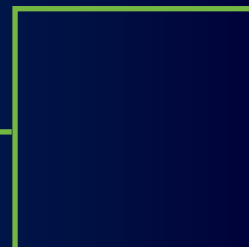




# ANNUAL REPORT 2012



APEK





# INDEX

<b>1</b>	<b>LEGAL BASIS</b>	<b>9</b>
<b>2</b>	<b>ABOUT THE AGENCY</b>	<b>11</b>
	1 ORGANIZATIONAL STRUCTURE OF THE AGENCY	11
	2 AGENCY'S WORK FOR SEK AND SRDF	12
<b>3</b>	<b>OPERATIONS</b>	<b>15</b>
	1 SUMMARY OF THE AGENCY'S MAIN ACTIVITIES OF 2012	15
	1.1 Providing conditions for constructing 4th generation mobile networks	15
	1.2 Analysis and strategy of telecommunications regulation	16
	1.3 Tender for a new DVB-T multiplex with national coverage	16
	1.4 Starting the implementation of the Audiovisual Media Services Act	17
	1.5 Regulation of accounting separation, universal postal service, and price regulation in cross-border traffic	17
	1.6 Computerization of supervisory procedures	18
	2 TELECOMMUNICATIONS	19
	2.1 The situation and development of individual market segments	19
	2.1.1 Numbering	20
	2.2 Mobile communications market	20
	2.2.1 Regulation of the mobile telephone communications market	24
	2.3 Fixed voice communications market	24
	2.3.1 Regulation of the fixed communications market	27
	2.4 Broadband access market	28
	2.4.1 Broadband access carrier market	31
	2.4.2 Regulation of the broadband access market	32
	2.5 Leased lines market	33
	2.5.1 Regulation of the leased lines market	33
	2.6 Television	34
	2.6.1 Regulation of the terrestrial radio broadcasting market	36
	2.7 Converged services	36
	2.7.1 Market regulation	38
	3 ELECTRONIC MEDIA	38
	3.1 Preparing new general acts	39
	3.1.1 The General Act on the Audiovisual Media Services and Radio Program Monitoring Methodology	39

3.1.2 General Act on Product Placement and Sponsorship	40
3.1.3 General Act on Declaring On Demand Audiovisual Media Services	40
3.1.4 General Act on the Protection of Children and Minors in Television Programming and On Demand Audiovisual Media Services	41
3.2 Conducting public tenders	42
3.3 Issuing licenses	43
3.3.1 Radio broadcasting licenses	43
3.3.2 Television broadcasting license	45
3.4 Monitoring television and radio programming and on demand audiovisual media services	47
3.4.1 Television programming monitoring	47
3.4.2 Radio programming monitoring	50
3.4.3 Monitoring on demand audiovisual media services	50

#### 4 RADIO SPECTRUM 51

4.1 Ensuring the conditions that allow for the construction of 4 <sup>th</sup> generation mobile networks	51
4.2 Administrative proceedings, public calls and tenders in the field of fixed and mobile services	52
4.2.1 Terrestrial systems for the provision of TRA-ECS electronic communications services in the RF bands above 2.5 GHz and broadband wireless access systems (BWA)	52
4.2.2 Satellite connections and SNG/OB	53
4.2.3 Fixed connections (microwave connections)	53
4.2.4 Private mobile radio communications (PMR)	54
4.2.5 Administrative proceedings for obtaining radio amateur licenses and radio licenses for ships and aircraft	54
4.2.6 R&TTE equipment	54
4.3 Optimum use of spectrum for radio broadcasting	55
4.3.1 Radio communications market – Radio	55
4.3.2 Radio communications market – Television	55
4.3.3 Resolving issues with Italy	57
4.3.4 Optimum use of the UHF and FM spectrum	57
4.3.5 Testing new technologies for digital television broadcasting	57
4.4 Radio frequency spectrum supervision	58
4.4.1 Construction and maintenance of the measurement system	59

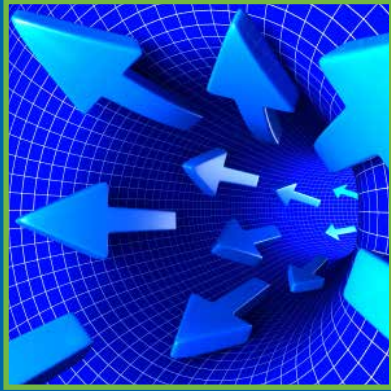
#### 5 POST 60

5.1 Postal service providers	60
5.2 Analysis of the Postal Services Market	60
5.2.1 Revenue and employees	60

5.2.2 Network	61
5.2.3 Comparisons	63
5.2.4 Short summary of analysis results	64
5.3 Quality of universal service	64
5.4 Analysis of prices and delivery times	68
5.5 Users' satisfaction with postal services	68
5.5.1 General public	68
5.5.2 Business public	69
5.6 Price regulation and accounting separation	70
5.7 Supervising the postal services market	72
<b>6 RAILWAYS</b>	<b>74</b>
6.1 Railway traffic service market development	74
6.2 Monitoring the service market in railway traffic	74
6.2.1 Monitoring the service market in railway freight traffic	75
6.2.2 Monitoring the service market in railway passenger traffic	76
6.3 Realization of allocated train paths by carriers in freight traffic	77
6.3.1 Slovenske železnice – Tovorni promet d.o.o.	77
6.3.2 Rail Cargo Austria AG	77
6.3.3 Adria Transport d.o.o.	77
6.4 Realization of allocated train paths by the passenger traffic carrier	78
6.4.1 Slovenske železnice – Potniški promet d.o.o.	78
6.5 The Agency's measures for improving public railway infrastructure utilization	79
6.6 User fees for access to the public railway infrastructure	80
6.7 Resolving complaints	80
<b>7 SETTLEMENT OF DISPUTES AND COMPLAINTS</b>	<b>82</b>
7.1 Disputes in the field of electronic communications	82
7.1.1 User disputes	82
7.1.2 Disputes between operators	85
7.2 Disputes in the field of postal services	86
7.2.1 Disputes between users and postal services providers	86
7.2.2 Disputes between postal service providers	87
7.3 The Agency's involvement in drawing up the Electronic Communications Act-1	88
7.4 Judicial supervision of Agency's decisions	88

8 PROTECTION OF END USERS	89
8.1 Implementation of the Regulation on Roaming	89
8.2 The European emergency number 112	89
8.3 Numbers for services of social value "116 xxx"	90
8.4 Prevention in the field of user disputes	90
8.5 Web sites and the customer service call center	91
<b>4 BUSINESS REPORT</b>	<b>93</b>
1 MANAGING THE AGENCY	93
1.1 Staff management	93
1.2 IT support	95
1.3 Ensuring publicity of the Agency's activities	95
1.4 Collaboration with national and international institutions	96
1.5 Special projects: SEE Digi.TV, a project of cross-border collaboration in the field of digital broadcasting and new services	97
<b>5 FINANCIAL STATEMENT</b>	<b>101</b>
1 FINANCIAL STATEMENTS OF THE AGENCY	102
2 ACCOUNTING POLICIES	110
3 SIGNIFICANT DISCLOSURES OF ACCOUNTING INFORMATION	111
4 SURPLUS OF REVENUE OVER EXPENSES	117
5 REVENUE AND EXPENDITURE ACCORDING TO THE CASH FLOW PRINCIPLE (ADAPTED STATEMENT)	118





Pursuant to Article 16 of the Decision Establishing the Post and Electronic Communications Agency of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, no. 60/01, 52/02 and 80/04), the Post and Electronic Communications Agency of the Republic of Slovenia (hereinafter referred to as “the Agency”) shall submit to the Government of the Republic of Slovenia for approval its Annual Report for the financial year 2012.

The Agency performs its tasks based on:

- the Electronic Communications Act (Official Gazette of the Republic of Slovenia, no. 13/07 – official consolidated text, and 102/07 – ZDRad);
- 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. 102/07);
- the Postal Services Act (Official Gazette of the Republic of Slovenia, no. 51/2009 and 77/2010);
- the Railway Transport Act, hereinafter referred to as ZZelP-H (Official Gazette of the Republic of Slovenia, no. 106/10).





# ABOUT THE AGENCY



## 1 ORGANIZATIONAL STRUCTURE OF THE AGENCY

The Post and Electronic Communications Agency performs tasks in eight areas of work and within four organizational units.

The divisions 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, Information Technology and

Public Relations, which provide support to the entire Agency.

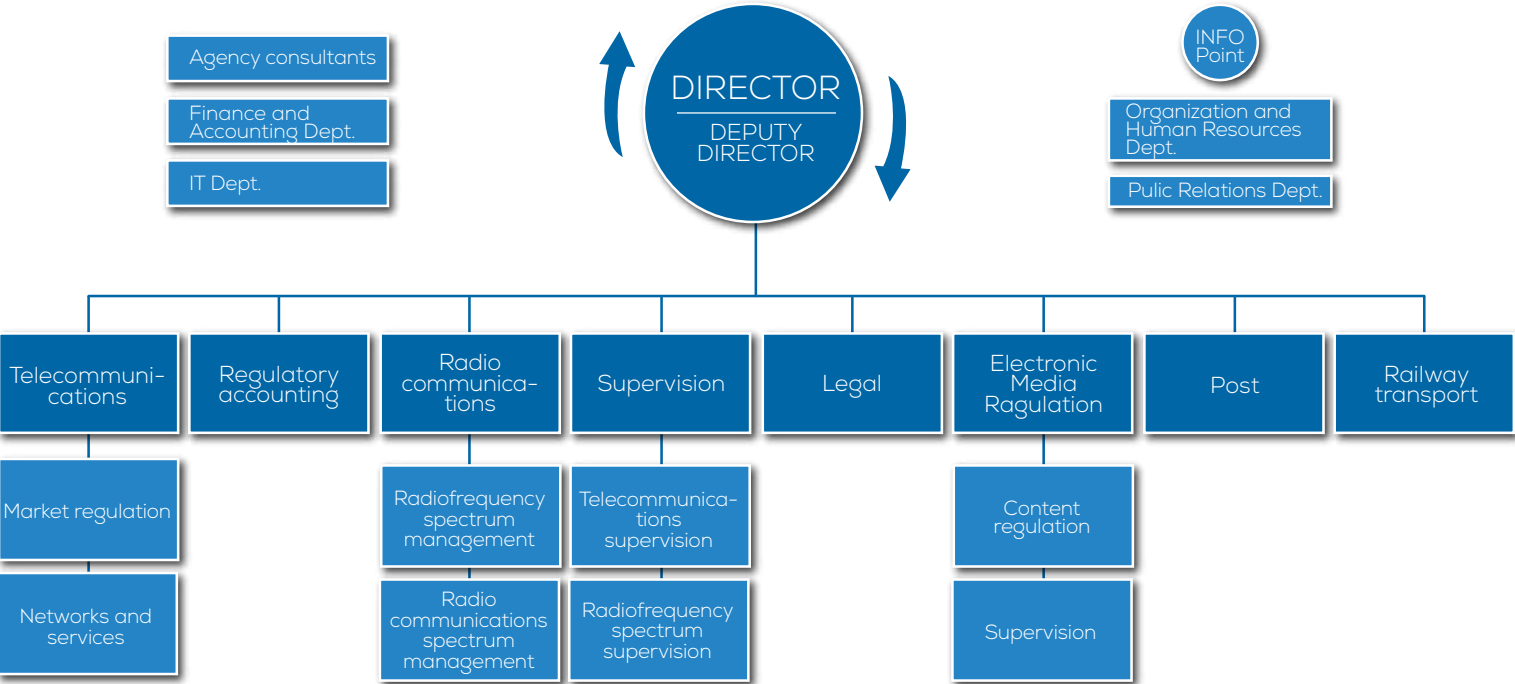


Figure 1.1: Organizational diagram of the Post and Electronic Communications Agency of the Republic of Slovenia

---

In accordance with the Electronic Communications Act and the framework directive (the Directive 2002/21/EC of the European Parliament and the Council of 7 March 2002 on the common regulatory framework for

electronic communications networks and services), the Agency is not financed directly from the budget of the Republic of Slovenia, but through users' direct payments. The Agency is also not part of the staffing plan for

entities governed by public law. The aforementioned directive explicitly requires that EU member states ensure the financial and staffing independence of national regulators that are in charge of ex-ante market regulation.

## 2 AGENCY'S WORK FOR SEK AND SRDF

The work that the Agency performs for the Electronic Communications Council (SEK) and the Broadcasting Council (SRDF) is conditioned upon statutory duties. The Agency provides funding as well as professional and administrative support for both Councils.

Pursuant to the Electronic Communications Act, the Electronic Communications Council monitors and consults on guiding the development of electronic communications and collaboration in protecting consumers' interests in the electronic communications market. In 2012, SEK members met at 11 regular sessions and held one correspondence session.

In addition to 11 members of SEK, representatives of the Agency also regu-

larly participated in these sessions.

Upon SEK's request, the Agency started preparing quarterly reports on its internal work, which makes the Agency's work more transparent to the council and informs SEK about the Agency's work. In 2012, the Agency prepared additional reports for SEK on the [www.komuniciraj.eu](http://www.komuniciraj.eu) project, guidelines on quality and user satisfaction with broadband services, and included the project of measuring service quality in its work program for the next two years. The Agency also prepared quarterly reports on the situation in the telecommunications market, and SEK proposed that that they also include the reports on the regulation's effect on the market. SEK dis-

cussed the draft of the Agency's work program and financial plan for 2013. It upheld the work program, while taking no position on the financial plan. The Agency also launched a website for SEK and participated in publishing its content.

The Broadcasting Council is an independent professional body which issues preliminary opinions and consents in procedures conducted by the Agency and Ministry of Education, Science, Culture and Sport, and is also involved in drafting certain acts. In Compliance with the Media Act, the Agency must provide the Broadcasting Council with administrative, professional, financial, and technical support. This

---

support comprises preparing materials for sessions (in 2012 the Council held 8 regular and 1 correspondence sessions), taking the minutes and reporting at the monthly sessions, preparing session minutes and 10 to 15 resolutions and memos per month, coordinating and calling preparation and consultation meetings and preparing materials for these meetings, clarifying received materials to members, organizing meetings with the interested public, providing public information, preparing responses to journalists' questions, updating the website and publishing information on it, supporting the preparation of the annual report and financial plan, issuing travel orders, reimbursing travel expenses, paying monthly bonuses, etc.





## 1 SUMMARY OF THE AGENCY'S MAIN ACTIVITIES OF 2012

Below we briefly summarize the activities the Agency spent the most human and/or financial resources on in 2012.

### 1.1 Providing conditions for constructing 4<sup>th</sup> generation mobile networks

Providing conditions for constructing 4th generation mobile networks is the Agency's priority, which involves several areas of work as well as human resources. In 2012, the Agency allocated all available staff to preparing expert bases for reallocating the spectrum and consequently the tender for frequencies for fourth generation mobile networks (4G), which support mobile broadband access (LTE). A project team was established which also includes external experts, to prepare answers to key issues of future use of the frequency spectrum for electronic communication services. The group's main task is to prepare expert guidelines for the national strategy as well as for the tender for the fourth gen-

eration network frequencies that will provide mobile broadband access.

In the process, it must be considered that the licenses for using frequencies in the 900 MHz band of two out of three operators expire in 2013, while the third operator's license for using frequencies in the 900 MHz band and all three licenses for the use of frequencies in the 1800 MHz band expire in 2016. The Agency is accordingly of the opinion that it would be reasonable to handle the allocation and future use of whole frequency bands, especially for frequencies under 1 GHz. For this reason a decision was made that the allocation of frequencies in the 800 MHz band will be carried out together with the allocation of frequencies in the 900 and 1800 MHz bands, and that it would be reasonable to include the available capacities in the 2600 MHz band and potential higher bands in the tender, in case there is interest in them. This would on one hand give operators significantly bet-

ter possibilities for constructing their networks and using technologies, and as a result on the other hand provide end users with higher quality of access to services, in compliance with the goals of the Digital Agenda. In the meantime, the Agency will, in accordance with the law, extend the decisions on the allocation of radio frequencies in the 900 MHz band to two operators, whose licenses expire, ensuring continuity of services until the tender. At the same time, the Agency will – especially for the purpose of providing LTE services, which are already available in Slovenia in a limited commercial and geographic scope – give operators the opportunity to bid in a separate tender for a total of 2 x 39.8 MHz of available capacities in the 1800 MHz band, and 2 x 10 MHz + 1 x 5 MHz in the 2100 MHz frequency band for the period until the tender for all frequencies is carried out, which will make it possible to provide users with LTE and HSPA services in a greater scope as soon as possible.

By April 2013, the project team will have prepared professional guidelines for the reallocation of the spectrum and for the public tenders to allocate frequencies for the provision of mobile (broadband) communication services, which are becoming the driver of development in the EU and around the world. This will also be a contribution to the strategy for using the frequency spectrum for electronic communication services, which is being drafted by the Ministry of Education, Science, Culture and Sport. Based on the strategy adopted, the Agency is expecting to prepare the tender for LTE by the end of 2013.

## 1.2 Analysis and strategy of telecommunications regulation

In the area of telecommunications, the Agency started preparing the basis for designing further regulation of broadband access in 2012. A project team was appointed for this purpose (internally the project is called Regulation Analysis and Strategy), which currently only consists of Agency employees. Due to the demanding nature of next generation networks regulation, the Agency plans to strengthen

its team of experts in 2013, which is a precondition for creating an effective regulatory environment in collaboration with the industry and professional public.

In the first phase of the project, the Agency sent out a questionnaire to operators to collect information and their positions, which it will use in planning further regulatory activities. It should be noted that this was not a public consultation regarding the Agency's starting points or concrete proposals. It is up to every operator to decide whether they want to fill out the questionnaire or not.

### 1.3 Tender for a new DVB-T multiplex with national coverage

In October 2012 the Agency published a public tender for the allocation of radio frequencies for another DVB-T multiplex with national coverage (multiplex C). The tender was published as soon as the technical conditions were met. One bid meeting all the requirements was received in time, submitted by the public institute, RTV Slovenija. In mid-December, the Agency issued a decision on the allocation of radio frequencies for multiplex C to RTV Slovenija. RTV

Slovenia, i.e. its Transmitters and Connections unit will thus manage its second digital terrestrial television network.

In accordance with the decision issued for multiplex C, RTV Slovenija must provide at least a 96 % population coverage within 299 days of receiving the decision. It must provide access to the multiplex to all broadcasters with the license for digital television broadcasting on equal terms. This decision determines inter alia that the monthly price for transmission services must be cost-oriented, and sets the maximum monthly price for 1 Mbps transmission in the first year of operations at €10,508.29.

At the beginning of 2012, 26 decisions on the allocation of radio frequencies for individual transmission sites for the second national DVB-T multiplex (multiplex B) were also in force. After the only station broadcast over this multiplex left the market, Norkring, the company that operated multiplex B, published on its website in April that it had started dismantling the broadcasting equipment in its network. The Agency's service for radio supervision and measurements also established that Norkring's

transmitters were no longer operating. That is why proceedings for annulling decisions on the allocation of radio frequencies for multiplex B were initiated ex officio in May. In October the Agency received Norkring's request to annul its decisions, and the Agency annulled the decisions in the same month.

#### **1.4 Starting the implementation of the Audiovisual Media Services Act**

The Agency's main task in the area of electronic media in 2012 was preparing general acts prescribed by the Audiovisual Media Services Act (ZAvMS), a result of which was this act's implementation. When ZAvMS came into force, the Agency received authority to administrate and supervise the act's implementation, and to carry out minor offense proceedings. This mandate also covers areas that are regulated for the first time, e.g. product placement and audiovisual media services on demand. Providers of audiovisual media services on demand must now register their services with the Agency, and must also fulfill certain obligations, i.e. protect children and minors from potential harmful content and meet quotas for European audiovisual works.

The Agency also received a mandate to resolve issues related to jurisdiction over audiovisual media services in the EU and supervision over the publishing of information that audiovisual media service providers are obliged to provide; copyright protection in broadcasting cinematographic works as part of audiovisual media services; preventing the encouragement of inequality and intolerance in program content; protecting children and minors; sponsoring program content; product placement (as a new permitted type of advertising) and surreptitious advertising; exercising the right to include brief news segments in television shows; and the public's right to be able to follow important events on television programs.

To exercise its new mandate, the Agency organized a training for its staff in 2012, since it was unable to hire new staff despite being assigned several new obligations. It also made other necessary modifications, allowing it to carry out inspections and minor offense proceedings. The relevant ministry also granted the minister's authorization, which allows a qualified person to issue decisions in inspection proceedings.

#### **1.5 Regulation of accounting separation, universal postal service, and price regulation in cross-border traffic**

In the area of post in 2012, the Agency focused on regulating accounting separation, regulating and supervising universal service, and regulating prices in cross-border traffic. In 2012 the Agency examined changes in the methodology Pošta Slovenije uses for keeping separate accounting records, and carried official supervision of compliance with Articles 35 and 36 of Postal Services Act and Articles 5 and 9 of the General act on Separate Accounts and Prohibition of Subsidies. In addition to this supervision, the Agency performed in collaboration with an auditing firm the first phase of the examination into whether the revenue used as input data for separate accounting records was accurate by analyzing the control enSourceonment of the ILPost and UPO applications.

Within the framework of regulating

and supervising universal service, the Agency rejected requests to transform the Prevorje and Prem post offices to mobile post offices, and approved requests to transform the Zdole, Križevci, and Materija post offices to contractual post offices. The Republic of Slovenia thus got its first “franchise” post offices in areas where interest was expressed. The provision of universal postal service remained unchanged.

The contractual post offices have longer working hours than the contact point managed by Pošta Slovenije had, which improved accessibility for postal service users.

In order to implement comprehensive price regulation in cross-border traffic, the Agency performed the first large-scale analysis of calculating terminal

costs under the UPU and REIMS system. Considering the terminal costs and international transport costs incurred by Pošta Slovenije in providing universal service in cross-border traffic, the Agency adopted a decision to approve an increase in prices for delivering letters and publications in cross-border traffic from 1 December 2012 on.

### **1.6 Computerization of supervisory procedures**

One of the Agency’s most important tasks is a comprehensive overhaul of the electronic operations system (eA-PEK+), which will add the existing system’s missing functionalities. As part of this project, the Agency developed in

2012 a software solution named Nadzor + (Supervision +), which supports better traceability of processes within the Agency, which is a precondition for more transparency.

Nadzor + was developed to ensure better transparency of supervisory processes, as well as other of the Agency’s operational processes. Nadzor + supports work process planning and monitoring, based on which efficiency and the used planning strategy can be statistically analyzed. A record of procedures allows monitoring at the case or task level for individual responsible persons and persons in charge of tasks. The Nadzor + application can be used by several users simultaneously and can be accessed over a web interface.



## 2 TELECOMMUNICATIONS

The Agency's operations in the field of telecommunications in 2012 were mainly focused on participating in the project group for executing internal projects relating to the analysis and strategy of regulation, and the revision of relevant markets 4, 5, 6, and 14. The project group was founded with the objective of preparing the foundation for future regulatory focus on encouraging investments, and achieving the goals of the digital agenda. The main task is preparing professional guidelines that the Agency will use for shaping its future regulation of broadband access at the carrier level.

Other important tasks the Agency focused on in the telecommunications field over the course of its operations focused on regulating the electronic communications market, on data collection, database administration, collaborating in international expert groups, and reporting to various international bodies in order to monitor the telecommunications market at different levels.

