funds received from the municipal budgets for current expenditure					
part of 7401	Funds received from the municipal budgets for investments					
	c. Funds received from social insurance funds (411+412)	410	0	0	0	
part of 7402	Funds received from social insurance funds for current expenditure					
part of 7402	Funds received from social insurance funds for investments					
	d. Funds received from public funds and agencies (414+415+416+417)	413	0	0	0	
part of 7403	Funds received from public funds for current expenditure					
part of 7403	Funds received from public funds for investments					
part of 7404	Funds received from public agencies for current expenditure					
part of 7404	Funds received from public agencies for investments					
part of 740	e. Funds received from budgets associated with foreign donations	418	0	0	0	
741	f. Funds received from the government budget financed from EU budget	419	0	0	0	
	B) Other revenue for providing public services (421+422+423+424+425+426+427+428+429+430)	420	6.025.658	5.425.388	5.435.761	110,85
part of 7130	Revenue from the sale of goods and services from public service provision	421	5.523.513	5.288.609	4.970.167	111,13
part of 7102	Interest received	422	3.386	16.148	21.214	15,96
part of 7100	Revenue from profit sharing and dividends, and surplus	423	0	0	0	
part of 7141	Other current revenue from public service provision	424	379	2.516	4.500	8,42
72	Capital revenue	425	0	9.840	10.000	

CLASSIFICATION OF ACCOUNTS		ACCOUNT TITLE	ADP code	ZNESEK			
				Current year	Previous year	2012 FP	Current year/2012 FP
1	2	3	4	5	approved	realization in %	
730	Donations received from domestic sources	426	0	0	0		
731	Foreign donations	427	0	0	0		
732	Donations for natural disaster relief	428	0	0	0		
786	Other funds received from the EU budget	429	25.988	108.275	429.880	6,05	
787	Funds received from other European institutions	430	472.392	0	0		
	2. REVENUE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (432+433+434+435+436)	431	0	0	0		
part of 7130	Revenue from the sale of goods and services in the market	436	0	0	0		
part of 7102	Interest received						
part of 7103	Revenue from rents and leases, and other property income						
part of 7100	Revenue from profit sharing and dividends, and surplus						
part of 7141	Other current revenue, not from the provision of public service						
	II. TOTAL EXPENSES (438+481)	437	5.344.765	5.102.793	6.151.590	86,88	
	1. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)	438	5.344.765	5.102.793	6.151.590	86,88	
	A. Salaries and salary-related costs (440+441+442+443+444+445+446)	439	2.268.134	2.534.943	2.784.583	81,45	
part of 4000	Salaries and premiums	440	2.065.285	2.339.957	2.571.053	80,33	
part of 4001	Holiday allowance	441	52.072	12.348	54.668	95,25	
part of 4002	Reimbursements and compensations	442	148.467	165.121	153.520	96,71	
part of 4003	Performance bonuses	443	0	0			
part of 4004	Funds for overtime	444	0	0	0		
part of 4005	Salaries of non-residents with contracts	445	0	0	0		
part of 4009	Other employee-related expenditures	446	2.310	17.517	5.342	43,24	
	B. Social security contributions paid by the employer (448+449+450+451+452)	447	346.598	403.181	441.846	78,44	
part of 4010	Pension and disability insurance contributions	448	181.512	208.312	227.538	79,77	
part of 4011	Health insurance contributions	449	146.719	167.219	182.288	80,49	
part of 4012	Unemployment insurance contributions	450	1.260	1.287	1.543	81,66	
part of 4013	Parental protection insurance contributions	451	2.070	2.145	2.571	80,51	
part of 4015	Premiums for collective supplementary pension insurance based on ZKDPZJU	452	15.037	24.218	27.906	53,88	
	C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)	453	2.061.796	1.727.091	2.169.623	95,03	
part of 4020	Office and general supplies and services	454	963.618	698.805	1.078.546	89,34	

CLASSIFICATION OF ACCOUNTS	ACCOUNT TITLE	ADP code	ZNESEK			
			Current year	Previous year	2012 FP	Current year/2012 FP
1	2	3	4	5	approved	realization in %
part of 4021	Special supplies and services	455	64.494	38.001	33.045	195,17
part of 4022	Energy, water, utility services, and communications	456	123.737	123.805	123.391	100,28
part of 4023	Transportation costs and services	457	34.569	32.037	46.170	74,87
part of 4024	Expenses for business trips	458	182.475	185.132	270.842	67,37
part of 4025	Regular maintenance	459	270.671	281.837	215.100	125,83
part of 4026	Operating rent and lease fees	460	46.812	23.203	44.800	104,49
part of 4027	Fines and damages	461	0	0	0	
part of 4028	Payroll tax	462	0	0	0	
part of 4029	Other operating expenses	463	375.420	344.271	357.729	104,95
403	D. Domestic interest payments	464	2.820	110	0	
404	E. Foreign interest payments	465	0	0	0	
410	F. Subsidies	466	0	0	0	
411	G. Transfers to individuals and households	467	0	0	0	
412	H. Transfers to non-profit organizations and institutions	468	359.641	32.616	305.198	117,84
413	I. Other current domestic transfers	469	0	0	0	
	J. Capital expenditure (471+472+473+474+475+476+477+ 478+479+480)	470	305.776	404.852	450.340	67,90
4202	Purchase of equipment	473	258.966	321.543	284.000	91,19
4203	Purchase of other operating fixed assets	474	0	0		
4204	Construction, reconstruction, and renovation	475	0	10.664	30.000	-
4205	Major maintenance and renovation	476	0	0	5.000	-
4206	Purchase of land and natural resources	477	0	374	0	-
4207	Purchase of intangible assets	478	1.800	31.146	96.340	1,87
4208	Feasibility studies for projects, project documentation, supervision, project engineering	479	1.980	3.750	10.000	19,80
4209	Purchase of reserves of goods and intervention stocks	480	0	0	0	
	2. EXPENDITURE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (482+483+484)	481	0	0	0	
part of 400	A. Salaries and other employee-related expenditure from the sale of goods and services in the market	482	0	0	0	
part of 401	B. Social security contributions paid by the employer from the sale of goods and services in the market	483	0	0	0	
part of 402	C. Expenditure for goods and services from the sale of goods and services in the market	484	0	0	0	
	III/1 SURPLUS (401-437)	485	795.929	354.831	0	
	III/2 DEFICIT (437-401)	486	0	0	-608.600	

4.4 ACCOUNTING POLICIES

Property, plant, and equipment – account group 00 to 05

Property, plant, and equipment are disclosed at initial cost, less depreciation. The initial cost includes expenses directly attributable to the acquisition of assets. The costs of replacing/upgrading a part of a piece of property, plant, and equipment are recognized in the book value of such an asset if it is likely that there will be economic benefits for the company associated with it and that its initial cost can be measured reliably.

Depreciation

Depreciation is calculated according to the straight-line depreciation method with consideration to the Rules on the method and rates of depreciation of intangible fixed assets and tangible fixed assets (Official Gazette of the RS 45/05 and further).

Intangible assets

Intangible assets obtained by the Agency are disclosed at initial cost decreased by amortization. All other costs are recognized in the income statement as expenses as they are incurred.

Liabilities

Short-term liabilities are recognized in the amount evidenced in the relevant evidence of the business transaction. Obligations for short-term employee benefits are measured on an undiscounted basis and are recognized as expenses when the work in question is performed.

Receivables

The value of receivables is adjusted due to impairments and reversal of impairments. Receivables are subject to impairment if there is reasonable doubt that they will be repaid. Impairments are assessed separately or consolidated at the end of the year, and they are calculated through revaluation of all uninsured receivables which have been outstanding for more than a year as at 31 December. Allowances decrease the book value of receivables and increase revaluation operating expenses.

Revenue

Revenue is recognized based on the amounts stated in the decisions for the individual fee type (frequencies, notifications,

post, numbers), which were issued for the 2013 accounting period.

Financial expenses and income

These comprise revenue and expenses related to the interest on time deposits and balance of the Ministry of Justice and Public Administration's sub-account. Revenue is recognized in the accounting period to which it relates.

4.5 DISCLOSURE OF IMPORTANT ACCOUNTING INFORMATION

Property, plant, and equipment – account group 00 to 05

Since the 2011 and 2012 annual reports, and consequently the surplus, which is the Agency's source for investments, were not approved, the Agency did not invest in the purchase of property, plant, and equipment in the first half of 2013.

In 2013, the Agency purchased EUR 304,742 worth of property, plant, and equipment. The Agency did not record any purchases of property rights (account group 00).

The value of the Agency's buildings increased by EUR 45,010 in 2013. This is mainly the result of purchasing the materials for and constructing an extension to the radio monitoring station Jeruzalem, and the detailed design for upgrading the antenna tower at Rašica (account group 021).

The major part of the funds that the Agency invested in equipment in the amount of EUR 217,428 was spent on purchasing telecommunications equipment and fittings (upgrade of the antenna tower, microwave connections, rotators, etc.). Investments were also made in computer equipment, cooling and heating equipment, and printing and reproduction equipment (account group 040).

Based on the stock-taking, the Agency wrote off EUR 137,195.81 worth of assets (fixed assets unusable due to technical obsolescence, destroyed fixed assets), with the book value of fixed assets standing at EUR 2,555.36.

Fixed assets were procured in accordance with the 2013 Financial Plan, which was adopted by the Agency's director (the Government of the Republic of Slovenia has not approved it yet), and by using the already approved funds.

Regular annual stock-taking was done as at 31 December 2013, in accordance with regulations and internal guidelines. The Agency took stock of assets located on premises it manages.