### 2.1 The situation and development of individual market segments

There were 148 operators in the electronic communications market providing end users with mobile telephone, broadband internet access, fixed tele-

phone services, access infrastructure leasing, radio broadcast transmissions, and other services. 11 operators were entered into the registry in 2012, while 9 were removed from it.

Figure 2.1: The number of operators / service providers entered into the official registry by significant services as of 31 December 2012.

Service	Number
<b>Internet access</b>	
Narrowband access	16
Broadband access (xDSL, FTTH, radio, cable, satellite...)	78
Cable access	46
<b>Cable operators</b>	65
<b>Voice services in the public mobile network</b>	14
Operators	4
Service providers (VMNOs)	10
<b>Fixed public voice telephone</b>	
<b>International public voice communications operators</b>	25
<b>Local public voice communications operators</b>	25
<b>Leased lines operators</b>	33
<b>Value added services providers</b>	25

Source: APEK, 2012

In 2012 there were 61 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.

In the past year the Agency received 57 notifications regarding plans for constructing a public communications network or other economic infrastructure. 56 of these notifications were about the construction of public electronic communications networks: 23 projects for copper line shortening using fiber optics at functional locations, 14 projects for mobile communications base station construction, 17 projects for constructing new or expanding existing cable communications networks, 2 projects for laying fiber optics, and 1 project for creating a wireless link. One project was about constructing other economic infrastructure.

Telekom Slovenije submitted the largest number of notifications, 26, while Telemach submitted 19, Tušmobil 6, and Si.mobil 5. In 2012 the Agency also received 7 notifications on planned joint public communications network construction, all from Telekom Slovenije and Telemach.

### **2.1.1 Numbering**

The operators' demand for the allocation of geographic and non-geographic numbers for public access voice communications services at a fixed location, and number for mobile networks decreased significantly when compared to 2012. The changes to individual provisions on the rules regulating fees for the use of assigned numbering elements, and the corresponding increase in the number of points, the operators were once more encouraged to use a more rational use of resources last year. This led to an increase in certain types of numbering elements (080, 090) being returned at the end of 2012.

As of 31 December 2012 the Agency's official registry includes 38 operators and other providers who have been assigned various numbering elements in the past. Last year four new operators with assigned numbering elements were entered into the registry. 34 new decisions on the allocation of numbering elements were issued, 47 on the annulment or expiration or partial expiration of decisions, while 2 decisions were changed ex officio. At the end of 2012 there were a total of 287

issued and valid decisions on the allocation of numbering elements.

According to the reports of the selected administrator for transforming numbers into ENUM number domains there was no demand for the use of this feature last year.

The number of numbers ported in 2012 increased by approximately 4 % in 2012, compared to the previous year. According to the data from the administrator of the central database of ported numbers there was a total of 137,452 numbers ported in 2012, of which 74,409 were mobile, and 62,910 were fixed. Since the introduction of number porting in 2006 a total of 818,737 numbers have been ported. The total number of ported numbers as of 31 December 2012 is 626,583, of which 324,319 were mobile, and 302,264 were fixed.

### **2.2 Mobile communications market**

The number of mobile service providers to end users increased in 2012. New providers that entered the market in 2012 were Amis, Telemach, and Teleing, are all providing their services through the networks of infrastructure mobile carriers. A significant develop-

ment in 2012 was that all four infrastructure mobile carriers can now provide their network capacities through a type of carrier access or a different method, making it possible for other operators and service providers to design their own retail offers.

Bundled mobile services that operators provide in various price plans, usually including a fixed number of on-net and off-net voice minutes, text and multimedia messages, and increasingly significant data allowance, are still the most popular with mobile services users. There was an exceptional rise in data transfer over mobile networks, parallel with the expansion of access to fast data transfer. This trend is expected to continue, as the operators are well aware, introducing new plans with increasing data transfer allowances, as well as appropri-

ately upgrading their networks to current technologies and introducing next generations of technology. In 2012 the first commercial LTE network went live in three cities, and plans for constructing LTE networks in the future became public.

The survey "Monthly Household Expenditure for Electronic Communications Services", which the Agency conducted with the assistance of an external contractor at the end of 2012, showed that almost every household in Slovenia has one mobile phone, while a quarter of them have four or more. 24 % of respondents confirmed that they use some kind of mobile data transfer, most of them using a mobile phone. The average household spent €24.6 on mobile data services in October 2012.

The penetration level of active mobile communications users in the population grew once more in 2012, reaching 109.1 % by the end of the year. Future growth of penetration can also be expected because of the increase in the use of mobile data services. SIM cards are used in different devices (various meters, alarms, vehicle and cargo tracking modules, call center, and similar).



<sup>1</sup><http://www.apek.si/-raziskava-o-mesecnih-izdatkih-gospodinjstev-za-storitve-elektronskih-komunikacij>  
<sup>2</sup>The Agency measures the penetration of active mobile users. These are users holding a valid contract, or prepaid users who made at least one call, sent a text or multimedia message, or used data services in the past three months. In its calculation the Agency uses this data and the current data on population numbers, as reported by the Statistical Office of the Republic of Slovenia.

Figure 2.2: The penetration level of active mobile communications users in the population

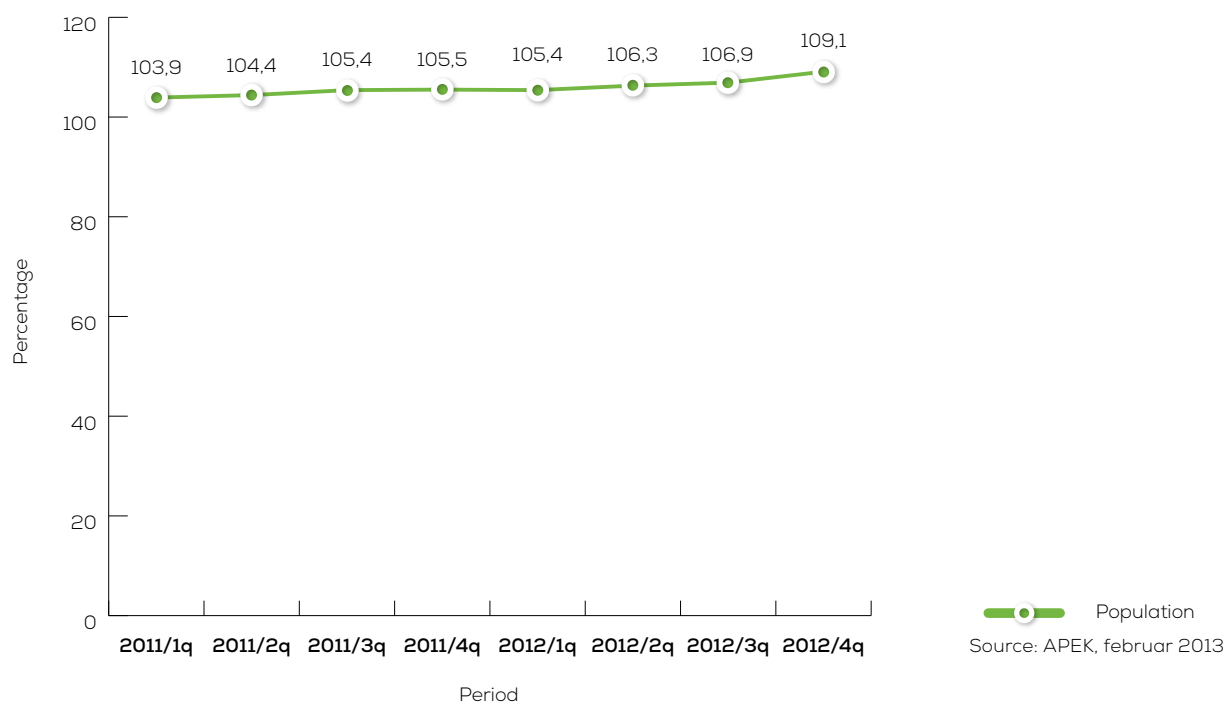
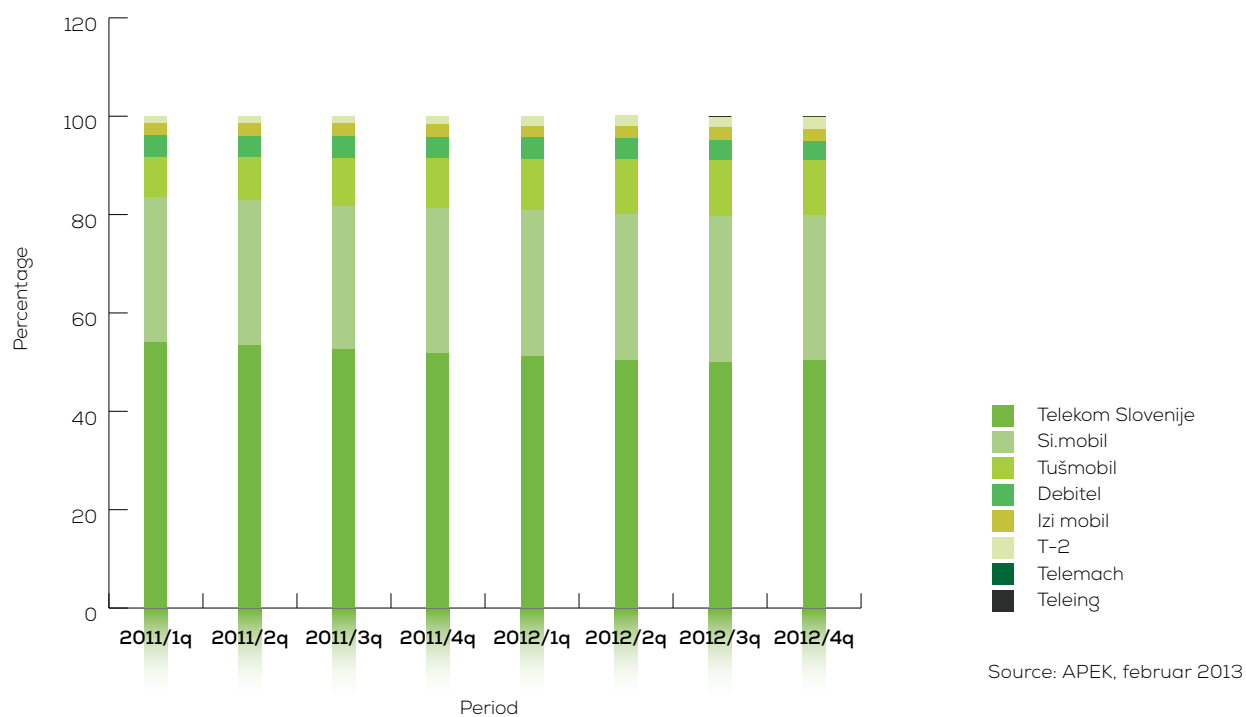


Figure 2.3: Shares of active mobile communications users by operators



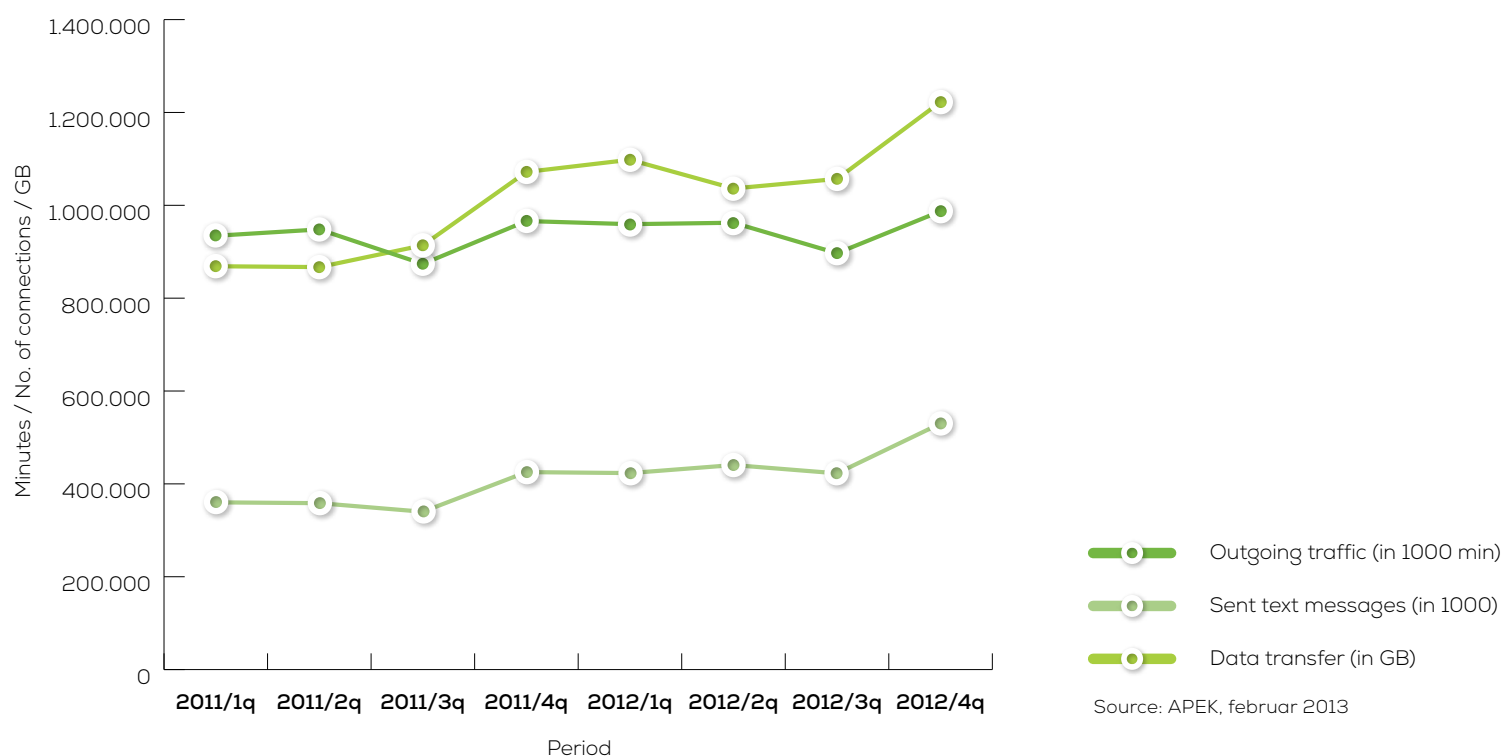
In 2012, Telekom Slovenije's market share of active users first dipped below 50 %. However the popularity of its sensibly priced Paket 2013 plan helped it increase its market share once more, ending the year with a 50.3 % market share. The market share of Si.mobil users came close to one third at 29.5 %, while the remaining fifth of the market

share was divided among other service providers, who mostly increased their market shares in 2012.

Shares of voice traffic origination, both on-net as well as off-net, are a reflection of the market shares of active users. As expected, the largest share of all the originating on-net traffic takes place in Telekom Slovenije's network,

however this share is declining, while the other major infrastructure operators' shares are growing. Debitel's is somewhat declining, and Izmobil's and T-2's shares remained unchanged.

Figure 2.4: Off-net voice traffic, text messages sent, and data transferred in mobile networks



Off-net traffic increased in the last quarter of last year, with a noticeable year-on-year increase, which leads to the conclusion that mobile voice communication is still relevant, and increasingly so.

The volume transferred data also continue to grow, showing an unmistakable growth trend that peaked in the last quarter of 2012.

In spite of the fact that text messaging services have matured, they still show a growth trend. Si.mobil users send the most text messages, even though they are significantly outnumbered by Telekom Slovenije users. They ranked second by sent messages, while the other service providers followed, consistent with their market shares.

The amounts of sent multimedia messages are similarly distributed, however Telekom Slovenije users sent the most multimedia messages last year.

### **2.2.1 Regulation of the mobile telephone communications market**

In June 2012 the Agency once more conducted an analysis of the relevant market 15 "Access to public mobile communications networks and call origination from these networks (car-

rier market)", and based on the test of three measures found that the market no longer meets any of the three cumulative measures for ex ante regulation. As a result it issued a decision in September, canceling the previous regulatory decision which recognized Telekom Slovenije as an operator with significant market power in this market. One of the key indicators of competition in said market is the fact that since April 2012, Telekom Slovenije is no longer the only operator providing carrier access in the carrier market, as since then Si.mobil has been providing national roaming services to T-2 under commercial terms. Other commercial agreements among operators also point to development and competition in this carrier market, for example Tušmobil providing carrier access to Telemach since June 2012, Si.mobil and Amis concluding an agreement in February 2012 on the introduction of a retail mobile services plan for Amis's fixed voice and broadband users, as well as other related users, while T-2 and Teleing reached the same kind of an agreement in October 2012. Telekom Slovenije has been providing carrier access to two service providers, Izimobil and Debitel, as well as nation-

al roaming to Tušmobil. This means that each and every infrastructure mobile carrier is providing some type of access, or the possibility of forming a mobile services retail offer to other operators or service providers.

All four infrastructure mobile carriers made appropriate adjustments and lowered prices for call termination in 2012 in the relevant market 7 "Voice call termination in individual public mobile communications networks (carrier market)", in line with the valid regulatory decisions issued by the Agency. Since the end of 2012 all four infrastructure operators have to apply the cost effective uniform and symmetric "pure LRIC" price for a minute of call termination, which is €0.0324.

### **2.3 Fixed voice communications market**

Fixed voice communications are still an important part of the electronic communications market, as it is a traditionally basic telecommunication service. Growth has slowed down because of market saturation, however fixed voice communications can still be included among significant mar-

ket segments due to a high number of users who still have not switched to services that require next generation networks.

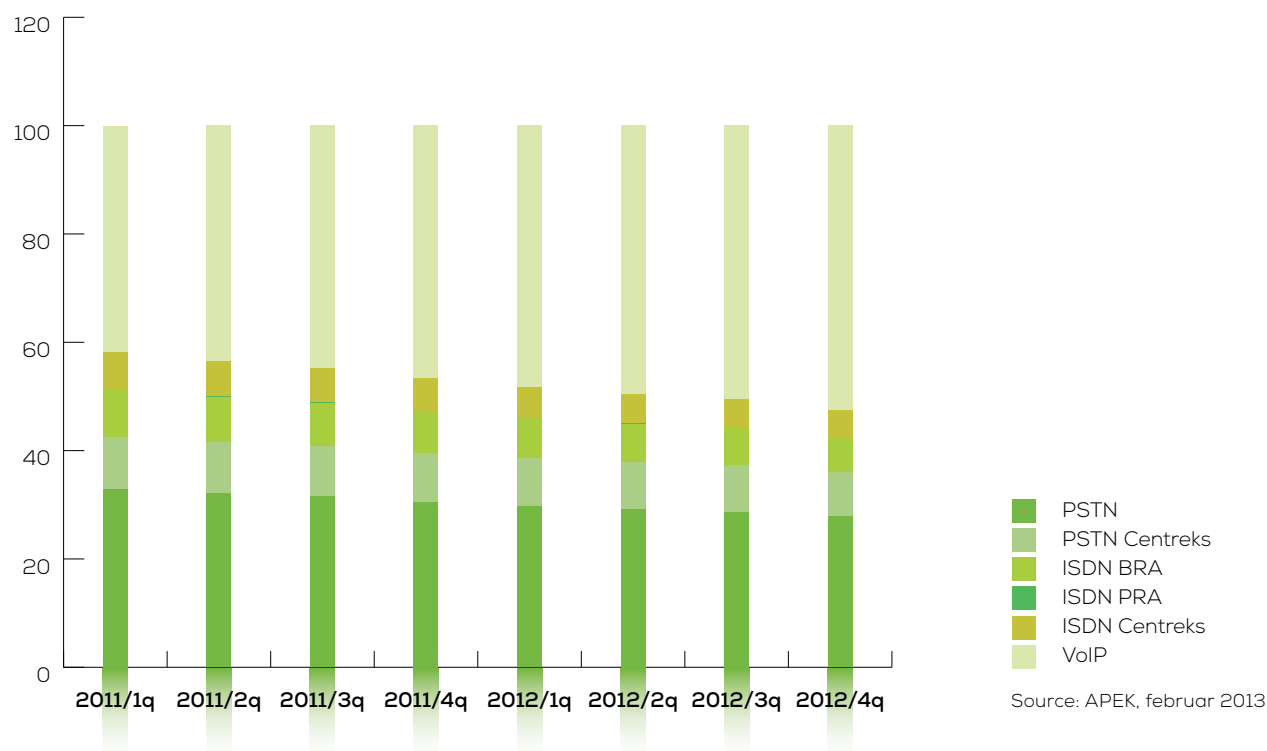
VoIP communication is a publicly accessible telephone service in a fixed location that completely replaces traditional voice communication in the sense of network interconnection, numbering, number portability,

and access to emergency number 112 emergency services. In order to provide VoIP services operators who use regulated types of carrier access in the network of Telekom Slovenije, d.d., their own cable and fiber optics networks, as well as open broadband networks that were constructed through public-private partnerships with the objective of providing coverage in areas

of no commercial interest.

The steady growth of VoIP lead to the technology achieving a 52.5 % market share in 2012, thereby surpassing traditional voice communications. Telekom Slovenije and 12 alternative carriers contributed to the growth of VoIP communications in the fixed voice telephony market, reaching a total of

Figure 2.5: Shares of telephone connections by technology used



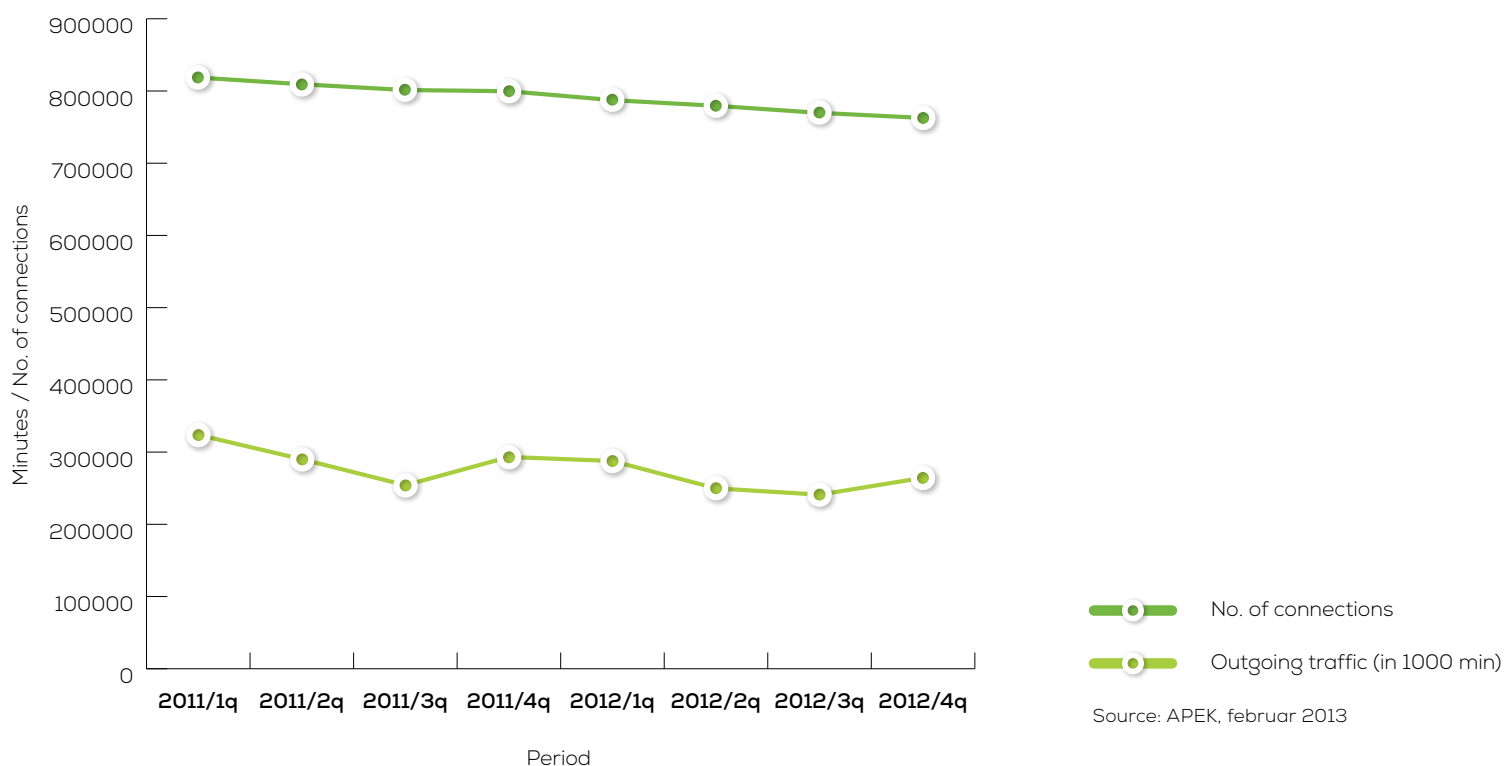
399,916 active VoIP connections by the end of 2012. VoIP is generally offered in combination with broadband internet access and/or TV service, and in some plans even with mobile communications services. Operators bundle services in attractively priced plans, whereby the additional cost of VoIP for the end user is very small. In combination with free on-net calls, this additionally encourages users to make the switch.