The Agency, or the Republic of Slovenia, has a registered title for a part of the property in the S7 building while proceed-

dings for the remaining part of the property are pending.

Current assets

The Agency has a sub-account of the common treasury account open at the Public Payments Administration, which is used to conduct electronic money transactions in accordance with the relevant regulations. As at 31 December 2013, the Agency's account balance was EUR 254,512.

As at 31 December 2013 the Agency had EUR 701,176 in short-term receivables from parties liable. It also had EUR 1,835,083 in receivables due from users of the standard chart of accounts (account group 14). Receivables from time deposits of available cash with the treasury single account amount to EUR 1,830,000, and receivables from interest on deposits amount to EUR 2,666 (account group 14).

Short-term receivables from fees for radio frequency use and use of numbering resources, receivables from fees paid on the basis of a notification, and fees from postal services providers are paid by liable parties to the Agency's account. In 2013, the Agency reported receivables due from liable parties based on decisions on fees based on notifications, for using radio frequencies and numbering resources, and for providing postal services on account group 120, and revenue from the aforementioned decisions was recorded under account group 76, separately for each type of payment.

The Agency has EUR 815,602 in receivables (account group 12). Allowances in the amount of EUR 114,427 were made for receivables arising from over a year ago (from before 1 January 2013) and for which the Agency will complete the collection procedure in 2014. The Agency reported allowances for receivables as a revaluation operating expense, decreasing the profit for 2013. In 2013 the Agency continued its efforts to recover all overdue receivables. In accordance with ZEKom, the forced collection of cash receivables is carried out by the tax authority under the procedure prescribed for collection of tax liabilities. Based on payments received, the Agency derecognized impairments of allowances already formed, and booked these under revenue.

The Agency wrote off receivables due from liable entities because of a bankruptcy, liquidation, and an incorrect calculation. The total amount of the write-offs of receivables is EUR 10,889.60.

Other short-term receivables, totaling to EUR 6,399, are due from the Health Insurance Institute of Slovenia for medical care and sick leave lasting over 30 days (account group 17).

Deferred costs and accrued revenue comprise short-term deferred costs, mainly related to insurance, membership fees, and database access fees in the amount of EUR 51,602 (account group 19).

The Agency did not disclose any receivables linked to investments.

Short-term liabilities

Short-term liabilities comprise liabilities to employees in the amount of EUR 205,363, liabilities to suppliers in the amount of EUR 140,137, other short-term operating liabilities (liabilities for salaries II gross, VAT for December) in the amount of EUR 150,262, short-term liabilities to users of the standard chart of accounts in the amount of EUR 2,266, and short-term liabilities for received advances (for international frequency coordination) and security deposits in the amount of EUR 12,682.

Accrued costs and deferred revenue in the amount of EUR 8,020 represent accrued costs of audit services and short-term deferred revenue from interest on deposits (account group 29).

The Agency settles its liabilities within 30 days, and this period can only be shorter if the Agency has a vested business interest or if a discount has been agreed upon.

Of all the liabilities in the amount of EUR 140,137 disclosed in the Balance Sheet as at 31 December 2013, EUR 97,856 of liabilities fall due in 2014, while the remaining part is already overdue and will be settled in 2014. Those liabilities remained unsettled because the Agency received the invoices late (as late as the end of January for the previous month).

Own funds and long-term liabilities

The Agency disclosed liabilities for assets received for management, which comprise liabilities for intangible assets and property, plant, and equipment. The balance of liabilities as at 31 December 2013 matches the balance of assets in management, amounting to EUR 5,220,274.

In accordance with the approved Financial Plan for 2012 (the Government did not approve the 2013 Financial Plan), the Agency conducted activities envisaged in the relevant legislation and based on the 2013 Financial Plans as adopted by the Agency's Management Board.

As already mentioned, the Agency did not invest in the purchase of property, plant, and equipment in the first half of 2013, because the 2011 and 2012 annual reports, and consequently the surplus, which is the Agency's source for investments, were not approved. As a result, the Agency did not spend its surplus from 2011 and 2012 in the planned extent.

The surplus in the Balance Sheet comprises already allocated (approved) surpluses from past years and the unallocated (unapproved) surplus from 2012 and the surplus from the current year in the total amount of EUR 2,349,980. The surplus from the 2013 accounting period amounted to EUR 1,086,209.

As the founder, the Government of the Republic of Slovenia is in charge of allocating the surplus. It allocated EUR 769,900 of the total surplus from 2012, while EUR 339,230 remains unallocated.

Off-balance sheet assets and liabilities

The Agency disclosed no off-balance sheet receivables or liabilities

Revenue

The legal bases for recognition of revenue for 2013 are as follows:

- Electronic Communications Act (Official Gazette of RS 109/2012 and 110/2013, ZEKom-1),
- General act on the calculation method for payments for the use of radio frequencies (Official Gazette of RS 30/13 and further)
- General act on the method of calculating the charges for the use of numbering elements (Official Gazette of RS 31/13),
- Postal Services Act (Official Gazette of the RS 51/09 and further),
- Rules on the accounting method for the payment of postal services (Official Gazette of the RS 109/09 and further),
- The value tariff of a point for 2012 in respect of the payment based on notification and of the payment for the use of radio frequencies and numbers (Official Gazette of the RS 11/12),
- Postal tariffs for the provision of postal services for 2012 (Official Gazette of the RS 11/12),
- Agreement on the provision of funds from the national budget of the RS by transferring tasks of the regulatory authority for railway transport from the Ministry of Transport to the Agency,
- Audiovisual Media Services Act (Official Gazette of the RS 87/2011),
- Railway Transport Act (Official Gazette of the RS 11/12 and further)
- Rules on the method of calculating charges based on the television broadcasting licenses or entry into the official register of on-demand audiovisual media service providers.

The Agency generates revenue from non-profit activities. The Agency generated transferred revenue from other publicly funded institutions for financing its work as the regulatory body in charge of railway transport, revenue from the sale of products and services (frequencies, numbers, post, notifications, SEE Digi TV project – ERDF, which concluded in 2013), and revenue from the sale of goods and materials (stickers banning delivery of unaddressed mail to mailboxes). The Audiovisual Media Services Act, passed in October 2011, grants the Agency additional powers, and it also defines an extra source of financing, however despite the revised 2012 Financial Plan and the 2013 Financial Plan, the Agency did not realize the revenue from this source, as the two documents have not yet been reviewed and approved by the Government of the Republic of Slovenia. In its financial statement for 2012 the Agency did not accrue revenue from this source, even though the books of accounts already contain all expenses for the period which pertain to this revenue. The Agency would record the revenue only after the Financial Plan and tariff have been approved, since there is a high probability that such decisions might be contested through legal means if issued without approved tariffs. The Agency also has no legal basis to bill prepayments.

The Agency is managing the Digi TV project as part of the South East Europe Program. The project began in the first quarter of 2011, and concluded in 2013. As part of this project, the Agency recorded revenue, expenses, liabilities, and receivables.

The Agency recorded the total revenue on the accrual basis in the amount of EUR 6,128,095. 98% of the revenue came from the sale of products and services, and the rest stems from revenue from stickers banning delivery of unaddressed mail to mailboxes, financial income, and other revenue.

Revenue from the sale of stickers banning delivery of unaddressed mail to mailboxes, in the amount of EUR 5,363, covers the costs the Agency incurs in issuing the stickers in accordance with ZPSto-1. The Agency’s financial income amounts to EUR 82,890 and pertains to the revenue from previous periods for funding the railway regulatory body for 2012, to reimbursement of EU travel expenses, and interest from depositing surplus cash into the treasury of the RS.

Figure 43: Revenue from the sale of products and services

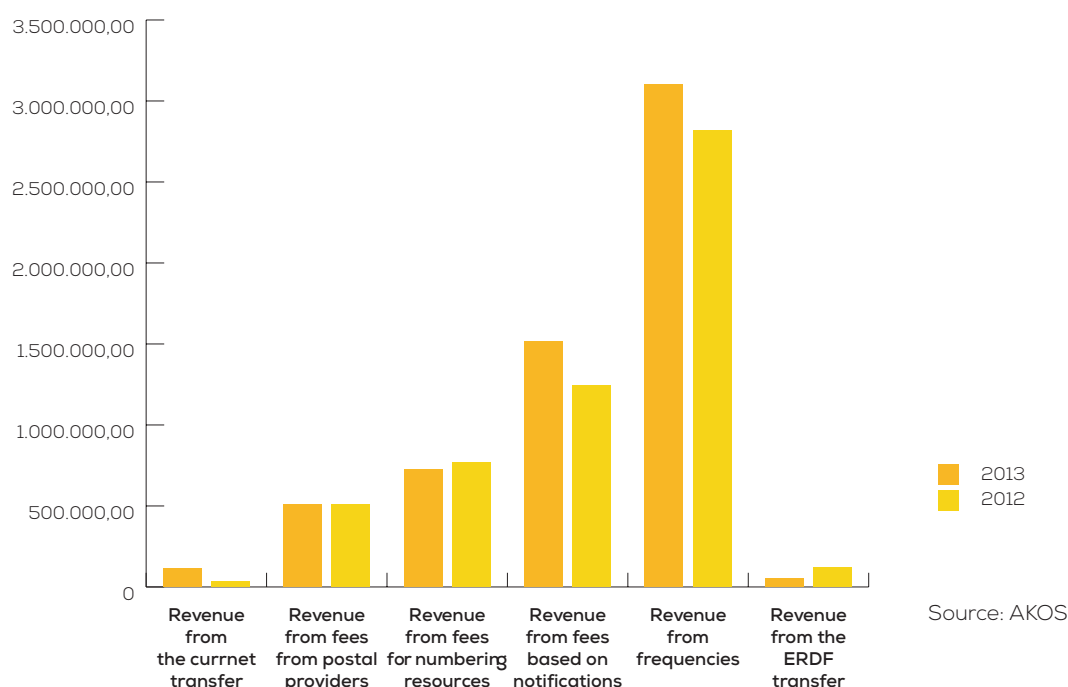
	2013	2012
Revenue from the current transfer	115,036.37	32,235.82
Revenue from provision of postal services	510,150.40	510,150.40
Revenue from fees for numbering resources	722,727.40	769,371.78
Revenue from fees based on notification	1,513,127.55	1,234,658.00
Revenue from radio frequencies	3,106,526.66	2,816,130.45
Revenue from the ERDF transfer	49,627.14	123,421.78
TOTAL REVENUE	6,017,231.52	5,494,986.23