Telekom Slovenije still has the largest market share in terms of the number of connections (37.6 %), however it is constantly declining, and has dropped by 1.8 % in the last year. The three major followers are Telemach (23.7 %), T-2 (17.7 %), and Amis (10.2 %). The movement of VoIP market shares is somewhat also reflected in voice traffic market shares, as Telekom Slovenije's share has been constantly declining, and reached 25.1 % at the end

of 2012. It is followed by T-2 (21.2 %), Telemach (20.9 %), and Amis (19.9 %), and others.

The number of fixed telephone connections is steadily declining, as well as off-net voice traffic generated in the fixed network. Telekom Slovenije's market share in the fixed voice communications market continued to decline in 2012, and reached 67.2 % at the end of the year, which is 4.5 % less

Figure 2.6: Number of fixed connections and off-net traffic in fixed networks



than at the end of the previous year.

### **2.3.1 Regulation of the fixed communications market**

In 2012 the Agency conducted an analysis of relevant market 1 "Access to the public telephone network from a fixed location for residential users (retail market)", and also conducted a public consultation. Within the scope of its analysis, the Agency found that said relevant market must remain regulated in order to protect the interests of end users. On the basis of its analysis it designated Telekom Slovenije as an operator with significant market power, and proposed to impose the following obligations: the obligation of providing the option of selecting or preselecting the operator of publicly accessible telephone services, the obligation of allowing carrier access to certain network elements and their use, the obligation of ensuring equal treatment, the obligation of ensuring transparency, and the obligation of retail price control (the prohibition of charging excessive prices, the method of cost-based pricing, the obligation of price control and cost-based accounting, the obligation of keeping separate

accounting records, the prohibition of providing unfair advantages to individual end-users, and the prohibition of unfounded joining of individual services). When proposing pricing obligations for setting retail prices of the monthly subscription fee for fixed telephone connections (PSTN, ISDN BA, and ISDN PA lines, and VoIP lines) the Agency used the price cap model to set the top price that an operator with significant market power can charge, which means that Telekom Slovenije, d.d. is allowed to set lower prices if it assesses that it is efficient enough to be able to afford to. The retail price of the basic PSTN connection was €10.74 (VAT incl.) in 2012. 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. The importance of this type of regulation lies in the protection of end users.

In the relevant carrier market 3 "Call termination in individual public telephone networks at a fixed location", 2012 saw a continuation of the symmetry in pricing for call termination at a fixed location for Amis, In.life,

Telemach, Tušmobil, and T-2, 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, and calculated based on the Agency's own model. In the relevant market of call termination in fixed networks the Agency began a new analysis at the end of 2012, and began developing its own cost model for the purpose of regulating the price of carrier fixed voice services, in accordance with the European Commission Recommendation of 7 May 2009 on pricing regulation for call termination in fixed and mobile networks in the EU (2009/396/EC). This model will be used for calculating the price of call termination at a fixed location for third parties in accordance with the above-mentioned European Commission Recommendation.

At the end of 2012 the Agency also started the analyses of relevant market 2 "Call origination on the public telephone networks provided at a fixed location (carrier market)", and relevant market 10 "Transit services in the public telephone network (carrier market)".

## 2.4 Broadband access market

The European Commission's Digital Agenda sets seven objectives for achieving proper 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 gener-

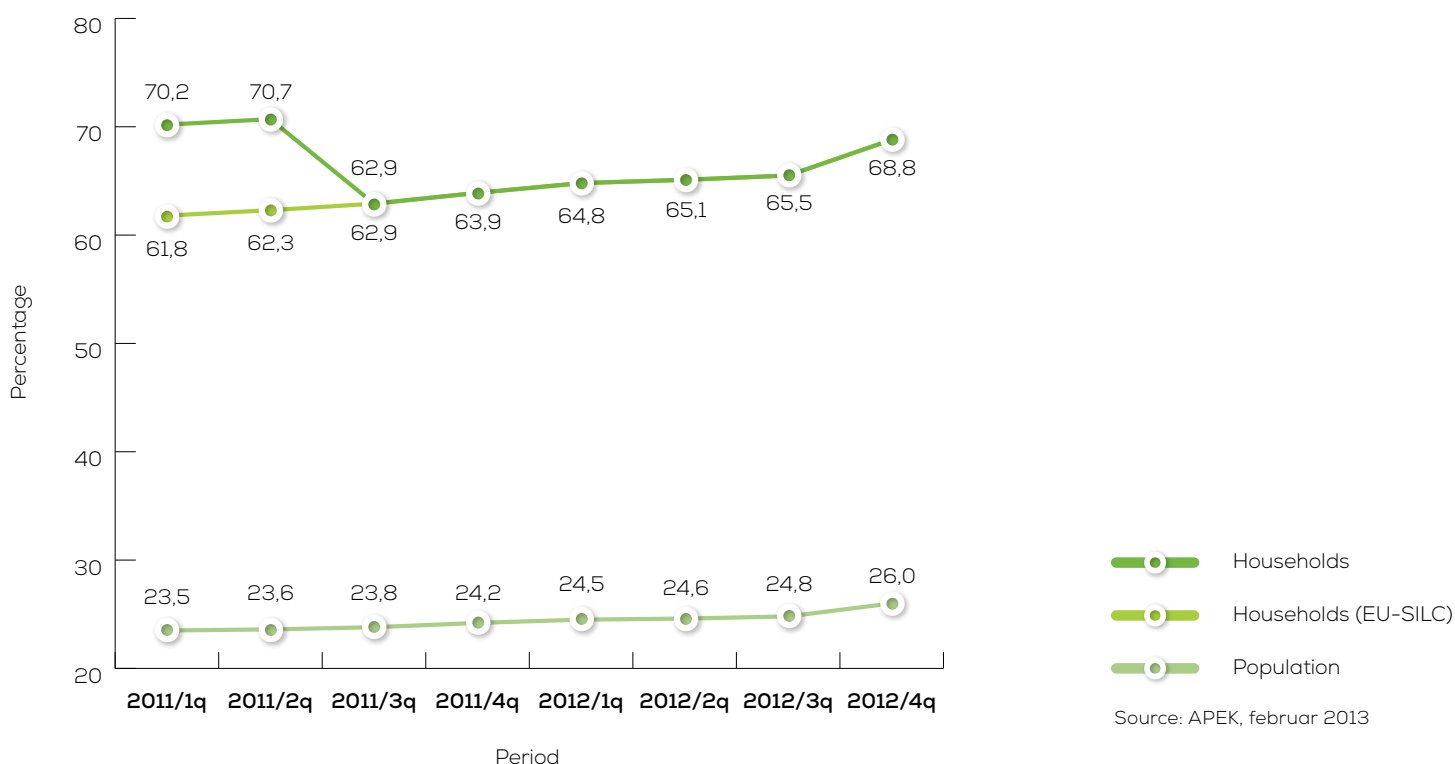
ation networks are apparent from the growth of broadband access connections, providing internet access, VoIP, IPTV, and multimedia services, with the latter becoming increasingly more popular among end users.

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

In the last quarter, positive movement in the broadband access market was noted, as the penetration of fixed broadband access grew to 68.8 % of households, and 26.0 % of the population, the latter presenting a growth of 1.2 %.

In Slovenia, broadband services are available over the copper network, the coaxial cable network, fixed wire-

Figure 2.7: Penetration of fixed broadband access in the population

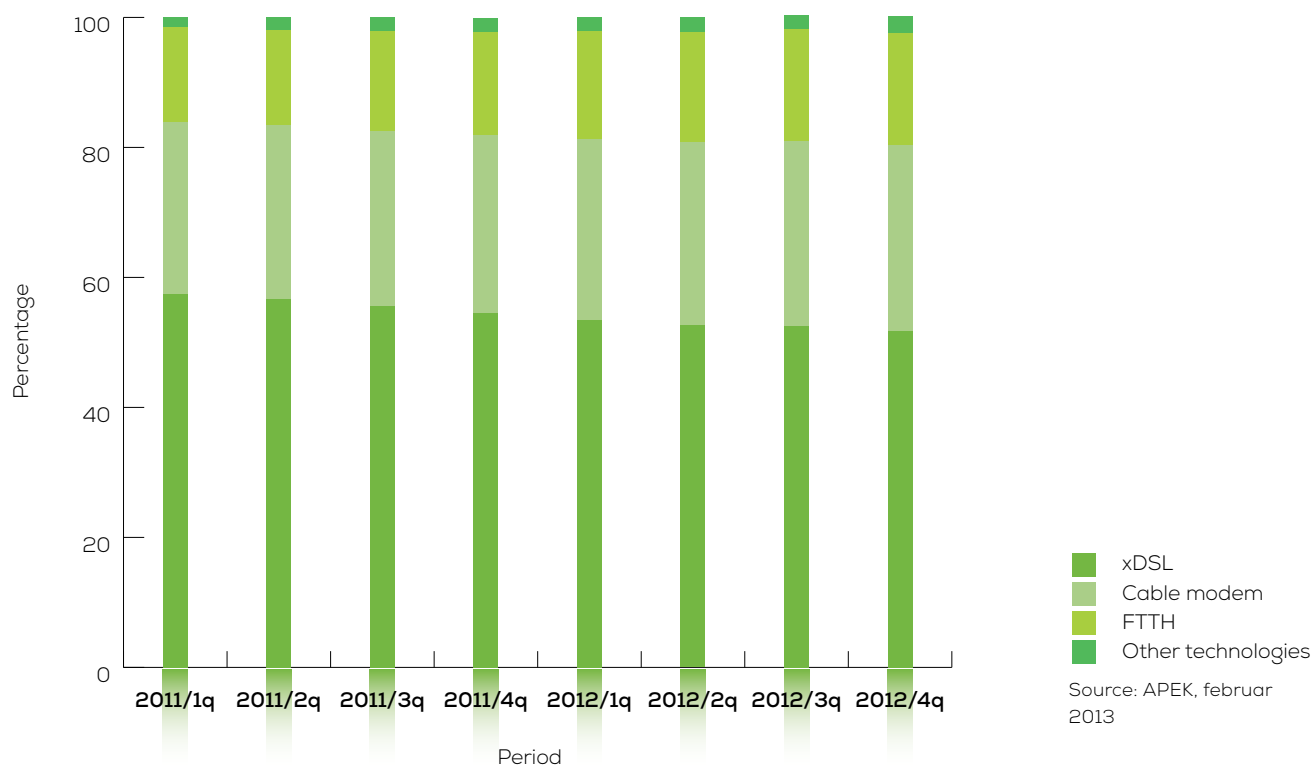


less network, mobile wireless network, leased lines, and the fiber optic network. Wireless technologies, especially mobile ones, are gaining traction, as the emerging standards have increased data transfer speeds.

Broadband access at a fixed location is still most often provided over xDSL technologies (51.7 %), using the cop-

per local loops of the public telephone network and the cable networks. The share of fiber optics is also increasing, and it 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.

Figure 2.8: Movement of shares of broadband technologies



<sup>3</sup>The fluctuations in the penetration of fixed broadband access are the result of changes in penetration measurements. Until the third quarter of 2012, the Agency measured penetration using calculations based on the number of broadband internet access connections. As of 2012 the European Commission has requested that the national regulators provide the total number of broadband connections, not only the number of internet connections, and that these numbers be used for calculating broadband access penetration. Consequently, the Agency expanded its survey for the fourth quarter of 2012 to begin gathering quarterly data for the broadband access section in line with the European Commission's request, and used this data for compiling penetration. This is also the reason for the penetration increase among households as well as the population.

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. At the end of 2012 the number of additional subscriptions for data transfer was just above 135,000, with somewhat more than 56,000 using plans with a data card or a USB modem, while more than 565,000 users

with smartphones have subscription plans that include bundled broadband mobile internet data allowances.

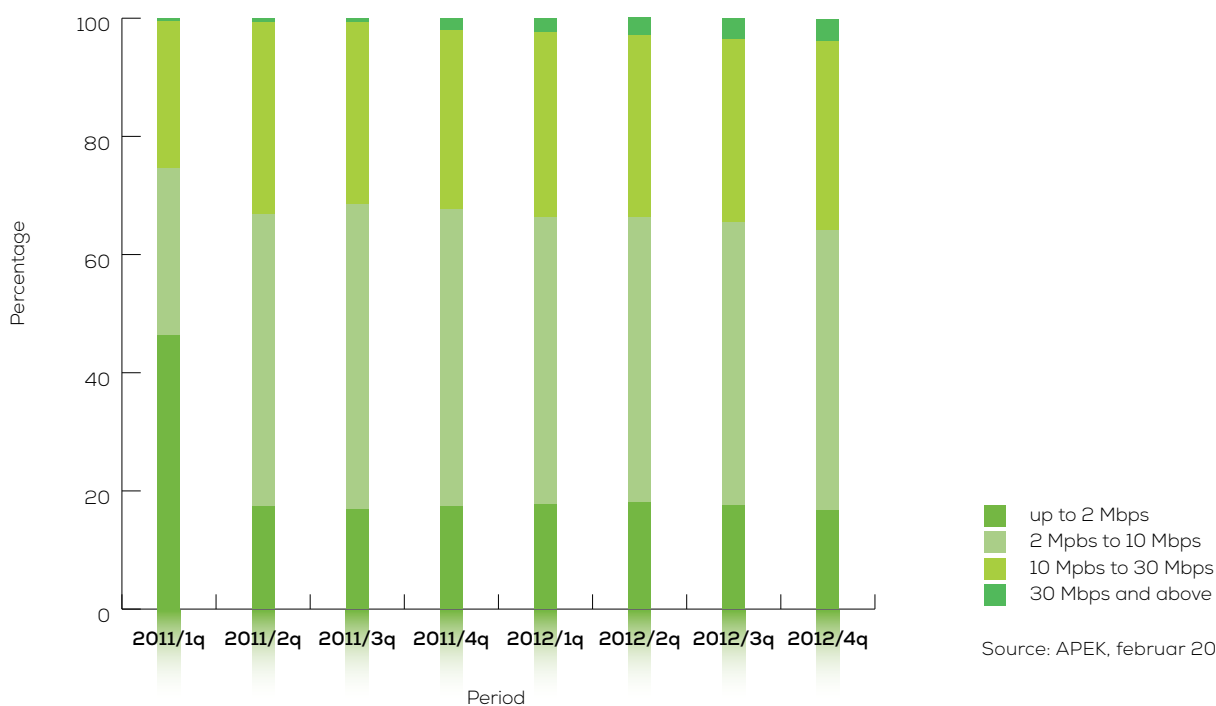
An increasing number of users are opting for higher transfer speeds, which provide them with a higher quality of services. Nearly a half of users (47.4 %) have broadband internet access connections with transfer speeds between 2 Mbps and 10 Mbps.

According to the survey "Monthly Household Expenditures on Electronic

Communications Services", not even a fifth of responders (19 %) would be willing to pay more for internet services in order to receive faster data transfer. Most responders who are not willing to pay more for faster internet connections believe that they simply do not require faster data transfer.

The results of the retail broadband access for residential and business users survey that the Agency conducted in 2012 show that in every town with a post office in Slovenia there was at

Figure 2.9: Shares of broadband internet access connections by speed



least one available technology present, while in 381 towns with a post office there was a combination of at least two available broadband access technologies. Offers for triple-play bundles were the most diverse, with the largest share going to copper wire network access.

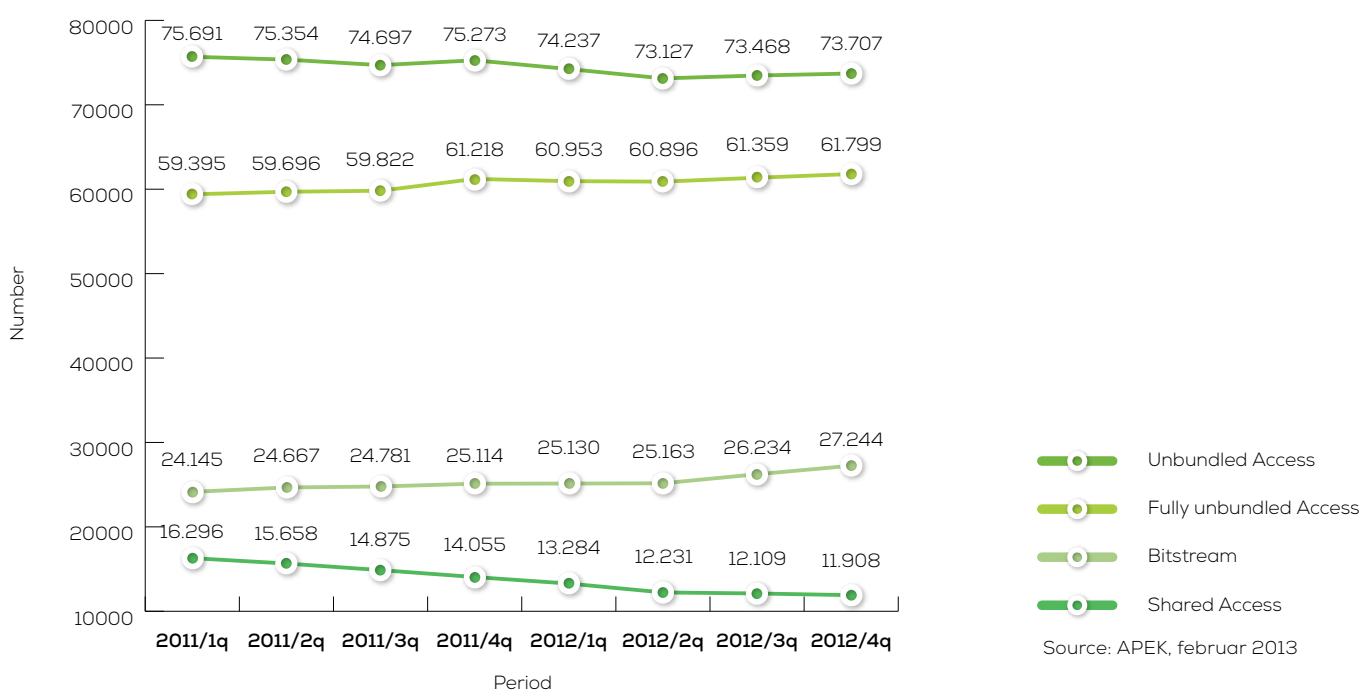
#### 2.4.1 Broadband access carrier market

The Agency's regulatory decisions make it possible for operators to ob-

tain broadband access to the copper and fiber optic networks of Telekom Slovenije by individual connections. This allows operators that do not have their own networks, or have only partially built them, to provide broadband services to end users in the entire territory of the country and to compete in the retail market. Competitive conditions in the retail market have positive effects on end users, as they give them a broader range of choices regarding type, quality and price of services.

The unfavorable economic conditions in the market and network expansions into 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 access.

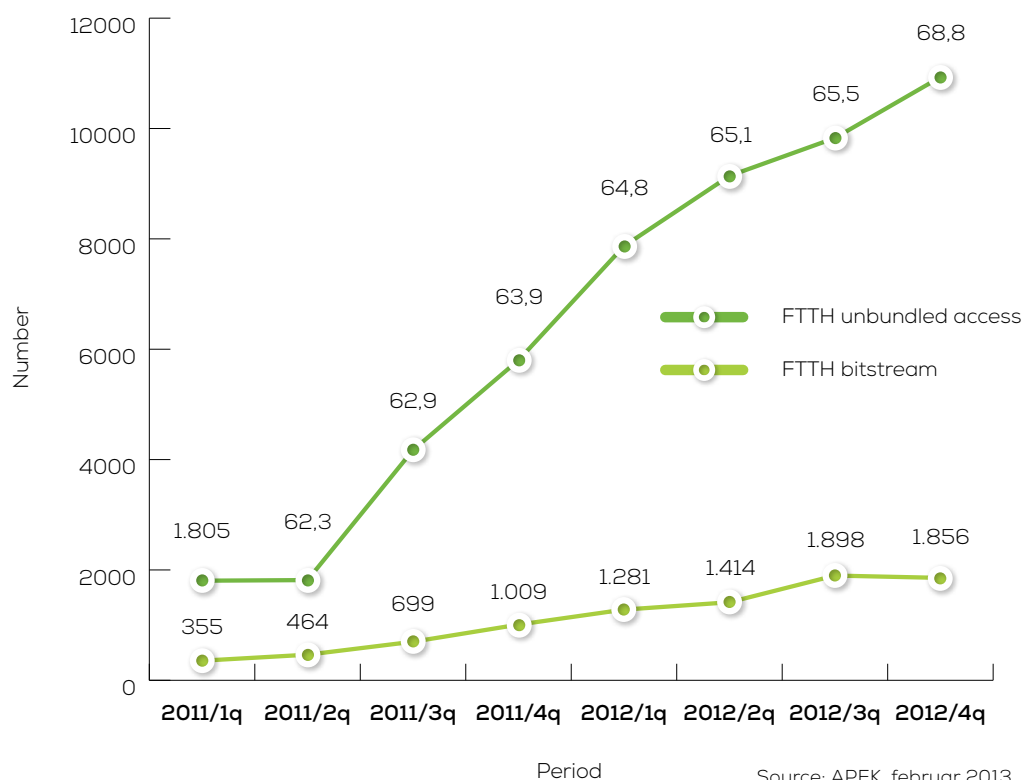
Figure 2.10: No xDSL connections by type of carrier access



<sup>4</sup><http://www.apek.si/-raziskava-o-mesecnih-izdatkih-gospodinjstev-za-storitve-elektronskih-komunikacij>

The market is showing the first positive effects of existing regulation, as the operators' demand for access to Telekom Slovenije's fiber optic network is rapidly increasing, and they also have access to the open fiber optic networks of other operators.