*accrued revenue, Source: AKOS

The structure of revenue categorized by type of payments reveals that revenue from radio frequency usage fees makes up 52%, followed by revenue from fees based on notifications at 25%, revenue from fees for using numbering resources at 12%, and payments for provision of postal services at 8% of total sales revenue. Other revenue came from the current transfer and from the SEE Digi TV ERDF project.

In regard to the Agency’s work as the railway transport regulatory body, the legislator has carried out all the activities necessary for providing its financing for 2013 as well as 2012. The funds reallocated for this purpose from other sources were fully reimbursed.

Figure 44: Revenue from the sale of products and services accrued revenue in a chart



Since the Government of the RS did not approve the 2013 operating and Financial Plans, not all planned revenue was realized.

The value of points for frequencies, notifications, numbers, and post remained at the 2012 level (as shown in the table below), while the revenue was nevertheless not the same (as shown in the table on revenue based on cash flow realized in 2013). Revenue from the current transfer was higher than in 2012, since all the cost from 2012 were charged and paid, while in 2012 only the cost for the first four months were charged and paid.

Figure 45: Changes in tariffs between 2009 and 2014 (planned)

Type of the Tariff	2009	2010	2011	2012 last approved tariffs	2013 unapproved tariffs	2014 Financial Plan
Based on notification according to ZEKom-1	1.24	1.24	1.24	1.24	1.26 (+1.61 %)	1.26
Based on notification INVESTMENT CENTER*						0.42
For using numbering resources	1.13	1.13	1.13	1.13	1.18 (+4.42 %)	1.18
For using radio frequencies	1.09	1.09	1.09	1.09	0.97 (-11.01 %)	0.97
For providing postal services	10.09	10.09	10.09	10.09	9.58 (-5.05 %)	9.58
For providing media services	-	-	-	-	2.2	1.67
For providing railway traffic carriers**	-	-	-	-	9.39 + 1.14 % from the charged user fee	8.37 + 1.02 %
For providing railway traffic operator**	-	-	-	-	9.39	8.37

Slika 46: Revenue according to the cash flow method

Revenue according to the cash flow method	2012 FINANCIAL PLAN	Realization 2012	"2013 FP UNAPPROVED Sept 2013"	Realization 2013	"2014 FINANCIAL PLAN PROPOSAL"
Revenue from the provision of postal services	504.250	504.500	484.340	510.150	483.982
Revenue from fees for numbering resources	680.909	661.355	737.777	452.887	753.745
Revenue based on notifications	1.203.883	1.238.971	1.526.181	1.431.262	2.005.461
Revenue from frequencies	2.574.525	2.878.539	2.806.122	3.069.050	3.295.963
Revenue from the sale of goods and services – mailbox stickers	6.600	5.244	6.400	5.424	6.000
Revenue from the media			730.630		627.343
Revenue – railways			171.384	54.740	153.460
Revenue from the public auction administrative costs					1.161.000
Revenue from the sale of goods and services from public service provision	4.970.167	5.288.609	6.462.834	5.523.513	8.486.954
Realization vs. Plan		106 %		85 %	

Source: AKOS

In its 2013 Financial Plan the Agency proposed that the tariffs and consequently its revenue be changed, since the fees should cover the costs incurred by the Agency when enforcing provisions of the relevant laws. When calculating the tariffs, the Agency took into account the costs to be covered based on the planned goals, tasks, and projects. In 2012, the Agency kept a close track on the human and financial resources spent for separate tasks and projects, and planned the costs for 2013 based on this data, adjusting the planned revenue accordingly.

The most significant change was increasing the revenue from broadcasting frequencies management, and radio and audiovisual media regulation, which were undervalued in the previous years. This adjustment was made with a new document, in which the Agency prescribed an increase in the number of points in the field of broadcasting frequencies management. As a result, the Agency planned a decrease in revenue from the management of all other frequencies. The total value of a point (tariff) for frequencies would therefore be lower, as stated in the above table.