Figure 2.11: No FTTH connections by type of carrier access



## 2.4.2 Regulation of the broadband access market

In 2012 the Agency appointed an expert project group with the main task of preparing professional guidelines that the Agency will use for composing further regulation of broadband access at the carrier level.

The Agency has been regulating the wholesale markets of access to physical network infrastructure at a fixed

location and broadband access since 2005. With the currently valid regulatory decision on relevant market "Access to (physical) network infrastructure (including shared access and unbundled access) from a fixed location (carrier market)", and the regulatory decision on relevant market "Broadband access (carrier market)", the following obligations were imposed on Telekom Slovenije as an operator with significant market power:

the obligation to allow operator access to certain network capacities 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 capacities and their use in the relevant market for access to physical network infrastructure, the

<sup>5</sup>[http://www.apek.si/files/Telekomunikacije/Regulacija/Analize\\_in\\_odlocbe\\_na\\_reguliranih\\_upostevnih\\_trgih/Izrek-odlocbe-38244-120115.pdf](http://www.apek.si/files/Telekomunikacije/Regulacija/Analize_in_odlocbe_na_reguliranih_upostevnih_trgih/Izrek-odlocbe-38244-120115.pdf)  
<sup>6</sup>[http://www.apek.si/files/Telekomunikacije/Regulacija/Analize\\_in\\_odlocbe\\_na\\_reguliranih\\_upostevnih\\_trgih/Izrek-odlocbe-38244-220117.pdf](http://www.apek.si/files/Telekomunikacije/Regulacija/Analize_in_odlocbe_na_reguliranih_upostevnih_trgih/Izrek-odlocbe-38244-220117.pdf)

company is obliged to ensure access to the copper local loop, subloop, and fiber optic loop, house installations, fiber optic splitter, ducts, pipes, dark fibers, and active Ethernet (or other type) of connection.

These two regulatory decisions make it possible for operators that do not have their own networks, or have only partially built them, to access the copper and fiber optic networks of Telekom Slovenije, d.d., thereby providing broadband services to end users in the entire territory of the country, and to compete in the retail market.

Telekom Slovenije has lodged a lawsuit with the administrative court, and later a revision of the administrative court ruling with the supreme court regarding the regulatory decision of 28 March 2011. Based on this decision the Agency imposed upon the company the obligation of unbundling its fiber optic loop, which means that the company is obliged to provide its fiber optic infrastructure to alternative carriers at regulated provisions. The administrative court ruled in favor of the Agency, and confirmed the regulatory decision, while the Supreme Court rejected the request for revision in November 2012. Operators have begun using this op-

tion, and were not harmed because of the lawsuit, as it did not suspend the obligation of providing access to the fiber optic infrastructure of Telekom Slovenije.

## **2.5 Leased lines market**

Leased lines are one of the basic 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. Leased lines are a type of electronic communication capability that enables the user to establish a transparent transfer connection and a set data rate of between 64 Kbps and up to 2.5 Gbps, depending on the user's requirements and the technology used, between network connection points without the function of automatic routing switching, which would be available to the user as part of the functions of the leased line. Guaranteed capacities or leased lines are used by end users for network con-

struction and providing connections between locations, while operators also lease them for providing services to their end users. The key elements in the supply and demand of leased lines are the quality of service, bandwidth, distance, and location.

The leased lines market consists of leased lines for access and leased lines for transport.

### **2.5.1 Regulation of the leased lines market**

The Agency has been regulating the wholesale market of leased lines for access since 2006, while the wholesale market of leased lines for transport has been unregulated since 2005, after the Agency completed its analysis of the market, concluding that there is a sufficient level of competition in the relevant market, deciding not to assign any operator the status of an operator with significant market power. Relevant market "Minimum set of leased lines (relevant market)" has also been unregulated since 2008.

In the second half of 2011 the Agency conducted its analysis of the relevant market of leased lines, which was then made available for public dis-

cussion until January 2012. The analysis showed that Telekom Slovenije still holds significant market power in said relevant market. In said analysis the Agency included leased lines for access and Ethernet as a part of the market, proposing that such obligations be imposed on Telekom Slovenije, as an operator with significant market power that would ensure efficient competition in the market: the obligation to allow carrier access to certain network capacities and their use; the obligation of equal treatment, the obligation of ensuring transparency, the obligation of cost control and cost-based accounting, and the obligation of keeping separate accounting records. In spite of the plans and the finished public discussion of the analysis, the Agency has not issued a new regulatory decision for this relevant market to Telekom Slovenije. However the Agency did begin conducting an in-depth analysis of the conditions on the leased lines market this year, and will use it to prepare a new analysis of the relevant market "Access segments of leased lines (regardless of the technology providing the leased or allocated capability (carrier market))".

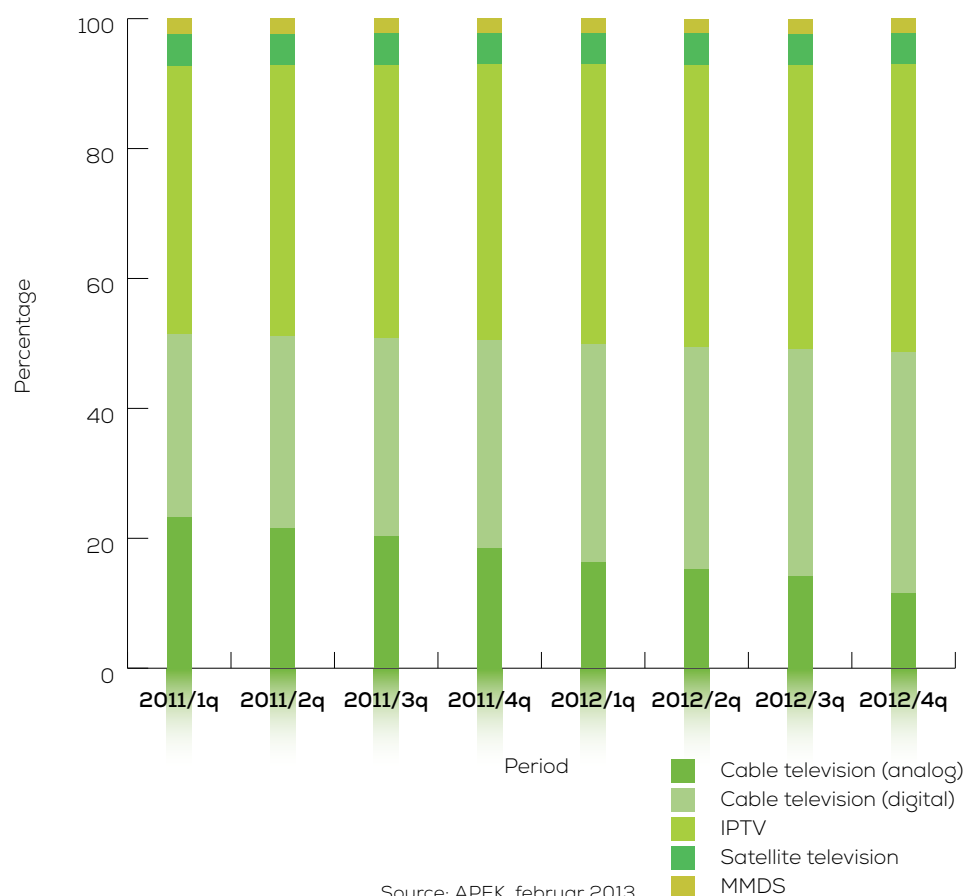
## 2.6 Television

With the development of the network, television has expanded onto transfer paths of modern technologies. More and more end users expect to receive a varied list of stations, high-quality and reliable service, and advanced extra services from their providers. The arrival of digital and IP television also made it possible to broadcast programming in high definition, as well as to introduce other services that ad-

ditionally improve upon the user experience.

The development of television is also buoyed by the fact that the culture of television watching is changing. Users have access to an increasing number of options for consuming news and current events that interest them (television, newspapers, internet, social networks...). Internet is becoming an ever more popular source of news and entertainment. At the same time users have less and less time, and they man-

Figure 2.12: Shares of television connections by technology used



Source: APEK, februar 2013

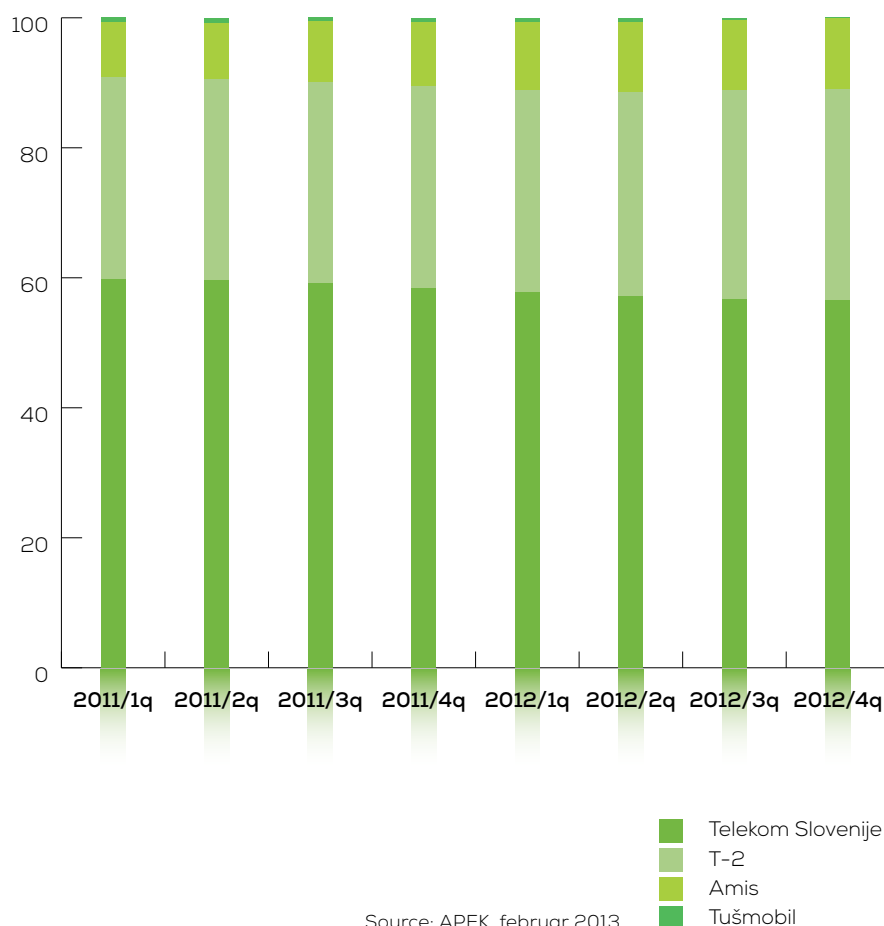
age it more rationally by finding the most appropriate source of desired content according to their needs and interests, whenever they have time for it. This way they are free to decide when, where, and how they will access content. Because of a fast-paced lifestyle and lack of free time, they have to fit watching movies, shows, sports, and other programming into their schedules. Digital television operators are adapting to these trends by offering interactive features like video on demand, the option of recording shows, time-shift, and similar.

A growing number of users opt for digital cable television (37.2 %) and for IPTV (44.2 %). According to the data from the survey "Monthly Household Expenditures for Electronic Communications Services" 43 % of responders with an IPTV connection decided on this option because the service was bundled in a service plan. Just over a fifth of users (22 %) were convinced by the selection of stations available, and a few less by availability (19 %) and quality (18 %). 12 % of users stated price as the main factor for selecting IPTV. Among cable television users, 35 % of them decided on this option be-

cause of the availability of the connection. The second most frequent reason for choosing cable television was the selections of available stations included in the plan, and because users already had it.

The declining trend of Telekom Slovenije's market share in IPTV connections has been noted throughout the whole of 2012, however it is still above 50 %. The market shares of other IPTV providers have been growing, except for

Figure 2.13: Market shares of IPTV providers



<sup>7</sup><http://www.apek.si/-raziskava-o-mesecnih-izdatkih-gospodinjestev-za-storitve-elektronskih-komunikacij>

the case of Tušmobil, which is the result of selling its IPTV connections to Amis.

The Slovenian market of cable television providers is distinguished by a large number of cable operators. Telemach has the largest market share among them at 39.4 %. All other cable operators have significantly lower market shares, as none is above 7.0 %.

#### **2.6.1 Regulation of the terrestrial radio broadcasting market**

The Agency has been regulating the wholesale market of terrestrial radio broadcasting since 2006, in the scope of the regulation of relevant market "Transmission of radio broadcast content to end users (carrier market)". The regulation of the 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 leasing and allowing 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 the operators have, under regulated conditions, access to locations and broadcast infrastructure of the RTV Slovenija public institute 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.

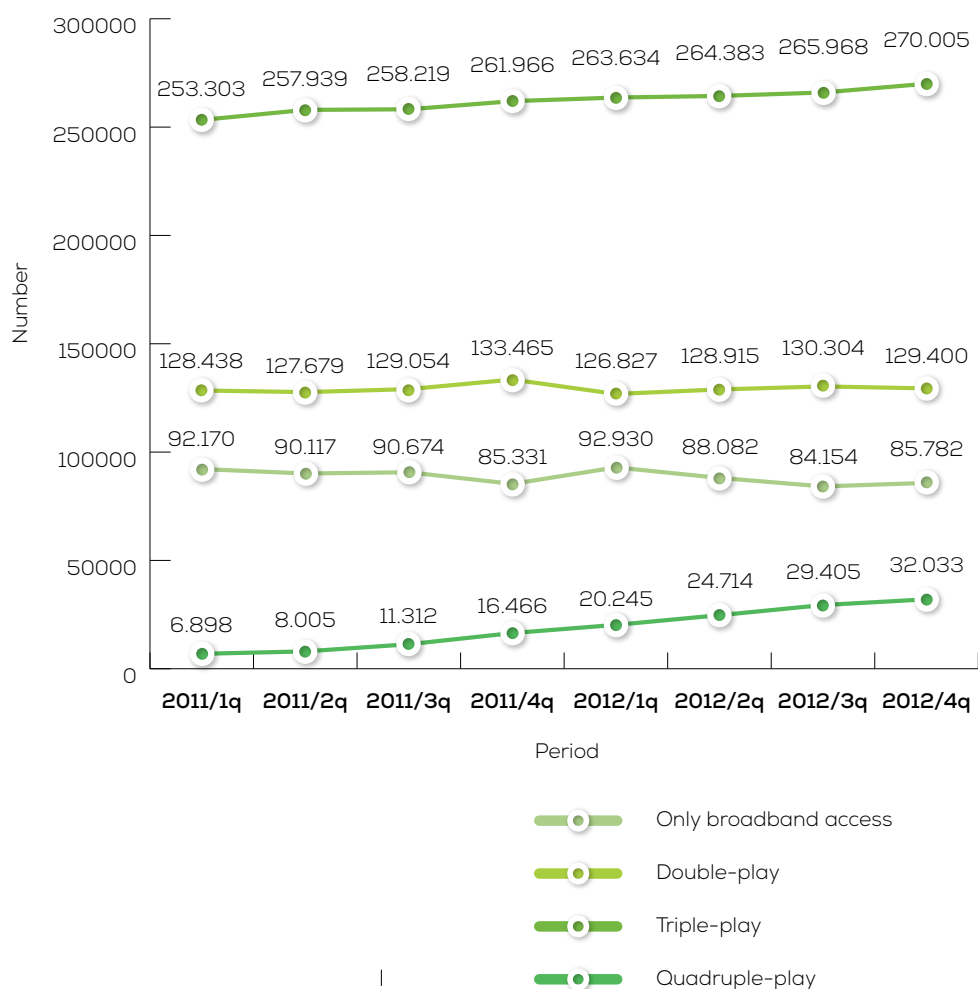
In the beginning of 2012 the Agency concluded the supervisory procedure of the operator with significant market power regarding pricing with regard to the obligation of price control and cost-based accounting. According to the regulatory framework of 2009 this market is no longer to be subjected to ex ante regulation, which means that the Agency will first have to conduct the test of three measures in order to see whether regulation of this market is even required.

#### **2.7 Converged services**

The electronic communications market displayed continued trends of convergence of services in 2012. In the general sense, convergence implies merging of existing networks voice communications, data communications and radio broadcasting content. It is accompanied by integration or amalgamation of service, and both together present one of the most important tendencies in the global telecommunications development. Convergence brought about new services and products, while existing ones are being upgraded and becoming more accessible to a broader range of end users who are aware of the advantages being ushered in by convergence and the introduction of new technologies, which in turn creates additional demand in the market. Operators have also responded to convergence, and have invested significant resources into the development of new technologies and services, which is on the one hand the result of increased demand, and on the other hand the result of the operators' plans of strengthening their technological and economic position in the market. Service convergence allows operators

to offer the so-called bundled plans to end users. Residential and business users, and especially small businesses, show increasing demand for bundled services, mostly because of good deals that these bundles provide, as the price of a bundle is generally lower than the total of prices of individual converged service. The use of fixed telephone services, internet access, television, and even mobile telephone services in bundles is also cheaper for residential users who are focusing on lowering their household budgets in a time of negative economic growth. Consequently the shares of bundled service plans are increasing, especially triple and quad play offers. The service plans for end users, residential as well as businesses (especially small businesses), have thus become a means of lowering the costs of electronic communication services.

Figure 2.14: Growth of the number of bundled service plans<sup>8</sup>



Source: APEK, 2012

<sup>8</sup>Service bundles shown in the chart include services in the subscription plan that the end users can purchase as a bundle or as a part of an individual service with an operator.

The market is displaying noticeable growth of bundled offers, as all subscription plans are showing a growth trend most of the time. Quad-play subscription plans show the highest growth level, as they appeared in the market the latest. The market shares of providers of bundled service plans are as follows: Telekom Slovenije, T-2, Telemach and Amis, with most operators offering their end users electronic communications services in bundled service plans.

### 2.7.1 Market regulation

With the currently valid regulatory decision on the relevant market 4 "Access to (physical) network infrastructure (including shared access and unbundled access) at a fixed location (carrier market)", and the regulatory decision in the relevant market 5 "Broadband access (carrier market)", certain ob-

ligations were imposed on Telekom Slovenije as an operator with significant market power in order to allow operators to provide converged services and service bundles in the retail market, and thereby compete in the market. Among the key obligations regarding this are the "multicast" obligation and the prohibition of using margin squeeze for bundled services. A supervision was launched regarding adherence to the prohibition of margin squeeze in 2012, which will continue into 2013. Considering that convergent services are key for successfully competing in the retail market, it is of great importance that operators can provide these services even if they do not have their own networks. This is also evident from the market, as the number of connections of alternative operators in the segment of bundled services has been growing.



## 3 ELECTRONIC MEDIA

The Agency's competencies in the electronic media area are defined by the Media Act and the Audiovisual Media Services Act.

In accordance with the Media Act, the Agency is competent only to provide expert supervision, which includes monitoring adherence to provisions on radio and television programme service of special importance, programming requirements and limitations that apply to radio and television programming according to the Media Act, and the programme naming and programming requirements as set in the broadcasting license. Should the Agency find any issues during the course of monitoring, it can impose one of the following three sanctions at its disposal, depending on whether it is a repeat or first time offense: a written warning, temporary revocation of license, or license annulment. According to the Media Act the Agency does not have the competences to monitor offenses, as this falls under the jurisdiction of the Inspectorate of the Republic of Slovenia for Electronic Communications, Media Inspectorate,

which is a body of the Ministry of Education, Science, Culture and Sport.

When the Audiovisual Media Services Act came into force, the Agency was given the authority to administrate and supervise the act's implementation, and to carry out minor offense proceedings. The mandate also covers areas that are regulated for the first time, e.g. product placement and on demand audiovisual media services. Providers of on demand audiovisual media services must now notify their services with the Agency, and must also fulfill certain obligations, i.e. protect children and minors from potential harmful content and meet quotas for European audiovisual works.

Along with this Act the Agency also received a mandate to resolve issues related to jurisdiction over audiovisual media services in the EU and monitoring over the publishing of data that audiovisual media service providers are obliged to provide; copyright protection in broadcasting film works as part of audiovisual media services; preventing the encouragement of inequality and intolerance in programming content; protecting children and minors in programming content; sponsorship in programming content; prod-

uct placement (as a new permitted type of advertising), and surreptitious advertising in programming content; exercising the right to brief reporting on television shows; and the public's right to follow important events on television programs.

In order to exercise these new competencies the Agency trained its employees and made other necessary modifications, which allow it to carry out inspections and minor offense proceedings. The relevant ministry also granted the minister's authorization, which is a precondition for a person meeting the requirements to make decisions in inspection proceedings.

### **3.1 Preparing new general acts**

The Audiovisual Media Services Act has required that the Agency adopt five general acts detailing the methodology of monitoring audiovisual media services, mandatory storage of recordings and data, protection of children and minors in audiovisual media services, product placement in audiovisual media services, and the registering of on demand audiovisual media services. The Agency divided these topics into four sections and im-

mediately began working on this major and demanding task. The results are the adoption of three general acts, while one general act entered into the public consultation phase at the end of December 2012.

#### **3.1.1 The General Act on the Audiovisual Media Services and Radio Program Monitoring Methodology**

Immediately after the Audiovisual Media Services Act came into force, the Agency started preparing the general act on detailing the methodology for monitoring audiovisual media services and radio programming in accordance with new competencies and relevant legislation. Besides updating and adapting the existing methodology of monitoring radio and television programming, the Agency also included in the general act the methodology for monitoring on demand audiovisual media services, defined the technical formats and labeling required for records that broadcasters and service providers are obliged to submit to the Agency, and updated the programming classifications in accordance with the Media Act and the Audiovisual Media Services Act. Among other

things the Agency expanded the entertainment programming content section with “moderated programming”, a radio show genre with a long history, in which a host talks briefly between songs (e.g. about interesting news, comments, advice, upcoming events...), and the culture and entertainment programming content section with “magazine show”, which is defined as a combination of equally represented entertainment segments and cultural, educational or news segments or reports (e.g. a morning show). The General Act came into force on 15 May 2012.

In order to provide assistance to broadcasters and service providers in meeting the requirements set in the Act and the General Act, the Agency prepared forms on broadcast television and radio program, and forms on available on demand audiovisual media content which they are obliged to store for their own archives on programming content, as well as for monitoring purposes.

### **3.1.2 General Act on Product Placement and Sponsorship**

Product placement is a new permit-

ted form of advertising that allows audiovisual media services providers to include, under certain conditions, products, services and brands into programming content such as films, series, sports, and entertainment shows.

With the General Act the Agency clearly defined the legal provisions pertaining to product placement, defined the method of determining the insignificant value of products, defined the labeling and method of labeling content with product placement, and defined in detail the labeling of sponsored content. The Agency decided that one of the conditions under which product placement in content is allowed is by informing viewers about said product placement at the beginning, after breaks, and at the end of each such piece of content with the label “P” in the upper left or right corner of the screen for at least 30 seconds.

In the General Act the Agency also imposed a three-month introductory period for informing viewers about product placement that started for each service provider the first time they broadcast content that included product placement, and concluded on 1 January 2013. During this peri-

od service providers were obliged to broadcast an additional warning on the presence of product placement in their shows before each such show. The General Act came into force on 26 June 2012.

After the publication of the General Act, the Agency also prepared an online brochure about product placement in television programming and on demand audiovisual media services with the aim of informing the viewers about the presence and characteristics of this new type of advertising in audiovisual media services.

### **3.1.3 General Act on Registering On Demand Audiovisual Media Services**

With this General Act the Agency defined the format and type of registrations about the launch, change, or end of providing on demand audiovisual media services, as well as the required data for maintaining an official record of service providers and their monitoring, in accordance with the act governing audiovisual media services and the required content and format of the certificate on facts from the official records.

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

In the second half of December 2012 the Agency published the draft proposal of the General Act on the Protection of Children and Minors in Television Programming and On Demand Audiovisual Media Services, and called on the interested public to submit comments, proposals, and amendments. This General Act is the first attempt to provide comprehensive regulation of programming content that might seriously impair or is likely to impair the physical, mental, or moral development of children and minors.

Because of the sensitivity and complexity of this topic, the content classification criteria cannot be clear-cut. The first part of the draft proposal of the General Act accordingly defines the guidelines for broadcasting programming content that will assist service providers and the Agency in categorizing the content. The guidelines help in rating the context and realism of programming content, 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, discrimination, consumption of tobacco products, drugs, alcohol, and other harmful substances, horror, inappropriate language, nudity, sexuality).

An important new feature introduced by the Audiovisual Media Services Act is technical protection, i.e. the introduction of a system for limiting access to programming content with a PIN code or an equivalent type of protection that cannot be disabled by the user, and provides access only to those with a license for viewing it (i.e. the PIN code). The draft proposal of the General Act calls for a mandatory introduction of such technical protection for programming content that could seriously impair the development of children and minors (programming content depicting gratuitous violence and/or pornographic content), and that can only be broadcast in on demand audiovisual media services.

In accordance with paragraph 2 of Article 14 of the Audiovisual Media Services Act, which determines that programming content that is likely to impair the development of children and minors may only be broadcast at

the appropriate hours or under technical protection, so that children and minors cannot access such content under normal circumstances the General Act draft proposal gives television broadcasters the option of selecting whether they want to only broadcast such content in the limited time period or implement technical protection. In the General Act draft proposal, technical protection is only mandatory for television programming with explicit sexual content.

Taking into account the above-mentioned guidelines of the General Act, the draft proposal also defines programming content which likely to impair the development of children and minors and is inappropriate for certain age categories, as defined by the Act (12, 15, and 18 years), and introduces legally mandated temporal limitations in television programming (after 9 PM, 10 PM, and 12 midnight respectively).

A special category is content that is age-appropriate for all age groups, but includes scenes that might upset children below 12, or might not be understandable without parental guidance. Such content may be broadcast on television programme service and on demand audiovisual programming

services without any time limits, but must be marked with a warning and a symbol recommending parental guidance. For other programming content that may harm the development of children and minors, the Audiovisual Media Services Act requires an audio and visual warning that is determined by the minister competent for the media in an executive act. The Audiovisual Media Services Act also calls for providers of on demand audiovisual media services to provide adults with information required to evaluate content in their content catalogs. In the case of programming that might seriously impair the development of children and minors, the General Act draft proposes service providers supply information that would unmistakably inform the users that these programming might seriously impair the development of children and minors.

The Agency will accept comments, proposals and amendments until 1 February 2013, and after the General Act is adopted, the Agency will continue with activities for protecting children and minors by preparing a guide with the objective of informing and advising parents about programming and its influence on the development of children.

### 3.2 Conducting public tenders

In July 2012 the Agency successfully concluded three public tender procedures for allocating the rights to disseminate of television programming in digital broadcasting technology that were launched in October 2011. At each of the public tenders the Agency awarded one station the right to disseminate television programming in digital broadcasting for the whole territory of the Republic of Slovenia. One of the rights was awarded to Sponka.tv station owned by DOMATES, podjetje za inženiring in storitve, d.o.o., aimed at the national audience in the Republic of Slovenia, while two were awarded to specialty television programme services; Golica TV station, owned by ČARLI televizijska dejavnost d.o.o., providing content that focuses on Slovenian popular folk music, and the other one to TV nakupi station owned by DOMATES, podjetje za inženiring in storitve, d.o.o., which is exclusively devoted to teleshopping or self-promotion in accordance with the then valid Article 96 of the Media Act. All these stations are broadcast via multiplex A operated by RTV Slovenija; TV Golica can be received throughout

the territory of the Republic of Slovenia, Sponka.tv is broadcast in the central Slovenia, and TV nakupi in eastern Slovenia.

In October 2012 the Agency launched six public tenders for awarding the right to disseminate television programming in digital broadcasting 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 Sečovelje, for the area between Ravne na Koroškem and Celje, and for the area of Murska Sobota. The Agency has estimated that it would make sense to award three rights for each tender, thereby making it possible to broadcast a greater variety of content. Having a larger number of stations on existing local multiplexes would also result in lower costs for operators as well as broadcasters. In the second half of November 2012 the tender commissions conducted a public opening of bids that were submitted to public tenders, and reviewed and evaluated the bids for the rest of the year. The public tender procedures are planned to conclude in March 2013.

### 3.3 Issuing licenses

The Agency has the authority to issue radio and television broadcasting licenses. The license offsets the conditions that the broadcaster must comply with in order to disseminate radio or television broadcasts, and the license is also a precondition for obtaining the right to disseminate programming in digital broadcasting, or frequency allocation.

#### 3.3.1 Radio broadcasting licenses

In 2012 the Agency processed 54 administrative issues regarding radio broadcasting licenses, of which one was carried over from 2011, and 53 were new. 34 administrative procedures were launched by request, and 19 ex officio. Five procedures will be carried over into 2013. The Agency noted a significant increase in the number of applications for transferring licenses for radio broadcasting, which points to changes in ownership among companies that broadcast radio stations. The number of applications for altering licenses also increased, with most license changes not altering the programming requirements significantly.

In 2012 the Agency issued:

- 1 new radio broadcasting license for a new radio station;
- 14 new radio broadcasting licenses based on applications for changes to the license, with the old licenses being suspended, while one application was rejected;
- 11 new radio broadcasting licenses based on applications for transferring the license, with the old licenses being suspended, while three procedures were stopped by a decision;
- 15 alterations to radio broadcasting licenses made ex officio because of changes to the information about the license holder or changes to the station name, with the old licenses being suspended;
- 4 decisions on the expiration of radio broadcasting licenses issued ex officio, because of the radio station being deleted from the mass media register that is administered by the relevant ministry.

The analysis of radio broadcasting licenses issued in 2012 shows the following statistics:

- a decrease in the number of radio

stations that ceased broadcasting, as 4 decisions on the expiration of a radio broadcasting license were issued (5 in 2011);

- an increase in the number of applications (14) for changes to the license, which consequently means that more new and changed radio broadcasting licenses were issued (5 in 2011);
- a significant increase in the number of radio broadcasting license transfers (11) to a different company or person who fulfilled the required conditions for obtaining the license (3 transfers in 2011); based on applications from license holders.
- along with licenses issued at the broadcaster's request, the Agency also issued licenses ex officio because of changes to the broadcaster's data (change of address or headquarters, changes of legal representatives) and changes to station names. In 2012 fifteen such licenses were issued.

At the end of 2012 there were 61 radio broadcasters in Slovenia, holding a total of 90 radio broadcasting licenses.

In 2012 the Agency once again found that radio broadcasting license holders are not sending notifications about changes regarding the license holder or station name to the Agency, which leads to data on individual licenses not being up to date.

Figure 3.1: Radio broadcasting licenses issued in 2008, 2009, 2010, 2011, and 2012

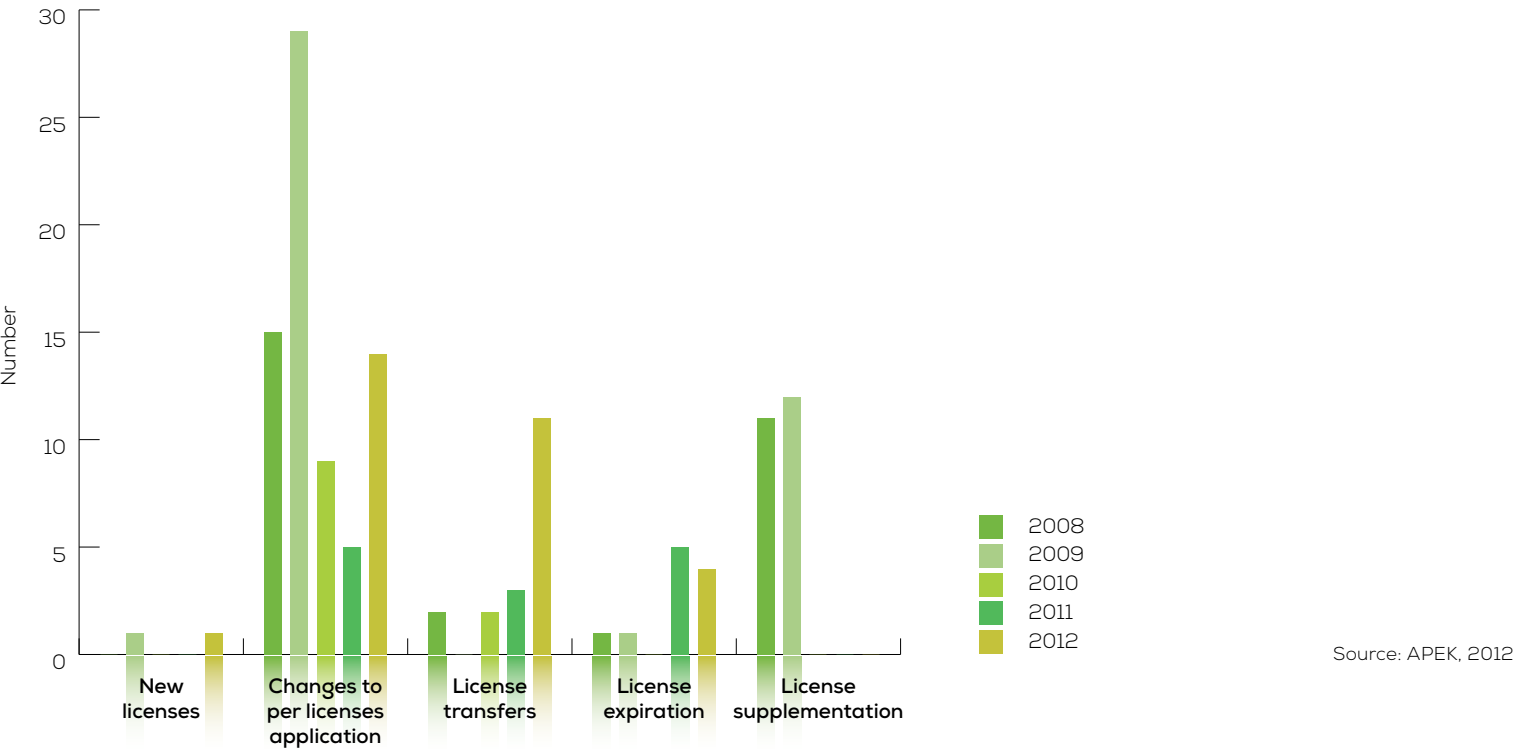


Figure 3.2: Licenses issued for new stations in 2012

Broadcaster	Station
Matjaž Črešnovar, s. p.	A-radio

Source: APEK, 2012

### 3.3.2 Television broadcasting license

In 2012 the Agency processed 40 administrative issues regarding television broadcasting licenses, of which three were carried over from 2011, and 37 were new ones. 18 administrative procedures were launched by request, and 19 ex officio. One procedure will be carried over into 2013.

After analyzing the 2012 data on issued television broadcasting licenses, the Agency noted a significant increase in the number of applications for transferring television broadcasting licenses, which points to changes in the structure of television broadcaster ownership.

In 2012 there was also a significant increase in the number of television programme services that ceased operating, as the Agency issued 9 decisions on the expiration of television broadcasting licenses, which points to poor economic climate in the market in 2012. In 2012 three television broadcasting licenses were amended with requirements set in the public tender for awarding the rights to disseminate digital television broadcasting.

In 2012 the Agency issued:

- 7 television broadcasting licenses

based on applications for acquiring a license, of which 3 were dismissed by decision;

- 2 new television broadcasting licenses based on applications for changes to the license, with the old licenses being suspended;
- 5 new television broadcasting licenses based on applications for transferring the license, with the old licenses being suspended, while 2 applications were dismissed, and one was rejected;
- 7 alterations to television broadcasting licenses made ex officio because of changes to the information about the license holder or changes to the station name, with the old licenses being suspended;
- 8 decisions on expiration of television broadcasting licenses issued ex officio because of the station being deleted from the mass media register that is administered by the relevant ministry;
- 1 decision on the expiration of television broadcasting licenses issued ex officio because the television broadcasting license holder ceased operating;
- 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 being suspended.

The analysis of television broadcasting licenses issued in 2012 shows the following statistics:

- in 2012 the growth trend in the number of Slovenian television programme services from the past few years stopped, as the Agency issued only 7 licenses in 2012, while 9 stations ceased operating;
- there was a decrease in the number of applications for changes to licenses, and consequently fewer new, altered licenses were issued; in most cases the changes to broadcasting licenses did not include any significant change to basic programming requirements, however changes to three licenses did include additional programming requirements for television broadcasting, as detailed in the programming conditions of individual public tenders for the allocation of rights to disseminate television programming by digital radio broadcasting;
- the Agency transferred 5 televi-

sion broadcasting licenses to a different company or person who fulfilled the required conditions for obtaining the license based on applications from license holders, which points to lively activities in the ownership structures among broadcasting television broadcasters;

- along with licenses issued at the broadcaster's request, the Agency also issued licenses ex officio because of changes to the broad-

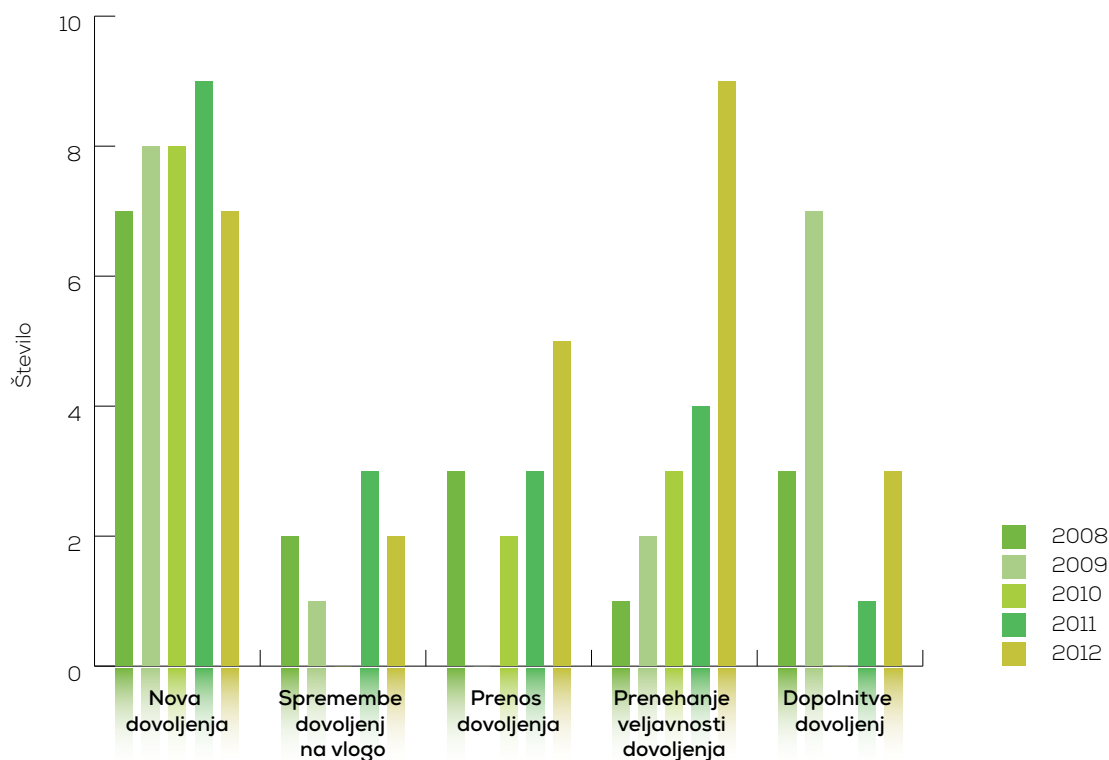
caster's data (change of address or headquarters, a change of legal representatives) and changes to station names.

At the end of 2012 there were 67 television broadcasters in Slovenia, holding a total of 82 television broadcasting licenses.

The Audiovisual Media Services Act also brought changes to the field of television broadcasting licensing, requiring that the Agency maintain an

official record of license holders. Much like in the past years, the Agency finds that once again in 2012 television broadcasting license holders did not send notifications about changes regarding the license holder or station name to the Agency, which led to data on individual licenses and the record itself not being up to date.

Figure 3.3: Television broadcasting licenses issued in 2008, 2009, 2010, 2011, and 2012



Source: APEK, 2012

Figure 3.4: Licenses issued for new television programme services in 2012

Broadcaster	Station
TOP TV MEDIA d.o.o.	TOP TV
Kabelska televizija Ravne d.o.o.	Televizija Uršlja
ALTERHDTV, Igor Peternelj, s.p.	GO-TV
ANSAT d.o.o.	Ansar TV
MOJ TV d.o.o.	MOJ TV
TSmedia, d.o.o.	P-TV (kasneje Planet TV)
TV Studio7 d.o.o.	Zdrava Televizija

Source: APEK, 2012

### 3.4 Monitoring television and radio programming and on demand audio-visual media services

The implementation of the Audiovisual Media Services Act gave the Agency new competencies in the field of monitoring 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 register of providers of on demand audiovisual services. The Agency also monitors some provisions of the Audiovisual Media Services Act which providers of on demand audio-

visual media services are required to adhere to (e.g. protecting children and minors from potentially harmful content, meeting quotas for European audiovisual works).

In 2012 the Agency conducted 93 monitoring procedures, 38 of which were concluded, while 55 were carried over into 2013. The Agency carried over 10 administrative cases from 2011. There were 78 administrative procedures launched ex officio in 2012, while 24 procedures were concluded by a decision on halting the procedure.

#### 3.4.1 Television programming monitoring

In 2012 the Agency concluded 18 television programming monitoring procedures. 9 inspections were concluded by issuing a decision halting a procedure regarding the shares of European audiovisual works in the programming of TV Arena, Play TV, POP SPOT, POP FANI, Televizija Koper Capodistria /TV KC/: television programme service for the Italian minority, TV Paprika, TV Pika, TV Veseljak, and EPTV. It was discovered that the broadcaster of TV Pika and EPTV no longer transmitted in 2011, and consequently the Agen-

cy recommended that the Ministry of Education, Science, Culture and Sport of the Republic of Slovenia (hereinafter: the Ministry) delete them from the mass media register. The Agency passed two cases onto the Inspectorate for Culture and Media of the Republic of Slovenia, namely a report on Planet TV operating without a license, and a motion to delete Planet TV from the mass media register, and passed the matter of amending TV Eksodus' application in order to obtain the status of programme service of special importance on to the Ministry. In 4 procedures the Agency issued decisions with a deadline for fixing the irregularities regarding broadcasting contents without displaying the audio and visual warning or the symbol that the following program is not appropriate for children and minors under 15: to the broadcaster of Kanal A after broadcasting a movie with such content, and to the broadcasters of Kanal A, POP TV, and TV Slovenija 1 for showing violent content in news shows. The cases of showing violent content in daily news of Kanal A, POP TV and Televizija Slovenija 1 were all about the depiction of very graphic recordings of the violent death of the Libyan pres-

ident Gaddafi, which was, according to ratings data, seen by a significant number of younger viewers. During the monitoring of Kanal A, the Agency found 5 infringements of the 20 % limit for advertising in one hour, while in TV Slovenija 1's programming there were six infringements of not labeling or mislabeling reruns, and the Agency issued decisions to both broadcasters giving them a one month deadline to cease with these infringements, and proposed that the Inspectorate for Culture and Media of the Republic of Slovenia launch infraction procedures against them.

Besides the concluded procedures mentioned above, the Agency launched the largest number of monitoring procedures checking the shares of audiovisual works aired. After receiving reports that some broadcasters allegedly submitted false data on their shares of audiovisual works in the past year, the Agency launched several monitoring procedures with the goal of verifying the data from the broadcasters' reports on the audiovisual works that were actually aired last year. In doing so, the Agency suffered the consequences of legislative

changes after the introduction of the Audiovisual Media Services Act, which increased the number of procedures and consequently the time it takes to verify the data from the reports, as the Agency is obliged to handle monitoring of shares of Slovenian audiovisual works based on the Media Act, and shares of European audiovisual works based on the Audiovisual Media Services Act. As Slovenian audiovisual works are a part of European audiovisual works, this meant that certain procedures were doubled, and took up a lot of time. In addition to these concluded procedures, the Agency also conducted 22 inspections monitoring the share of European audiovisual works, and 10 procedures monitoring the share of Slovenian audiovisual works, which will presumably conclude in the first quarter of 2013.

Verifying the data on shares of audiovisual works from the report by cross-checking it with the actually aired audiovisual works presented a significant burden on the Agency's staffing resource, as the process of monitoring the programming of the Public service broadcaster Radiotelevizija Slovenija alone required the Agency

to check approximately 25,000 aired audiovisual works. Within the scope of monitoring procedures of European audiovisual works, the Agency took notice that especially the smaller television broadcasters have difficulties meeting the required shares. Article 18 of the Audiovisual Media Services Act determines that only local media and stations that focus entirely on advertising are exempt from reporting their shares of audiovisual works in the past year, while all other stations, such as regional stations and other smaller (e.g. specialty stations), are required by the Act to report and meet the shares. The stations that are required to submit reports and meet the shares of aired audiovisual works have the option, in accordance with paragraph 3 of Article 18 of the Audiovisual Media Services Act, of stating the objective reasons that prevented them from achieving the required shares, however the Ministry provides its opinion on this and it is up to the Agency whether or not such an appeal will be accepted. The Agency believes that the possibility of changing the legislation should be examined, with the objective of excluding the obligation of reporting and meeting the required shares for those

stations that are focused exclusively on news or sports, and for smaller television programme services that do not reach the set annual average ratings share for television programme services in Slovenia. The European Commission's guidelines for reporting on yearly quotas of European audiovisual works allow EU member states to choose this option. An EU member state can decide whether it wants to exclude stations focusing exclusively on news, sports, advertising, games, text services, and home shopping, as well as smaller stations with ratings below 0.3 % of the average annual television ratings in Slovenia, if their total ratings remain below 10 % of the total number of viewers.

At the request of the European Commission, the Agency submitted a two-year report in 2012 on the achieved shares of European audiovisual works in Slovenian television programming for 2009 and 2010, and the next report is due in 2014 for the years 2011 and 2012.

In 2012 the Agency also conducted a procedure based on a report that suggests Slovenian cable providers

are airing foreign stations which are fully dubbed into Slovenian or have Slovenian subtitles, while airing exclusively Slovenian advertisements, with a Slovenian company selling advertising space. This was allegedly not a retransmission of foreign stations, but localized foreign stations, altered by local cable or telecommunications providers. In this case the broadcasters of these stations or cable/telecommunications providers should have been entered into the mass media register at the Ministry, which would mean that they fall under the jurisdiction of the Republic of Slovenia, and would have to adhere to Slovenian media legislation. The Agency started resolving this complicated and vast preliminary question of jurisdiction over twenty stations in accordance with its competencies, and will presumably conclude the case in early 2013.