Based on the new estimation of costs, the Agency was also planning to reduce the tariff for postal services and increase the tariffs for fees based on notifications and for using the numbering resources. At the same time, the relevant legislation was amended, which is why the Agency also issued the General Act on the Calculation Method for Payments for Broadcasting Frequencies, which came into force in May 2013, along with the planned change of tariffs. In terms of frequencies, a change was made in the number of assigned points based on the source. The liabilities from all the frequencies (fm, dvtb, fixed, mobile, other – aircrafts and vessels) were divided among liable entities according to their origin.

Since the new General Act came into force, which according to the law does not depend on the approval of the Annual Plan, while the value of the points did not change, the Agency generated higher revenue from the fees for frequencies and postal services.

Revenue from the fees for provision of postal services was the same as in 2012, while the revenue from the fees for using the numbering resources dropped by 6% compared to the year before. Due to the amendments to ZEKom-1 adopted in 2012 and consequently the changes to the method of calculating the fees based on notifications (from the method under which the operator's annual revenue from the provision of public telecommunication networks and/or services was categorized into classes, to the method under which points are determined and then multiplied by the value of a point, with the number of points nominally equaling 0.1% of the annual revenue from providing public telecommunication networks and/or services in the territory of RS), the revenue from this source increased by 22%.

Fees for using radio frequencies

Fees for using radio frequencies are linked to decisions on the allocation of radio frequencies, which the Agency issues upon the applicant's request. The demand for the use of the frequency spectrum fluctuates considerably, as the manner of use and utilization of the spectrum depend on technological development, the investment options of specific investors, and market demand. The Agency has no influence on the above parameters. In 2013, the value of a point was the same as in 2012, standing at EUR 1.09.

Fees for using numbering resources

The value of one point was EUR 1.13.

Fees for the provision of postal services

The fee for an individual postal service provider is calculated by multiplying the points assigned in accordance with Article 3 of the Rules and the value of the point at the time the decision is issued. In 2013, the value of the point was the same as in 2012, standing at EUR 10.09.

Fees for the media

In 2013, fees for the media were not collected, because the Operational and Financial Plans for 2013 had not been approved. Since no tariff was determined in 2012 (because the revised budget for 2012 had not been adopted), the Agency could not collect fees by applying the old tariff and dividing the results into twelfths. Consequently, the Agency did not collect EUR 1.18 million in fees (EUR 450,000 in 2012, and EUR 730,630 in 2013). This area of work was financed from other sources, and as a result the Agency's activities in the majority of areas were limited in 2013 due to delays in financing.

Expenses – account group 46

Costs and expenses of certain users of the standard chart of accounts are disclosed in account group 46. The accounts belonging to this group contain the costs and expenses broken down by type. The basis for incurring costs is the approved Financial Plan for 2012.

The total expenses incurred by the Agency amount to EUR 5,041,886 and are 5% higher than in 2012. Below, the Agency discloses only those individual costs which represent a significant share of the total costs.

The costs of materials (office supplies, newspapers, electricity, expert literature, etc.) amount to EUR 91,662 (account group 460).

Costs for services (cleaning, accounting and auditing, legal consultancy, regular maintenance works, business trips, telephone services, hospitality expenses, meeting attendance fees, research services, studies and analyses etc.) amount to EUR 2,062,770 (account group 461). A major share of the aforementioned costs consists of research, studies, analyses, design of models, database access, regular maintenance of communications equipment and computers, student employment service fees, attendance fees from council sessions, expenditures for expert training of employees. Hospitality expenses amounted to EUR 64,585.

Amortization and depreciation is not a cost, but is instead booked at the expense of managed assets.

The labor costs amount to EUR 2,867,297 (account group 464).

Financial expenses amount to EUR 45 (account group 467).

Revaluation expenses from the impairment of operating receivables are disclosed in the amount of EUR 20,109 (account group 469). Receivables are subject to revaluation due to impairment and derecognition of impairment if it can be reasonably doubted that they will be repaid. Allowances for receivables are formed at the end of the year, for all uninsured receivables which are outstanding for more than a year as of the date of preparing the annual accounts. Allowances thus decrease the book value of receivables and increase revaluation operating expenses. The basis for forming allowances for receivables is the decision issued by the Director.

Based on the confirmed revised Financial Plan for 2011, the Agency carried out the project of establishing and operating test DVB-T2 networks. For setting up the test networks the Agency awarded a contract to an external contractor through a public tender. The contractor provided several transmission points, set up DVB-T/T2 transmitters, and maintained the operation of test networks. EUR 56,570 of costs was incurred in the project in 2013, which was covered using surplus from preceding years. The project was concluded in 2013.

Expenses were also affected by the project of issuing decisions in twelve batches. Because this project was both time- and resources-consuming, the Agency is presenting it separately. The project comprised:

- upgrading and testing the software, since the existing information system was designed for calculating one-time fees; (contract work, 7.6 months in man hours),
- issuing the decisions in several batches; the Agency issued around 28,000 decisions instead of 10,000;
- costs of printing and serving the decisions in accordance with the General Administrative Procedure Act in the amount of EUR 7000;
- managing the issuing of decisions, which equaled to 5 months in man hours
- occasional help from students.