In 2012 the Agency also conducted a procedure monitoring the compliance with conditions required for the status of a programme service of special importance, a procedure regarding allegedly inappropriate product placement, a procedure monitoring the fulfillment of programming re-

quirements arising from a television broadcasting license, two monitoring procedures regarding the share of in-house production aired between 6PM and 10PM, and two procedures monitoring the identification and publishing of other required data in the scope of television programming. All the procedures will be completed in early 2013.

### **3.4.2 Radio programming monitoring**

In 2012 the Agency concluded 20 procedures monitoring radio programming. The broadcaster of Radio Triglav was awarded the status of a local radio station of special importance, while at the same time the Agency revoked their status of a regional radio station of special importance. Radio Študent was awarded the status of a student radio station of special importance, while another radio station rescinded their application for the status of a station of special importance before the decision was issued. The Agency launched all the other procedures monitoring radio broadcasters based on reports of claims that certain broadcasters are not airing their programming in accordance with their radio broadcasting licenses. In the

procedure monitoring radio programming it was discovered that Radio Goldi Savinjski val did not broadcast in the analyzed time at all, while the procedures monitoring Radio Fantasy Velenje, Radio Fantasy Maribor, and Informativni val showed that they did not air their station name in accordance with their radio broadcasting licenses. The Agency issued decisions to all the broadcasters with a deadline for fixing these irregularities. In 12 cases the Agency requested that broadcasters submit recordings and data on the programming, with which it wanted to conduct an analysis of the station to check the claims from the reports, however the broadcasters did not submit the data. The Agency halted the proceedings, and submitted a proposal for launching an infraction procedure to the Inspectorate for Culture and Media of the Republic of Slovenia, because the requested data was not submitted. In one case the Agency followed up on a report of an alleged breach of a radio broadcasting license of Radio Fantasy station, however it found no such breach. In 2012 the Agency conducted 9 other procedures monitoring radio broadcasting licenses that have not yet concluded.

The Agency found certain issues in the application of legislation, when radio station broadcasters change the station's name or its identification in the Ministry's media register and began using that station name, even though it is different than the name on the radio broadcasting license. The Agency is obliged to bring in line the station's names in the mass media register and on the license. However in practice the broadcaster is in breach of their radio broadcasting license until the Agency issues a new decision with the new station name.

### **3.4.3 Monitoring on demand audio-visual media services**

The Agency launched and concluded an inspection procedure examining users' allegedly unlimited access to pornographic content in the catalog of SiOL TViN. After checking the service provider's catalog of available content in the part that pertains to the content that may seriously impair the physical, mental, and moral development of children and minors, the Agency found that access to this part of the catalog is limited to persons over 18, accessi-

ble only with a password that the provider gives only to subscribers who are of age. This way the service provider has ensured that children and minors cannot access the content that may gravely harm their physical, mental and moral development, and has fulfilled its legal duty.

## 4 RADIO SPECTRUM

### 4.1 Ensuring the conditions that allow for the construction of 4<sup>th</sup> generation mobile networks

In 2012, the Agency launched intensive activities for frequency allocation in the 800 MHz spectrum. It started with the preparation of professional guidelines required for the tender regarding frequencies in the 800 MHz band, whereby it must also within the scope of this project, provide answers to the broader questions regarding appropriate frequency spectrum administration in light of meeting the digital agenda goals and providing mobile broadband access to end users. The first project group was established in 2012.

In the process, it must be taken into account that licenses for the use of frequencies in the 900 MHz band of two out of three operators expire in 2013, and the third operator's license for the use of frequencies in the 900 MHz band and all three licenses for the use of frequencies in the 1800 MHz band expire in 2016. It was also decided that, following the model that a few

other countries established, it would be reasonable to handle the allocation and future use of whole frequency bands, especially for frequencies under 1 GHz. For this reason a decision was made that the allocation of frequencies in the 800 MHz band will be carried out together with the allocation of frequencies in the 900 and 1800 MHz bands, and that it would be reasonable to include the available capacities in the 2600 MHz band and potential higher bands in the tender, in case anyone was interested in them. This would on one hand give operators significantly better possibilities for constructing their networks and using technologies, and as a result on the other hand provide end users with higher quality of access to services, in compliance with the goals of the Digital Agenda.

In the meantime, the Agency will, in accordance with the law, extend the decisions on the allocation of radio frequencies in the 900 MHz band to two operators, whose licenses expire, ensuring continuity of services until the tender. At the same time, the Agen-

cy will – especially for the purpose of providing LTE services, which are already available in Slovenia in a limited commercial and geographic scope – give operators the opportunity to bid in a separate tender for a total of 2 x 39.8 MHz of available capacities in the 1800 MHz band, and 2 x 10 MHz + 1 x 5 MHz in the 2100 MHz frequency band for the period until the tender for all frequencies is carried out, which will make it possible to provide users with LTE and HSPA services to a greater extent as soon as possible.

Considering the scope of this project the Agency presented its complexity at the end of May 2012 to the Information Society Directorate at the Ministry of Education, Science, Culture and Sport. In mid-2012 the Agency expanded the project group. Along with all available personnel it also invited the broader professional public to participate. The project group now has 38 members. It has completed most of the work on the document that presents the professional guidelines for the tender and conducted numerous training seminars and workshops that allow work on the project to be carried out successfully.

The project timeline calls for the publi-

cation of the completed document with professional guidelines for the tender in April 2013, as well as the beginning of preparation of tender documentation, to be completed by September 2013. During this time everything else required for the auction should be completed, so that it can be held in early 2014. After it is completed, operators will be issued decisions on the allocation of radio frequencies, including the 800 MHz band, by June 2014. The operators would then build their networks to commercially provide services over these frequencies in 2014.

#### **4.2 Administrative proceedings, public calls and tenders in the field of fixed and mobile services**

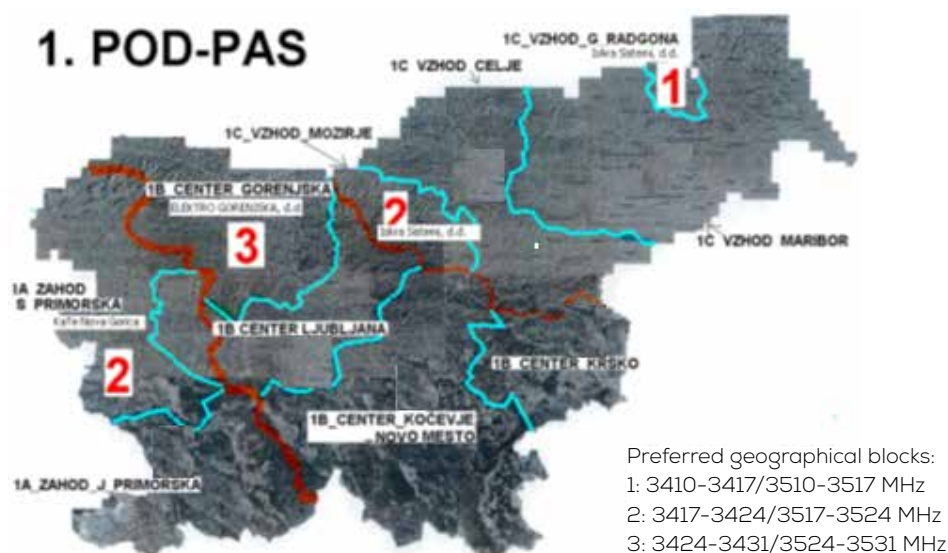
##### **4.2.1 Terrestrial systems for the provision of TRA-ECS electronic communications services in the RF bands above 2.5 GHz and broadband wireless access systems (BWA)**

The 2.6 GHz (2,570–2,620 MHz) frequency band is intended for terrestrial systems for the provision of TRA-ECS electronic communications services. BWA also falls into the scope of these services. The Agency has issued 2 de-

cisions on the allocation of radio frequencies for the requirement of measurements, certification, and other radio equipment tests.

The 3.5 GHz (3,410–3,600 MHz) frequency band is also intended for the same electronic communications services. The 2 x 21 MHz spectrum sub-band is intended for local areas for private/public use in accordance with the Strategy of the Republic of Slovenia for introducing fixed wireless systems. The remainder of the 2 x 65 MHz band will be divided among 3 public electronic communications operators for national coverage. The 20 MHz TDD band, including the protection sub-band, will also be available for use under the conditions detailed in 2008/411/EC. In case of greater requirement for local coverage, an additional 2 x 21 MHz spectrum can be allocated for providing local coverage (up to half of the band) in accordance with the Strategy, while the remaining half can be divided between two operators for the provision of national roaming. The Agency has allocated the frequencies for the regional use of radio frequencies for private networks.

Figure 4.1: The division of the first sub-band for local coverage in 2012



In 2012 the Agency allocated the first 60 MHz for local public/private use. The remaining 140 MHz of the band is intended for national coverage with public mobile services for 2–3 operators. The Agency issued a call to the interested public, and based on the response issued a decision for the lower 60 MHz of the spectrum (3 x 20 MHz), allocating it to the Piran municipality for private use.

#### 4.2.2 Satellite connections and SNG/OB

In 2012 the Agency received 26 administrative requests for issuing new

decisions for satellite connections, of which 25 were for satellite news reporting or SNG/OB, and one for a terrestrial station in satellite service.

#### 4.2.3 Fixed connections (microwave connections)

In 2016 the Agency issued 2016 new decisions, changes to decisions, and extensions of of decisions on allocating radio frequencies for fixed connections (microwave connections). Because of increasing requirements for higher transfer speeds, operators of fixed and mobile telephone services are expanding their existing trans-

fer capacities by broadening channel bandwidths and raising modulation levels in the decisions on the allocation of frequencies.

The demand for fixed connections for the infrastructure of broadcast operators increased significantly especially in 2010, during the preparations for the digital switch. In 2012 there were also many requests for the expansion of existing networks. Most decisions on the allocation of radio frequencies in 2012 were issued in the following radio frequency bands: 6–8 GHz and 13 GHz for backbone networks, and 18 GHz, 23 GHz, 26 GHz, and 38 GHz for shorter distances.

#### **4.2.4 Private mobile radio communications (PMR)**

In the field of mobile radio systems the Agency issued 232 decisions on the allocation of radio frequencies, i.e. for extending the existing decisions and issuing new decisions for new mobile radio systems.

In the field of private mobile radio communications in 2011, the Agency focused a lot of attention on bringing the operation of PMR systems in the 29.7–87.5 MHz 146–174 MHz and 440–470 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.

#### **4.2.5 Administrative proceedings for obtaining radio amateur licenses and radio licenses for ships and aircraft**

In the field of radio amateur activities the Agency issued 306 CCEPT radio amateur licenses, and began issuing temporary licenses for the use of the 500 KHz frequency spectrum, as it is divided in accordance with the final acts of WRC'12.

In 2012 the Agency issued 61 decisions

for aircraft and 66 for watercraft.

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

#### **4.2.6 R&TTE equipment**

In 2012 the Agency received 775 equipment notifications for approval in accordance with the R&TTE Directive. Two thirds of all the requests were resolved without limitations on the performance of the equipment, a quarter were issued with a limitation in accordance with EU harmonized radio communication standards, while fewer than one tenth of all requests was 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 states with regard to the levels of development and use of the radio spectrum, however this must not distort competition.

It has to be added that in the field of radio and telecommunication terminal equipment use the Agency closely collaborates with the Ministry of Economic Development and Technology and the Market Inspectorate of the Republic of Slovenia. To make usage supervision easier and because of the potential banning of individual pieces of equipment not standardized according to EU requirements, we exchanged our latest information at meetings with the Ministry and the Inspectorate, as well as in reports of working groups TCAM and ADCO (within the scope of the EU Directive 98/37/EC).

The Agency is also active in the SE24 working group of the European Conference of Post and Telecommunications Administrations (CEPT), which handles all the aspects of use, effects of short range devices, and the regulatory requirements of individual administrations at R&TTE. Collaboration in this group provides the Agency with insight into how individual administrations are resolving the issues connected with short range devices, and the guidelines for the development of these devices' use in the future.

### **4.3 Optimum use of spectrum for radio broadcasting**

The Agency ensures the optimum use of the spectrum for digital radio broadcasting and FM audio radio broadcasting.

In 2012 the Agency handled 184 matters connected with radio broadcasting spectrum administration, of which 168 were resolved, and 15 were legally carried over into 2013. Of the 168 issues resolved, 8 were dismissed, 6 were rejected, and in 112 cases the application was approved; 3 resolutions on the annulment of public tenders were issued, while 10 proceedings were stopped, and 33 administrative proceedings were launched ex officio. Of the 15 unresolved cases carried over into 2013, 9 resolutions on the proceeding's cancellation were issued, while 6 administrative proceedings are still being resolved.

#### **4.3.1 Radio communications market – Radio**

At the end of 2012 there were 331 decisions on the allocation of radio frequencies for audio broadcasting in the FM band and 5 decisions on the allocation of radio frequencies in the me-

diumwave broadcast band in force. Of these, the RTV Slovenija public institute was the holder of 164 decisions on the allocation of radio frequencies in FM band and 4 in the mediumwave broadcast band. In 2012 no proceedings for the public tender of allocating new radio frequencies for FM audio radio broadcasting were instigated.

In 2012, no major changes occurred in the development of digital radio. The status quo is basically the same as it was at the end of 2011. The right to broadcast using T-DAB technology from the transmission location Krvavec is still only held by four RTV Slovenija stations: A1, Val 202, Ars, and Radio Si. These T-DAB stations are only available in the northern part of the Ljubljana basin.

#### **4.3.2 Radio communications market – Television**

At the beginning of 2012, there were 161 decisions on the allocation of radio frequencies for individual transmission sites for the first national multiplex of the public institute RTV Slovenija in force. The decisions on the allocation of radio frequencies for the second national multiplex of Norkring d.o.o. were annulled in October. After the public

tender proceedings the public institute RTV Slovenija obtained a decision on the allocation of radio frequencies for another national multiplex at the end of 2012. The operators of local multiplexes at the end of 2012: ALTER-HDTV Igor Peternej s.p. Nova Gorica, ATV Babnik & Co d.n.o. Litija, Domates d.o.o. Portorož, HI – FI d.o.o. Murska Sobota, VTV Studio d.o.o. Velenje, and Zavod TV Galeja Ilirska Bistrica.

The first DVB-T national coverage multiplex operated by the public institute RTV Slovenija was used for broadcasting in 2012, along with the RTV Slovenija public service stations (TV SLO 1, TV SLO 2, TV SLO 3, TV Koper Capodistria in the coverage area West, and Tele M in the coverage area East), the privately-owned stations POP TV, Kanal A, and Pink SI at the national level, and the privately-owned station Vaš Kanal in the coverage area Center. The privately-owned stations TV Primorka in the coverage area West, RTS in the coverage area East, and INFO TV with national coverage stopped using the first multiplex in 2012. After acquiring the rights for broadcasting in the digital radio broadcasting band, the privately-owned Golica TV began using the first multiplex at the national level, while Sponka TV began using it in the

coverage area Center, and TV Naku-pi the coverage area East. At the end of 2012, the first multiplex was used by eight stations in the coverage area West and nine stations each in coverage areas Center and East.

In the first half of 2012 the operator of the first national multiplex heavily optimized its network. The Agency issued over 70 different decisions regarding this. In September the Agency ex officio altered its decision on the allocation of radio frequencies for the first multiplex in accordance with the amended Digital Broadcasting Act (ZDRad-B). It imposed on the operator the obligation of only using the frequencies of the first multiplex for broadcasting public television stations and other stations of special significance for the Republic of Slovenia, yet as long as the first multiplex is the only operational multiplex with national coverage, the operator must also, upon payment and in the scope of available capacities, provide for the broadcasting of other stations that received the right to broadcast in the digital radio broadcast band on the entire territory of the Republic of Slovenia. The population coverage of the first multiplex has practically remained the same and was at approximately 98 % at the end of 2012.

In the beginning of 2012, 26 decisions on the allocation of radio frequencies for individual transmission sites for the second national DVB-T multiplex (multiplex B) were also in force. Until the end of February, the privately owned station TV 3 was using the second multiplex at the national level. In April, Norkring announced on its website that it had begun dismantling the radio broadcasting equipment of its network, and the Agency's service for radio supervision and measurements also established that Norkring's transmitters were no longer operating. That is why (lengthy) proceedings for annulling decisions on the allocation of radio frequencies for multiplex B were initiated ex officio in May. In October, the Agency received Norkring's request to annul its decisions on the allocation of radio frequencies. In October 2012, all the decisions on the allocation of radio frequencies for the second multiplex were annulled, while the proceedings to annul said decisions that were started ex officio were stopped.

In October 2012 the Agency published a public tender for the allocation of radio frequencies for another DVB-T multiplex with national coverage. One bid meeting all the requirements was received in time, submitted by

the public institute RTV Slovenija. The Agency reached a decision on the tender in mid-December, issuing the radio frequencies for another, i.e. second, DVB-T multiplex to the public institute RTV Slovenija.

In 2012 there were also some changes regarding the operators of local multiplexes, as the validity of two-year decisions on the allocation of radio frequencies for local multiplexes that were issued during the analog/digital switch expired. During the proceedings to renew the decisions without an increase in current areas of coverage, the decisions on the allocation of radio frequencies were awarded to VTV Studio d.o.o. Velenje for the coverage area between Ravne na Koroškem and Celje, and HI – Fi d.o.o. Murska Sobota for the coverage area Murska Sobota. After conducting public tender proceedings the decisions for allocating radio frequencies for local multiplexes in coverage areas, that were generally larger than previously allocated, were awarded to 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, and the in-

stitute TV Galeja, Ilirska Bistrica, for the coverage area between Ilirska Bistrica and Sežana. By the end of the year, all the operators of local multiplexes had obtained decisions on the allocation of radio frequencies for their individual broadcast locations, with a total of 9 such decisions issued.

#### **4.3.3 Resolving issues with Italy**

In 2012 the Agency continued with the activities for a permanent solution to matters involving the reception of Slovenian stations 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. The Agency also informed the Ministry of Education, Science, Culture and Sport and the Ministry of Foreign Affairs regarding the issues, and collaborated in a working group on solving the problems of Slovenian station reception along the border with Italy.

The Agency also continued with the

allocation of additional radio frequencies to Slovenian holders of decisions on the allocation of radio frequencies in the west of the country in order to mitigate the problems with the reception of Slovenian stations because of the unlawful interference from Italian stations.

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

#### **4.3.4 Optimum use of the UHF and FM spectrum**

In the field of the UHF radio frequency spectrum, the Agency replanned several digital television stations in 2012. The reasons for this mainly had to do with achieving additional optimization of broadcast channels on individual multiplexes.

In the field of FM audio radio broadcasting the Agency continued allocating additional radio frequencies. In 2012, it also issued decisions on the allocation of radio frequencies regarding radio stations linking into program networks, and there were also several

changes to the already existing program radio networks.

The options of 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 fixing reception interference for already operational stations.

#### **4.3.5 Testing new technologies for digital television broadcasting**

At the initiative of the Ministry for Higher Education, Science and Technology, the Agency began testing new DVB-T2 technology for digital television broadcasting at the beginning of 2012. DVB-T2 testing took place 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 treaty Geneva 2006. The objective of the trials was to test the new options that the advanced broadcasting system DVB-T2 brings.

Unfortunately most television chan-

nels 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 alongside the Italian border. In spite of 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 makes them less suitable for illegal use.

The Agency expects that the conditions along the western border will improve to the point that testing the advanced features DVB-T2 provides will actually be possible. The Agency intends to prepare the starting points for introducing DVB-T2 technology in 2013, as everything points to this becoming the prevalent broadcasting technology for terrestrial (television) networks.

#### **4.4 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 allocation 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 conducting radio frequency spectrum supervision, the Agency's authorized personnel use the provisions of the Inspection Act appropriately, they can act with the power of a minor offence authority if they ascertain 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 meas-

urements that are required by the Agency's Radio Communications Department, which are then used when issuing decisions on the allocation of radio frequencies.

In 2012, the Agency ensured the uninterrupted use of the radio frequency spectrum, except in the parts of Slovenia bordering on Italy. That area has been subjected to interference for years, caused by unencoded Italian radio stations. The Radio Frequency Spectrum Supervision Department conducted the following activities in the past year:

- It investigated 30 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 allocation of radio frequencies. Half of the cases pertained to interference of mobile operators (GSM and UMTS) by natural or legal persons using repeaters that were not properly installed or configured. The Agency also monitored the 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 conducts regular measurements in this area.

- In the scope of systematic radio spectrum supervision, the Agency conducted 39 inspections in researching radio interference based on reports. It processed infractions of the law (transmitting without a decision on the allocation of radio frequencies, breaching said decisions, and other), and conducted minor offence proceedings in 6 cases.
- It conducted 25 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 in order to monitor whether operators are meeting their obligations.
- It monitored the implementation of new technologies carefully, and took action when they were not used appropriately (e.g. MMDS).
- It constantly monitored the conditions in the radio broadcasting spectrum along the border with Italy, where it conducted frequent measurements of interference to our DVB-T transmitters and reported them to the Italian administration.

#### **4.4.1 Construction 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 two are populated radio supervision measurement stations, and three are specialized measurement vehicles operated as mobile RSSs. All of this fixed and mobile equipment is connected to the RSMS network that the employees use for remotely supervising the radio spectrum.

The RSMS construction spectrum was completed in 2011, and will be upgraded when required. In 2012 the Agency upgraded a new measurement vehicle (a replacement for an old one) and equipped it with latest equipment, providing more efficient field measurements. It also provided some equipment upgrades at all the locations, including the equipment required for LTE coverage measurements.

At the end of 2012 ten remote RSSs were in operation. The Agency used the two populated stations in Jeruzalem and Stegne, and conducted measurements with vehicles locally and remotely.

## 5 POST

### 5.1 Postal service providers

On 1 January 2011, the postal services market in the Republic of Slovenia was liberalized and the exclusive right of Pošta Slovenije to render reserved postal services (delivery of letters of up to 50 g) was abolished. This allowed other postal service providers to operate in this segment of the postal services market without restrictions regarding the price or weight. In the first year after liberalization, five providers requested access to Pošta Slovenije's network, and in 2012 (only) one.

On 31 December 2012, one (1) provider of universal postal service was registered in the Agency's official register, as well as eighteen (18) providers of postal services, six (6) of which were issued a statement by the Agency that they provide so-called interchangeable postal services.

Providers of interchangeable postal services provide services, which, from the users' aspect, might be deemed as services from the segment of universal postal service, as they are sufficiently interchangeable with the 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). The same six (6) companies provided interchangeable postal services in 2012 as in 2011: CETIS d.d., DIMIKARSTVO DOVRTEL, d.o.o., EPPS, d.o.o., INFORMATIKA d.d., KRO, d.o.o., MAKSMAIL d.o.o.

The other twelve (12) postal service providers entered in the Agency's official record are legal entities and natural persons who had notified the Agency about providing postal services in advance, however did not receive a statement, because they do not provide interchangeable postal services. In 2012 the number of these providers did not change compared to 2011, even though a new provider, DOOR-TODOOR d.o.o., was entered into the register on 18 January 2012, since ACK d.d. was deleted from the register on 12 May 2012.