Due to the above, the Agency had considerable liquidity problems, since costs were incurred before the decisions on determining the fees were issued and fees paid. The Agency got through this period by spending its surplus from previous years and applying a restrictive policy of conducting activities.

However, this method of work is inefficient and causes a lot of irritation among liable entities, who receive several decisions determining fees in the amount of a few dozen euros each. Since there are over 1,000 liable entities, while the majority of revenue comes from fees of a few dozen operators, such a method of work is uneconomical.

4.6 SURPLUS

The operating result is the difference between the revenue and expenses generated in an accounting period. The rules on categorizing revenue and expenses state that the surplus recorded by a certain user is first used to cover any deficits from previous years, and only then can the remaining surplus be distributed for other purposes in accordance with relevant regulations. The surplus for 2013 is EUR 1,086,209, and the surplus from preceding years allocated to covering expenses from the current period is EUR 56,570.

The Agency prepares a Financial Plan based on cash flows, and the point is also calculated based on that, which the government approves each year. Preparation of the Financial Plan according to cash flow is defined in the Public Finance Act, Accounting Act, and Instructions on Preparing Financial Plans of Indirect Users of the state and municipal budgets. In accordance with the legislation, the Agency prepares the annual account according to cash flows and accrued revenue. The Government of the Republic of Slovenia approves the surplus or deficit depending on the Statement of Revenue and Expenses (on an accrual basis), which is booked under managed assets. Since the legislation covering public finance accounting for certain users of the standard chart of accounts is structured so that the surplus serves as a source for investment in the next year, creating a surplus is essential for the Agency (at least in the amount equivalent to the costs of depreciation and amortization), since it is the source for new purchases in the next year. Amortization and depreciation costs amounted to EUR 666,253.24 in 2013.

The Agency took the surplus from 2013, estimated at EUR 660,000, and the surplus from 2012, standing at EUR 340,000, into account when calculating the tariffs for 2014, which is evident from the proposed 2014 Financial Plan, which was referred to the Government for approval.

The surplus was generated primarily because all of the Agency's activities were temporarily halted and only routine tasks and urgent projects were carried out in the first half of 2013. All investments and major projects were postponed until the second half of 2013 or until such time when the 2013 Financial Plan would be approved.

4.7 REVENUE AND EXPENSES ACCORDING TO THE CASH FLOW METHOD (ADJUSTED STATEMENT)

The total generated revenue was 11% above the plan. The generated revenue was higher than planned because changes were made to the method of calculating the fees based on notifications and fees for using DVB-T and FM frequencies. Find a more detailed explanation in the section about revenue above.

The total realized expenses were lower by 13% compared to projected expenses. The reasons for the difference between the last approved plan for 2012 and the realization in 2013 lie in lower salary and other labor costs (funds for salaries in 2012 were planned based on the Public Sector Collective Agreement and the agreement on measures regarding public sector salaries, and also included salary costs for the DIGI TV project), 5% lower costs of materials and services, and 32% lower capital expenditure.

The originally planned projects from the 2013 Financial Plan were not carried out, and the Agency will carry out certain projects later, in 2014 (NGN and the construction of an open broadband network, NGN BU model, Digital agenda, eapek+, NGN model for market 7, regulation of separate accounting, the USO tender, etc.). These projects are presented in more detail in the 2014 Operational and Financial Plans.

Expenses for goods and services associated with the provision of public services

4020 Office supplies and general goods and services

This group comprises 13 types of expenses, e.g. office supplies and services, cleaning products and services, publishing and printing services, newspapers, magazines, books and journals, translation costs, IT, accounting, auditing, and legal and consulting services, hospitality, etc.

The cost of office supplies and general goods in services amounted to EUR 963,618 in 2013. The majority of this – EUR 595,059 was spent on research, studies, analyses, and designing of models. This includes the Agency's regular expenses and cost of one-off projects, e.g. telemetry services, access to the recordings of Slovenian radio stations and data on

music played, the public tender for mobile services (4G), drawing up of the NGN model, setting up and operation of a test DVB-T/T2 network and other costs.

4024 Expenses for business trips

The majority of travel orders were issued for business trips to Brussels, BEREC and meetings for the international coordination project. In the first half of 2013, business trips were cut to a minimum due to liquidity problems.

4029 Other operating expenditure

This group comprises 27 types of expenses, e.g. conference, seminar and symposium costs, payments to contractual workers, payments to students, attendance fees, professional training, court costs, lawyer's and notary's services, membership fees for international organizations, etc.