The universal postal service in Slovenia is provided by Pošta Slovenije d.o.o. based on a decision – license

issued by the Agency in 2008. The license expires in 2013.

### 5.2 Analysis of the Postal Services Market

In 2012, the Agency also conducted and published<sup>9</sup> an analysis of the postal services market in the Republic of Slovenia for 2011 and compared the results with the analyses from previous years. The analysis was carried out 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 in 2011.

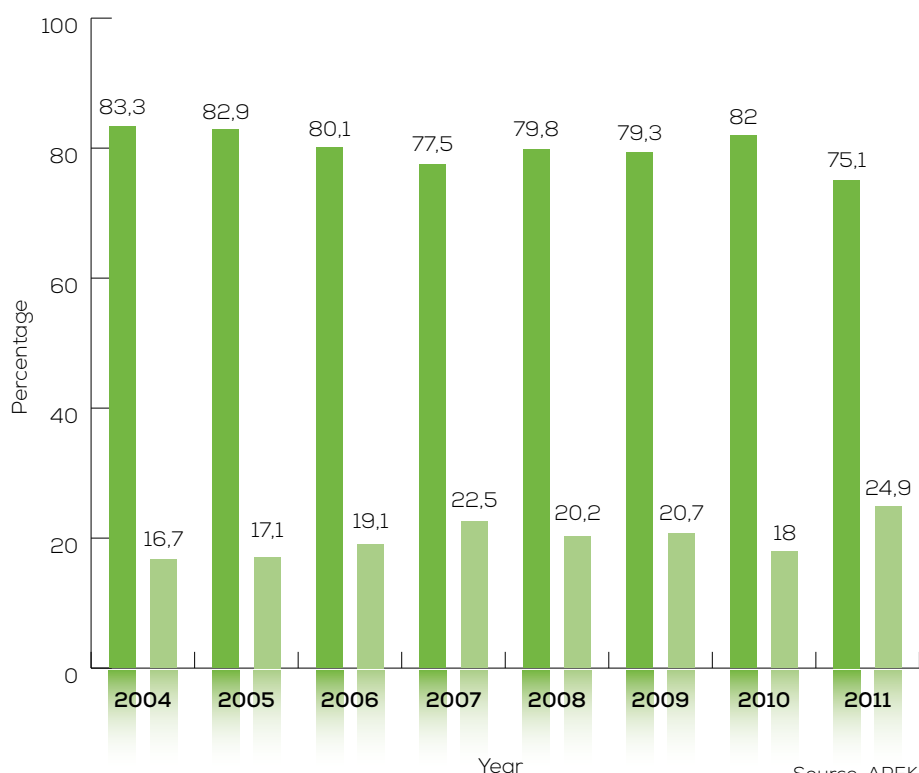
#### 5.2.1 Revenue and employees

The analysis shows that postal service providers generated around 15 % more revenue in 2011 than in 2010. The trend of decreasing revenue from providing postal services stopped in 2011, since postal service providers recorded a significant rise in the revenue after a series of drops in 2008 (14 %),

<sup>9</sup>The analysis is available at: <http://www.apek.si/analize-trga-postnih-storitev-analiza-trga-postnih-storitev-v-republiki-sloveniji-v-letu-2011>

2009 (4 %), and 2010 (0.4 %). The increase is the result of Pošta Slovenije's €10 million higher revenue and the €22 million more in the revenue of other postal service providers, which recorded a total of 60 % growth in 2011. The gap between market shares by revenue held by Pošta Slovenije and other providers in the market keeps closing, since Pošta Slovenije's share of revenue decreased to 75.1 % in 2011, as shown in the figure 5.1.

Figure 5.1: Shares of Pošta Slovenije and other postal service providers in the total revenue (2004-2011)



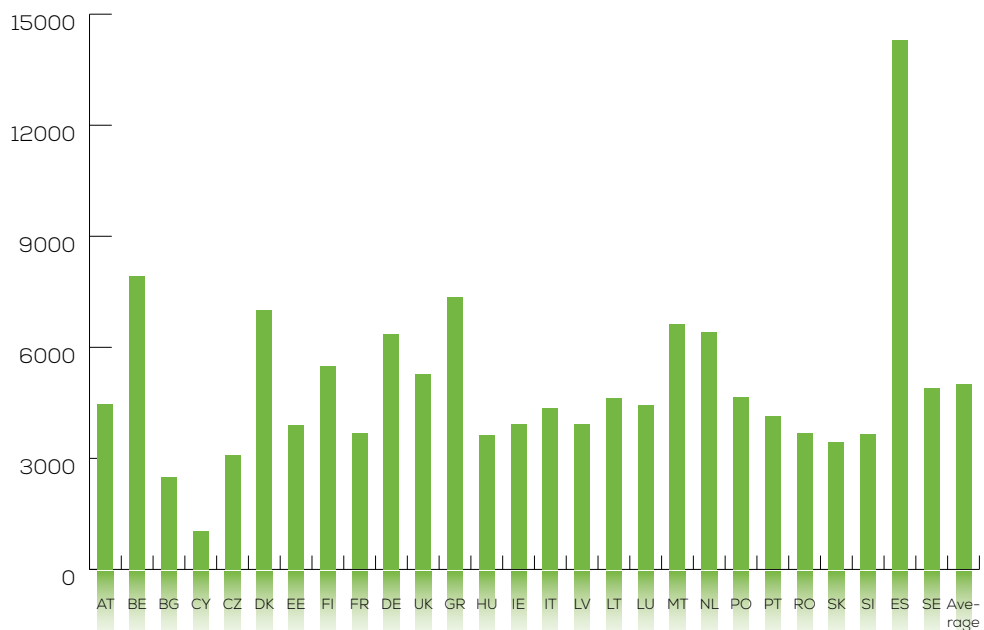
The postal sector in the Republic of Slovenia accounted for approximately 1.3 % of all the jobs in the country on 31 December 2011, which is the same as the year before. Pošta Slovenije employed 5,749 people for providing postal services in 2011, while other providers employed 294.

## 5.2.2 Network

Pošta Slovenije's postal network comprised 558 post offices and two post and logistics depot centers. In addition to post offices, the post also picked up mail at 2,608 mailboxes.

The size of the postal network serves as the measure for the accessibility of postal services, and in 2011 the Republic of Slovenia again exceeded the EU average in both elements.

Figure 5.2: Postal network density in terms of number of people per contact point



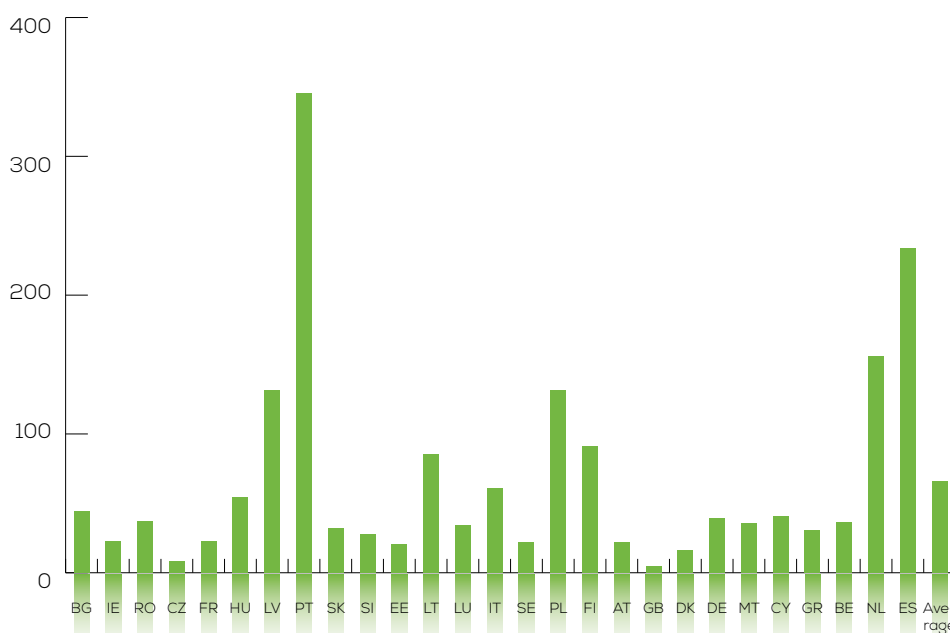
Source: UPU postal statistics)

The number of people per contact point in Slovenia in 2011 stood at 3,660 on average, while the average in other EU member states was 4,995 people per contact point.

The other indicator of postal service network density is the number of square kilometers covered by one contact point. In Slovenia there is one contact point per 36.4 km<sup>2</sup> on average, while the average in other EU members is 65.5 km<sup>2</sup> per contact point.

Both figures show that in 2011, the av-

Figure 5.3: Postal network density in terms of number of postal units per km<sup>2</sup>



Source: UPU postal statistics

average Slovenian had a denser network of contact points at their disposal than the average EU citizen, since one contact point in Slovenia covered a smaller area and fewer people on average than in the rest of the EU.

### 5.2.3 Comparisons

In the market analysis for 2011, 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 package with CEP parcels, and Pošta Slovenije's express mail with service CEP documents<sup>10</sup>. The calculated market shares for compared services are shown in the figure below.

Figure 5.4: Comparison between the different services of Pošta Slovenije and other postal service providers in 2011 (in domestic and international traffic)



<sup>10</sup>CEP services comprise courier, express, and parcel services. The mail must be insured for loss, robbery, theft, or damage, and the user of these postal services receives confirmation that the mail has been sent or delivered.

#### 5.2.4 Short summary of analysis results

A comparison between the results of analyses of postal service providers' operations for 2011 and 2010 yields the following results:

- an increase in the number of postal service providers in the Republic of Slovenia;
- a slight drop in the number of employees in the postal sector;
- an increase in the number of Pošta Slovenije's motor vehicles and a rather big increase in the number of electric vehicles;
- a noticeable drop in the number of Pošta Slovenije's curbside mailboxes;
- a stable number of postal service providers' offices, one Pošta Slovenije post office was closed;
- a noticeable drop in the number of vehicles of postal services providers, except Pošta Slovenije;
- revenue from providing postal services increased by almost 15 % (as a result of higher revenue generated by other postal service providers and Pošta Slovenije);
- a smaller gap between revenue shares of Pošta Slovenije and oth-

er postal service providers;

- a noticeable drop in the amount of postal services rendered in the segment of universal postal service in domestic traffic and a slight increase in international postal traffic;
- a drop in the letter mail transferred by Pošta Slovenije in domestic traffic, and a slight increase in international letter mail traffic;
- a noticeable increase in the number of direct mail items transferred by Pošta Slovenije and in the total number of mail items delivered by other postal service providers in national and international postal traffic without Pošta Slovenije;
- a slight drop in the number of complaints regarding the provision of universal postal services and a stable number of justified complaints filed against other postal service providers;
- a stable level of quality in postal service provision, and the achieved prescribed quality of letter mail and parcels delivery in the domestic postal traffic of Pošta Slovenije.

#### 5.3 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.

An independent contractor measuring the times required to transfer letter mail conducted the sixth official measurement of delivery quality in 2011, and in May 2011 the Agency and SIQ d.o.o. reviewed the results and the methodology applied. The reviewed results for 2011 confirmed that the quality standards were met, and unrevised data implies that the same is true for 2012. The General Act on the Quality of the

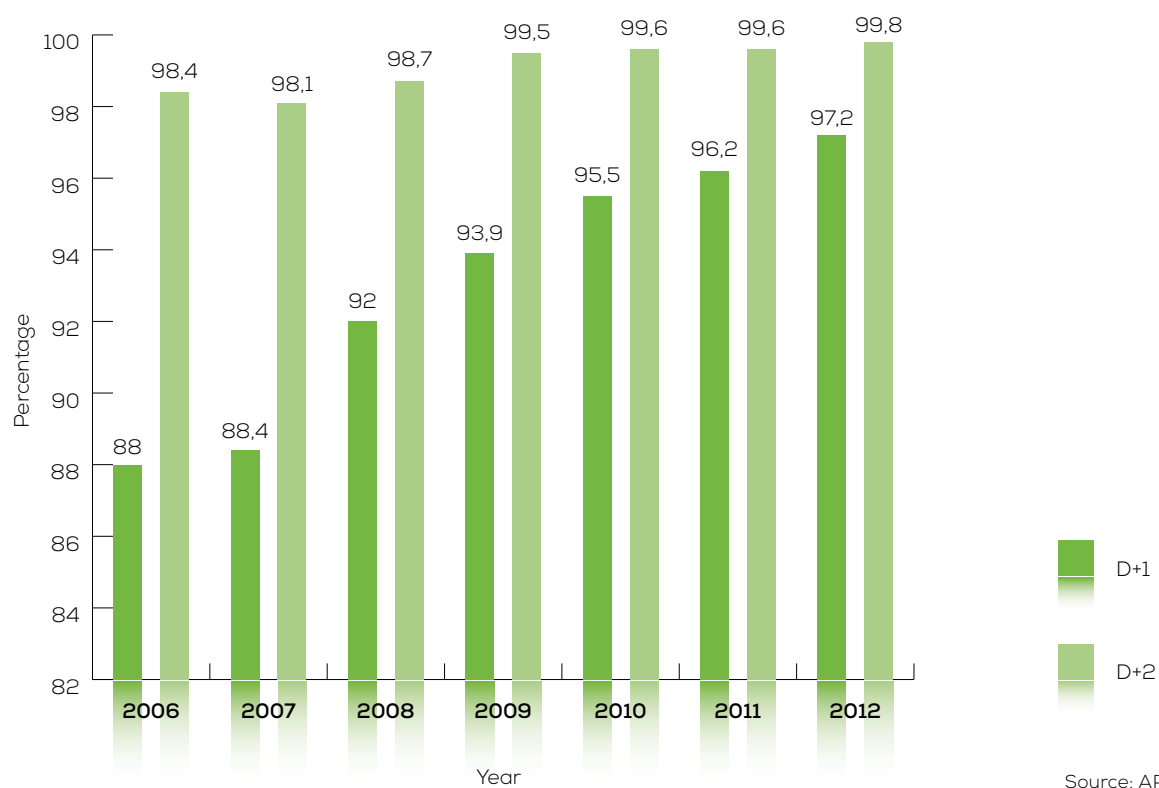


Figure 5.5: Prescribed and achieved delivery times for letter mail

Due date	Prescribed quality	Achieved in 2011	Achieved in 2012*
D + 1	95 %	96,2 %	97,3 %
D + 2	99,5 %	99,6 %	99,8 %
D + 3	100 %	99,9 %	100 %

\* Unrevised data for the period January–December 2012

Figure 5.6: The quality of letter mail delivery within D+1 and D+2 (2006–2012)



Universal Postal Service Provision also prescribes the quality of parcel delivery. In 2011, the Agency reviewed the method of measuring the quality of parcel delivery for the first time, and in

2012 it also reviewed for the first time the quality of parcel delivery measurements for the previous year.

Figure 5.7: Prescribed and achieved delivery times for parcels in domestic traffic

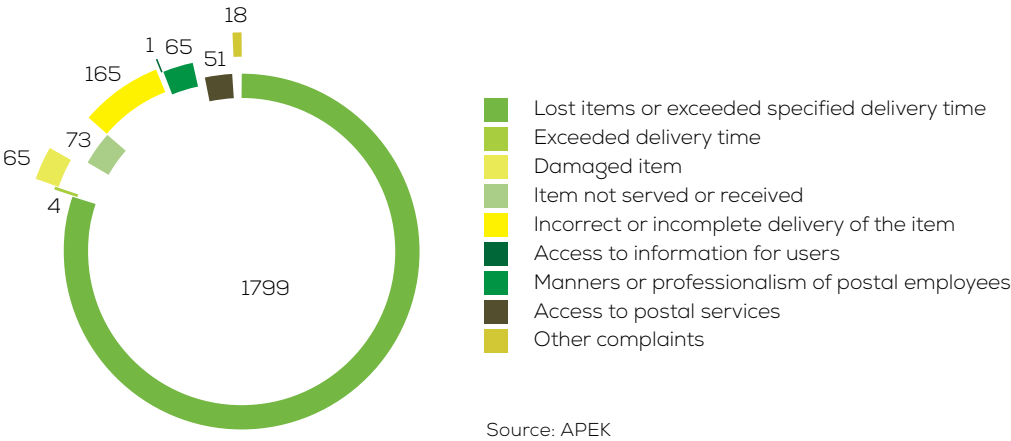
Due date	Prescribed quality	Achieved in 2011	Achieved in 2012*
D + 2	80 %	98,85 %	99,8 %
D + 3	95 %	100 %	99,8 %

\* Unrevised data for the period January–December 2012

The Agency also monitored the quality of letter mail delivery in international postal traffic as part of the UNEX project, in which Pošta Slovenije should deliver 85 % of the mail within three working days (D+3) and 97 % in five working days. In the first half of 2012, 89.8 % of inbound mail and 92.2 % of outbound mail was delivered in three working days. The final results for 2012 will be officially published in March 2013.

In 2011, 2,241 complaints, i.e. claims, were filed against Pošta Slovenije in relation to the provision of universal service, the majority of which were because of lost mail or noticeable delays in delivery.

Figure 5.8: Complaints filed in relation to the provision of universal service in 2011



A bit over one fifth of all the filed complaints were well founded, and in 138 cases the procedure concluded with payment of damages. Almost all of these cases involved a delay in delivery.

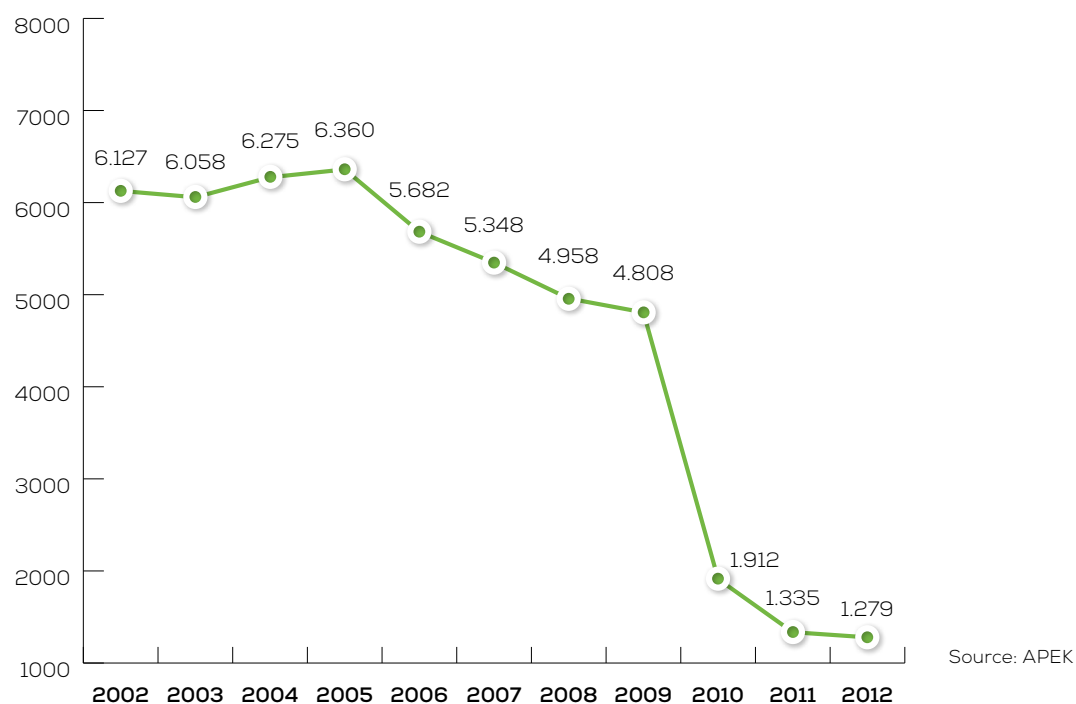
As part of its monitoring the quality of universal postal service, the Agency also kept track of the complaint and objection settlement according to the

EN 14012 standard requirements, as well as responded to consumers' complaints. In 2012, the Agency handled and resolved 21 disputes, which were launched by unsatisfied users of postal services.

The decreasing trend in the number of exemptions to the provision of universal postal service (delivering mail to the address) continued in 2012. At

the end of 2012, the list of permanent exemptions, which are determined based on the criteria from the General Act on Exemptions from the Provision of the Universal Postal Service, comprised 390 households, 353 of which were delivered mail through curbside mailboxes. Another 926 households chose to have mail delivered through curbside mailboxes.

Figure 5.9: Number of exemptions in the provision of the universal postal service (2002-2012)



## 5.4 Analysis of prices and delivery times

In collaboration with the research company Episcenter d.o.o. as an external contractor, the Agency conducted a comparative analysis of the prices and delivery quality of postal service providers in the Republic of Slovenia for selected products in domestic and cross-border traffic.<sup>11</sup>

The purpose of the analysis was to compare postal services providers' prices and delivery quality with the aim of examining competition in the postal services market and acquiring useful information for postal service users in Slovenia. We were interested in comparisons between the price and delivery time from the perspective of users looking for the cheapest solution, and from the perspective of users looking for the fastest delivery time.

As part of the analysis the Agency carried out a theoretical analysis of a delivery of documents weighing 50 g and 1 kg, as well as parcels weighing 15 kg, using data from phone, e-mail and online surveys. It also conducted a practical analysis of an actual delivery of 50 g documents between Ljubljana and Ljubljana, Ljubljana and Maribor,

and Ljubljana and Zagreb.

The theoretical analysis showed that Pošta Slovenije d.o.o. offered the lowest rates for transferring documents in domestic and cross-border traffic. The lowest rates for transferring parcels meanwhile depend on the selected destination. In Europe the lowest rate for transferring parcels between Ljubljana and Zagreb was offered by Pošta Slovenije d.o.o., for transferring parcels between Ljubljana and Berlin by Doortodoor d.o.o. and for transferring them between Ljubljana and Tallinn by City Express d.o.o. The lowest rates for domestic and cross-border services were offered by Pošta Slovenije d.o.o. The fastest delivery of documents in domestic traffic was provided by Business Express d.o.o., and the fastest delivery of parcels by City Express d.o.o. The fastest delivery of documents and parcels around Europe was provided by TNT d.o.o., and around the world by UPS d.o.o.

A practical analysis in most cases upheld the results of the theoretical analysis, with the exception of TNT d.o.o., where significant discrepancies were found in regard to the fastest delivery (higher price and faster delivery).

## 5.5 Users' satisfaction with postal services

In collaboration with Episcenter, the Agency carried out its fifth 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 users use postal services, their satisfaction with the quality of postal services, and customer awareness about competing postal service providers. The Agency published the survey results on its website<sup>12</sup>. Below we provide just some of the more important findings.

### 5.5.1 General public

The most important quality factors according to the general public are the location of the post office, employees' attitude towards clients, and working hours.

Two thirds of respondents visit a post office at least once a month, and two thirds always visit the same post office. Users are in general satisfied with the distance to the nearest post office. 26 % of respondents think that the post office's working hours are appropriate.

<sup>11</sup>The analysis is available at: <http://www.apek.si/primerjalne-analize-cen-in-rokov-prenosa>

<sup>12</sup>The analysis is available at: <http://www.apek.si/zadovoljstvo-uporabnikov-s-postnimi-storitvami-%28splosna-in-poslovna-javnost%29-2012>

62 % of respondents visit post offices to perform payment transactions, 38 % pick up mail for which they received a notice, and 33 % post registered or insured mail.