The Agency's other operating expenditure amounted to EUR 375,420. This primarily included payments to contractual workers (for software development) in the amount of EUR 70,706, payments to students in the amount of EUR 93,734, and employee training costs in the amount of EUR 76,137. The cost of monthly remuneration, i.e. attendance fees, to members of the Electronic Communications Council (SEK), and the Broadcasting Council (SRDF) stood at EUR 63,126. The total costs of both councils were higher, amounting to EUR 70,426, which also includes hospitality and other costs.

The Agency's Council was established at the end of 2013 and did not hold a session last year, which is why the Agency incurred no costs from its work.

Capital expenditure

No investments were possible in the first half of 2013 due to unapproved surplus from 2011 and 2012 (which is the Agency's source for investments) and liquidity issues. The first investments were made in the second half of the year, namely in constructing an extension to the radio monitoring station in Jeruzalem, and in the detailed design for upgrading the antenna tower at Rašica. The Agency invested a total of EUR 258,966 in purchasing equipment, with the major part of this sum being spent on computer equipment, telecommunications equipment and fittings (upgrade of the antenna tower, microwave connections, rotators, etc.)

Events after the balance sheet date

Two events occurred after the balance sheet date, which do not affect the 2013 financial statements but which could affect the 2014 financial statements. The first such event is a lawsuit under labor law, and the second an administrative dispute regarding a decision determining a fee. Costs that the Agency could incur are still undetermined.

by authorization no. 0202-1/2014/4 of 12 February 2014

Sonja Mis

Head of Finance and Accounts

Ljubljana, February 2014

No: 0100-6/2013/6



Poročilo neodvisnega revizorja

Vladi Republike Slovenije, ustanoviteljici Agencije za komunikacijska omrežja in storitve Republike Slovenije

Poročilo o računovodskih izkazih

Revidirali smo priložene računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije, Ljubljana, ki vključujejo bilanco stanja na dan 31. decembra 2013, izkaz prihodkov in odhodkov za tedaj končano leto ter priloge k računovodskim izkazom in druge pojasnjevalne informacije.

Odgovornost posloводства za računovodske izkaze

Posloводство je odgovorno za pripravo teh računovodskih izkazov v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi ter za tako notranje kontroliranje, kot je v skladu z odločitvijo posloводства potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

Revizorjeva odgovornost

Naša naloga je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe.

Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanjem računovodskih izkazov, da bi določil okolščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen posloводства, kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

Verjamemo, da so pridobljeni revizijski dokazi zadostna in ustrezna podlaga za naše revizijsko mnenje.

Mnenje

Po našem mnenju so računovodski izkazi Agencije za komunikacijska omrežja in storitve Republike Slovenije za leto, končano 31. decembra 2013, v vseh pomembnih pogledih pripravljeni v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.

Poudarjanje zadeve

Opozarjamo na pojasnila v točki 4.2.

V novembru 2011 je začel veljati Zakon o avdiovizualnih medijskih storitvah (ZAVMS), ki v 38. členu določa, da mora Agencija izvrševati svoje pristojnosti v skladu z ZAVMS, zaveznici pa morajo poravnavati letne zneske na osnovi izračuna, ki ga predpiše minister, pristojen za področje elektronskih komunikacij. Ministrstvo za izobraževanje, znanost, kulturo in šport (v nadaljevanju MIZKŠ) je izdalo Pravilnik o načinu izračuna plačil. Iz 4. člena Pravilnika je razvidno, da se vrednost točke za posamezno leto določi s tarifo, ki mora biti najkasneje do 31. oktobra tekočega leta predložena v soglasje Vladi RS skupaj s programom dela in finančnim načrtom za prihodnje koledarsko leto ter revidiranimi računovodskimi izkazi za preteklo koledarsko leto. Agencija je predlog tarife v decembru 2012 poslala v



potrditev na MIZKŠ. Do datuma izdaje revizorjevega poročila o računovodskih izkazih za leto 2013 Agencija ni prejela soglasja Vlade RS na predlagano tarifo, zato ni izdajala odločb zavezancem za plačilo tarife za leti 2012 in 2013. Zaradi neizdaje soglasja na predlog tarife Agencija v računovodskih izkazih za leti 2012 in 2013 ni priznala prihodkov v ocenjeni višini 1,8 mio EUR. Izvajanje pristojnosti na osnovi ZAvMS se zato začasno financira iz ostalih virov.

Naše mnenje v zvezi s poudarjeno zadevo ni prilagojeno.

Poročilo o zahtevah druge zakonodaje

Agencija za komunikacijska omrežja in storitve Republike Slovenije je izlekla letno poročilo za poslovno leto 2013 v skladu z zahtevami Zakona o javnih financah, Zakona o računovodstvu in Sklepu o ustanovitvi Agencije za komunikacijska omrežja in storitve Republike Slovenije.

Informacije v poslovnem poročilu so skladne s priloženimi računovodskimi izkazi.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Katarina Sitar Šuštar
pooblaščená revizorka
partner

KPMG Slovenija, d.o.o.

1

Ljubljana, 27. februar 2014