7.5 % of respondents never use mailboxes, while 41 % use mailboxes less than once a month.

One third of respondents post one to two letters a month, while two thirds post more than two. 43 % of respondents post a parcel weighing up to 10 kg once per year, while only 8 % post a parcel weighing up to 20 kg annually. One half of the respondents receive one to nine letters a month. 28.5 % of respondents stated that they did not receive a parcel in the last calendar year.

Respondents do not find the price of sending a standard letter important, as only 4.5 % knew it, and two thirds find it suitable. When asked whether they knew the required time for standard letter delivery, 32 % of the respondents answered correctly, while 45 % think that mail should always be delivered one day after posting. Half of them believe that post should also be delivered on Saturdays, which is a significant increase compared to past years.

The effect of e-mail on the decrease of the use of postal services continues, since 51 % of the respondents cited e-mail as the reason for using postal services less frequently.

15 % of respondents already used a provider other than Pošta Slovenije, and the main motives for this were speed and urgency. Almost one half of these used services provided by DHL Express.

Approximately 70 % of respondents are not irritated by unaddressed mail. Only 13.8 % of respondents use the sticker banning delivery of unaddressed mail to mailboxes.

### 5.5.2 Business public

Legal entities find the reliability of delivery the most important factor in the quality of postal services, while, in contrast to the general public, the location of post offices is the least important factor.

The number of letter mail items posted by legal entities is dropping in domestic as well as cross-border traffic, while the number of posted parcels is on the rise. The majority (56 %) of respondents estimate that the use of tradition-

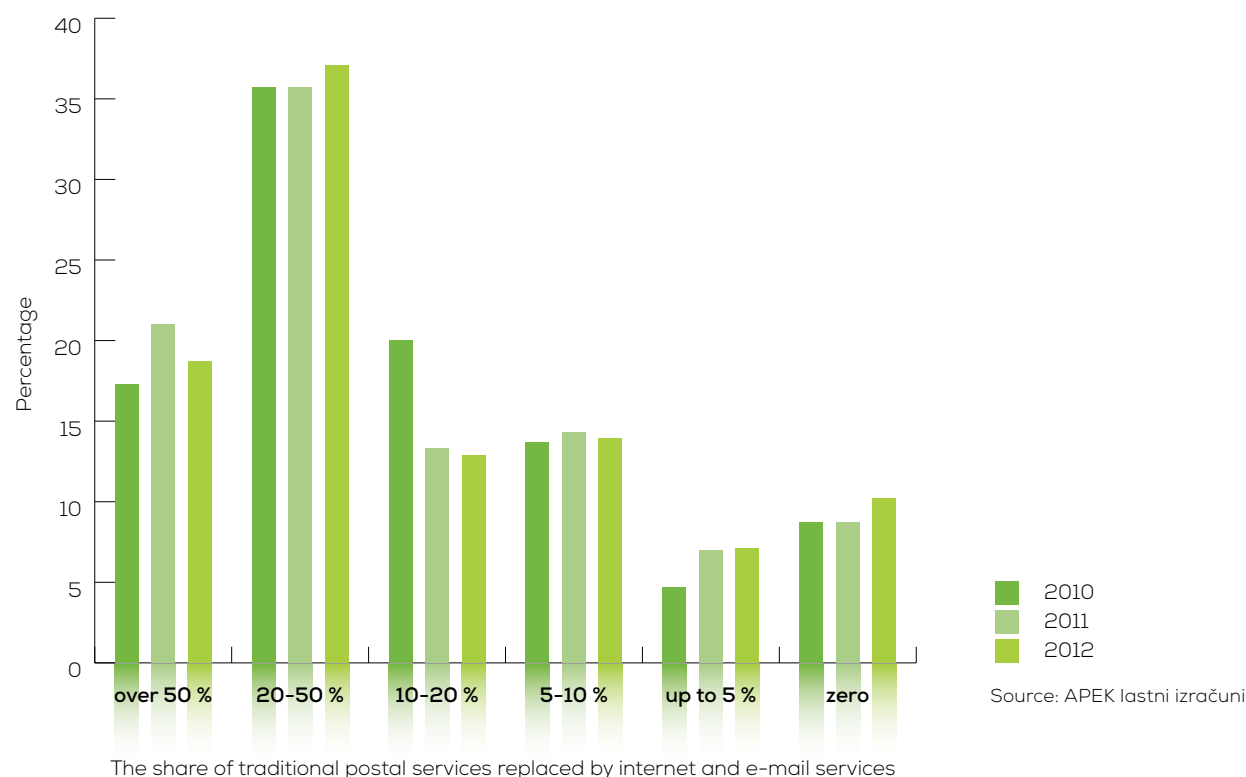
al postal services dropped by over 20 % because of internet and e-mail, as shown in the figure below.

75 % of the interviewed companies receive mail at their business premises and their share increases every year. On the other hand the majority (53 %) of interviewed companies still post their mail at post offices. The share of companies posting mail from their premises is also on the rise (41 % in 2012 compared to 30 % in 2007).

One half of the respondents said that delivery time for letter mail was one day, while 77 % think that letter mail should always be delivered one day after posting. Business users find delivery on Saturdays unnecessary.

85 % of the respondents are satisfied with Pošta Slovenije's services. In the event they were to select a new provider, the price and quality would be the main factors. In addition to Pošta Slovenije's services, the majority of companies use services provided by DHL Express, TNT Express Worldwide and UPS Adria (S) Express.

Figure 5.10 : Replacing postal services with internet and e-mail (2010-2012)



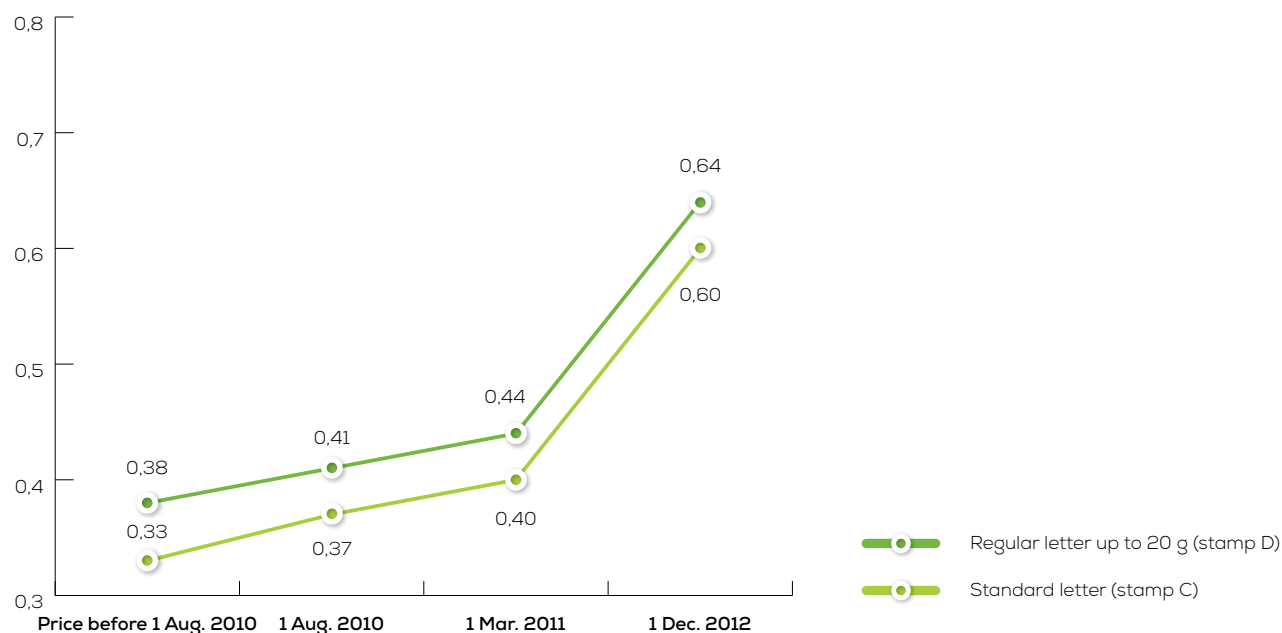
## 5.6 Price regulation and accounting separation

In 2012, the Agency received a request from Pošta Slovenije for changing the prices of universal postal service (for letters and publications in cross-border traffic) as of 1 December 2012. After reviewing all the relevant information, the Agency established that the proposed change to prices was reasonable and based on terminal dues and the cost of international transport-

tation which Pošta Slovenije incurs in providing universal postal service in cross-border traffic, and issued a decision approving the proposed change. With the exception of standard letters and ordinary letters of up to 20 g, the prices of the majority of other services have not changed for ten or twelve years, so their retail price (for certain countries) was even lower than terminal dues and costs of international transport, which Pošta Slovenije must pay to other post operators.

The graph below shows changes in prices (VAT excluded) for the two most important services included in universal postal service in cross-border traffic from 2010 to 2012. Prices of universal service in cross-border traffic before 2010 are not displayed, since they did not change between 2002, when the Agency was first given the authority to regulate prices by the law, and 1 August 2010.

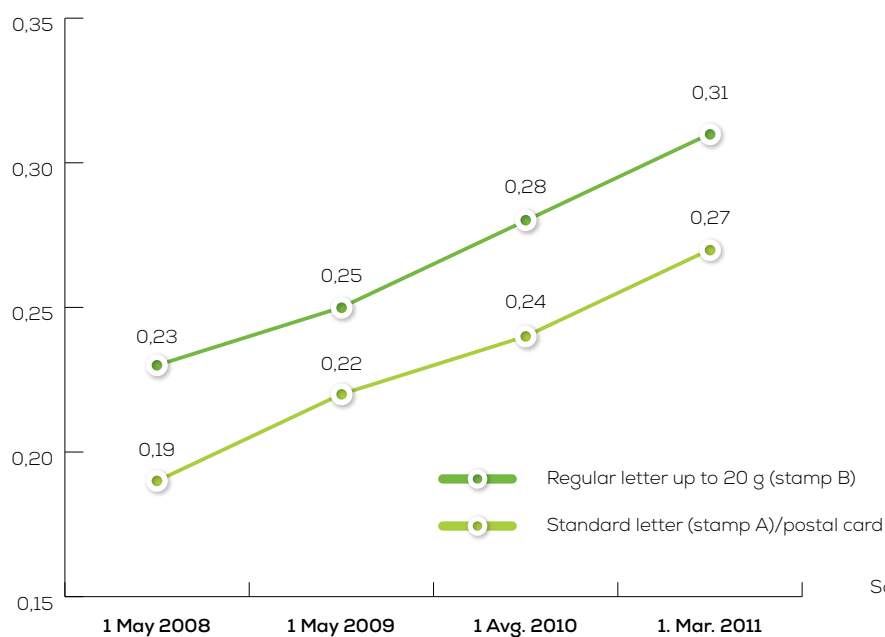
Figure 5.11: Changes in the prices of delivering letters of up to 20 g in cross-border traffic in the 2010–2012 period, without VAT\*



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

The prices of delivering standard and ordinary letters in domestic traffic did not change in 2012, which is also evident from the graph 5.12.

Figure 5.12: Changes in the prices of delivering letters of up to 20 g in domestic traffic in the 2008–2011 period, without VAT



Source: APEK

In 2012, the Agency conducted an analysis of IL Post and UPO software applications in collaboration with the auditing firm KPMG Slovenija d.o.o. in order to establish whether the input data on revenue in Pošta Slovenije's separate accounting records was correct. This analysis is the first phase of reviewing the universal postal service provider's revenue, and it focused on checking the functioning of controls within software applications used for recording revenue. In addition to this, the auditor also examined whether discounts were calculated correctly based on the universal service provider's price list. The review resulted in a positive opinion from the auditor, which means that no major irregularities were discovered. Phase two of the review, planned for 2013, will focus on a substantive audit of revenue and on whether different types of revenue were correctly classified under cost items in separate accounting records. In 2012, the Agency received the updated version of separate accounting records together with the last audited accounting data for 2011, since the universal service provider had to bring its accounting records in line with the General Act on Separate Accounts and Prohibition of Subsidies (Official

Gazette of the Republic of Slovenia no. 29/2010; hereinafter referred to as the General Act) until 31 December 2010 based on the General Act. The Agency examined this updated version and all other accounting data that it received and initiated supervision proceedings after finding certain discrepancies between the separate accounting records and the General Act, as well as with the Postal Services Act.

### **5.7 Supervising the postal services market**

In 2012, the Agency carried out 11 supervisions ex officio based on the Postal Services Act and the Inspection Act through an authorized person:

- three supervisions of universal postal service quality;
- three supervisions of exemptions in providing universal postal service;
- supervision of the universal service provider's accounting separation;
- supervision of access to the universal service provider's postal infrastructure;
- supervision of discrimination and transparency in providing business letter service;
- supervision of the general terms

and conditions of providing universal postal service;

- supervision of discrimination and transparency in granting payment deadlines to providers of interchangeable postal services.

One of these supervisions was carried over from 2011, and one was carried over to 2013. Another nine supervisions were initiated and concluded in 2012.

In three supervisions into the quality of providing universal postal service the Agency examined the number of mailboxes in Kostel, Trzin, and Litija. It found no irregularities in Trzin and Kostel and halted the proceedings, while the proceedings in Litija are still underway.

The Agency also performed three supervisions of exemptions from delivery to home address in Cerklje na Gorenjskem, Vrhnika and Horjul, as well as Vuzenica. It found no irregularities in Cerklje, while in Vrhnika and Horjul Pošta Slovenije corrected the irregularities and included four households in delivery to home address during the supervision proceedings. The Agency had to reexamine the case from the Vuzenica area at the request of a court and had to establish the actual situation correctly. After establishing the actual sit-

uation, it halted the proceedings, since the exemption was justified in the case of those two households.

When examining the universal service provider's separate accounting records, the Agency established that the main problem was determining the handling costs at postal units, the transport cost and cost of delivering mail to addressees, as well as the transparency of tariffs in terms of whether discounts granted for universal postal service were appropriate. Based on these findings, the Agency issued a decision requiring Pošta Slovenije to: eliminate the negative effects of establishing handling costs at postal units on the final calculation of the universal postal service price; provide additional data for establishing the cost of mail transport and delivery; keep separate accounting records in a manner that will make it possible to establish whether discounts granted by the universal service provider to business partners based on the discount rates from the "Price List of Postal Services in Domestic Traffic" were reasonable and justified. The Agency granted Pošta Slovenije four months to eliminate the irregularities, and the deadline expires in April 2013. When examining access to the postal

infrastructure of the universal postal service provider, the Agency halted the proceedings after Pošta Slovenije granted access to other services from the framework of universal postal service (publications, registered and insured mail, ordinary parcels, and parcels) and access to information on address change and access to PO boxes.

When examining discrimination and transparency in providing business letter service, the Agency required Pošta Slovenije to treat all users equally and to allow all users access to business letter service at special rates and under related conditions, especially individuals who send mail under similar conditions. At the same time, it also required Pošta Slovenije to design and publish the rates and conditions for business letter service in a manner that will make them available to everyone. Pošta Slovenije implemented the decision within the set deadline.

In April 2012, the Agency issued its approval on amending the General Conditions for the Provision of Universal Postal Service. Pošta Slovenije did not implement the changes, so the Agency imposed on it as part of its supervision the obligation of introducing changes that would bring the Gener-

al Conditions for the Provision of Universal Postal Service in line with the Postal Services Act, the General Act on the Quality of the Universal Postal Service Provision, and the General Act on Exemptions from Universal Postal Service Provision. Pošta Slovenije implemented the decision and published new General Conditions, which came into force on 23 January 2013.

When examining discrimination and transparency in granting payment deadlines to providers of interchangeable postal services which access to Pošta Slovenije's network, the Agency required Pošta Slovenije to change paragraph 7 of Article 12 of the General Conditions of Access to the Postal Network of Pošta Slovenije d.o.o. so that they would allow payment deadlines for providers of interchangeable postal services to be longer than 15 days or equal to the ones granted by Pošta Slovenije to companies, bulk mailers, mail aggregators, or other third parties. Pošta Slovenije implemented the decision and published changes to Article 12 of the General Conditions of Access to the Postal Network on 7 January 2013.

## 6 RAILWAYS

According to the Railway Transport Act (Official Gazette of the RS no. 11/11 – ZZelP-UPB6) the Agency is responsible for monitoring competition on railway transport service markets and ensuring equal treatment of all stakeholders in railway traffic. In the event of violations to free competition, rules regarding train path allocation and railway infrastructure charge, or discrimination of a certain stakeholder by another stakeholder, the Agency is obliged to remedy the anomaly with all due measures.

### 6.1 Railway traffic service market development

The railway traffic service market for cross-border competition in providing all types of railway freight transport services (cargo traffic) has been open to transport companies from EU member states since 1 January 2007. Meanwhile in railway passenger traffic all transport companies from EU member states were granted the right to access railway infrastructure for providing international passenger transport

services as of 1 January 2010.

In Slovenia however, the service market allowing cross-border competition in freight transport was actually established in early 2009, when, in addition to the national railway company, Rail Cargo Austria AG began to provide freight transport on the public railway infrastructure of the Republic of Slovenia (hereinafter public railway infrastructure of RS). In December 2011, Adria Transport, d.o.o. also began to independently provide freight transport using the same infrastructure.

In 2012, railway freight transport services were thus provided by three carriers:

- Slovenske železnice – Tovorni promet, d.o.o.;
- Rail Cargo Austria AG in
- Adria Transport, d.o.o.

The transport company Luka Koper, d.d. was granted a license and safety certificate allowing it to conduct its services at the Koper freight station. International, domestic, and cross-border regional railway passenger traffic services on the public railway infrastructure of RS are provided by only one company, namely

the national railway carrier Slovenske železnice – Potniški promet, d.o.o.

### 6.2 Monitoring the service market in railway traffic

As part of its tasks, the Agency also monitors the developments on the service market in freight and passenger transport in accordance with the provisions of the Railway Transport Act. Based on the information obtained from the public railway infrastructure manager and carriers in freight and passenger transport, the Agency monitors the data on volumes of transported freight and scope of the work conducted (in net ton-kilometers) in railway freight traffic, the number of passengers and the scope of work conducted (in passenger kilometers) in railway passenger transport, the amount of state subsidies for carrying out a public service obligation of passenger transport in domestic and cross-border regional passenger transport via railways, and the market shares of carriers in freight and passenger railway traffic.

### 6.2.1 Monitoring the service market in railway freight traffic

In 2012, 17.46 million tons of freight were transported on the public railway infrastructure of the Republic of Slovenia, and carriers made a total of 3.86 billion net ton-kilometers.

Figure 6.1: The volumes of freight transported on railway (in tons) in 2012

	<b>SŽ-Tovorni promet</b>	<b>Rail Cargo Austria</b>	<b>Adria Transport</b>	<b>Total</b>
International traffic	14,812,600	1,030,121	251,634	16,094,355
Domestic traffic	1,368,600	-	-	1,368,601
<b>Total</b>	<b>16,181,200</b>	<b>1,030,121</b>	<b>251,634</b>	<b>17,462,955</b>

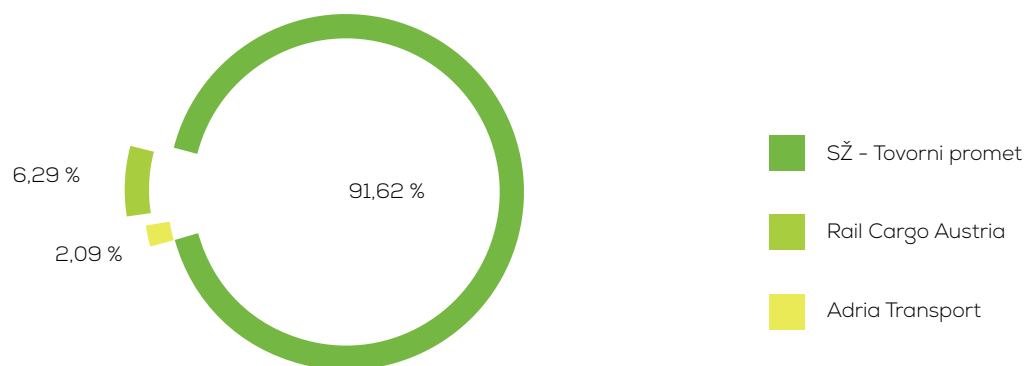
Figure 6.2: The scope of work performed (in net ton-kilometers) in 2012

	<b>SŽ-Tovorni promet</b>	<b>Rail Cargo Austria</b>	<b>Adria Transport</b>	<b>Skupaj</b>
International traffic	3,307,400,000	242,968,000	80,699,000	3,631,067,000
Domestic traffic	230,300,000	-	-	230,300,000
<b>Total</b>	<b>3,537,700,000</b>	<b>242,968,000</b>	<b>80,699,000</b>	<b>3,861,367,000</b>

Compared to 2011, in 2012 the scope of all carriers' transport on the Republic of Slovenia's public railway infrastructure dropped by 6.4 %. National carrier SŽ-Tovorni promet's market share fell by 2 %, and consequently the market share of Rail Cargo Austria AG

increased. The market share of carrier Adria Transport remains at 2 %, i.e. at the same level as in 2011.

Figure 6.3: Market shares by carriers in railway freight traffic [%] in 2012



### 6.2.2 Monitoring the service market in railway passenger traffic

Between January and October 2012, 12.63 million passengers were transported over RS's public railway infrastructure, of which 11.85 million

comprised passengers in domestic and cross-border regional traffic and 785,000 passengers in international traffic. Competition in the field of railway passenger transport within the Republic of Slovenia has not been established yet, as services are provid-

ed by only one company, the national carrier Slovenske železnice – Potniški promet.

Figure 6.4: The number of transported passengers and the scope of work conducted between January and October 2012

	Number of passengers	Scope of work [pkm]
	<b>SŽ – Potniški promet</b>	
International traffic	785,149	114,619,927
Domestic and cross-border regional traffic	11,852,705	500,366,869
<b>Total</b>	<b>12,637,854</b>	<b>614,986,796</b>

### **6.3 Realization of allocated train paths by carriers in freight traffic**

The Agency monitors competition on the railway transport service market in accordance with Article 18d of the Railway Transport Act (Official Gazette of the RS no. 11/2011-UPB-6), routinely monitors the realization of allocated train paths on the public railway infrastructure, and analyses the realization of allocated train paths by individual carriers based on monthly reports submitted by the public railway infrastructure manager.

#### **6.3.1 Slovenske železnice – Tovorni promet d.o.o.**

SŽ – Tovorni promet, d.o.o. was allocated 115,782 train paths in 2012; 68,128 of which were allocated in routine procedures and 47,654 in ad-hoc procedures. Compared to 2011, the number of train paths allocated to this carrier in 2012 decreased by 9,264. Analysis of this carrier's allocated train path realization shows a slight increase in the number of canceled and unrealized train paths. Compared to 2011 when the share of unrealized and canceled train paths stood at 17 %, the

share of unrealized and canceled train paths in 2012 grew to 19 %. In spite of that it was established that the carrier adapted its train path requests to its current requirements more diligently, because as many as 41 % of all this carrier's allocated train paths were allocated by ad-hoc procedures (dedicated train paths).

#### **6.3.2 Rail Cargo Austria AG**

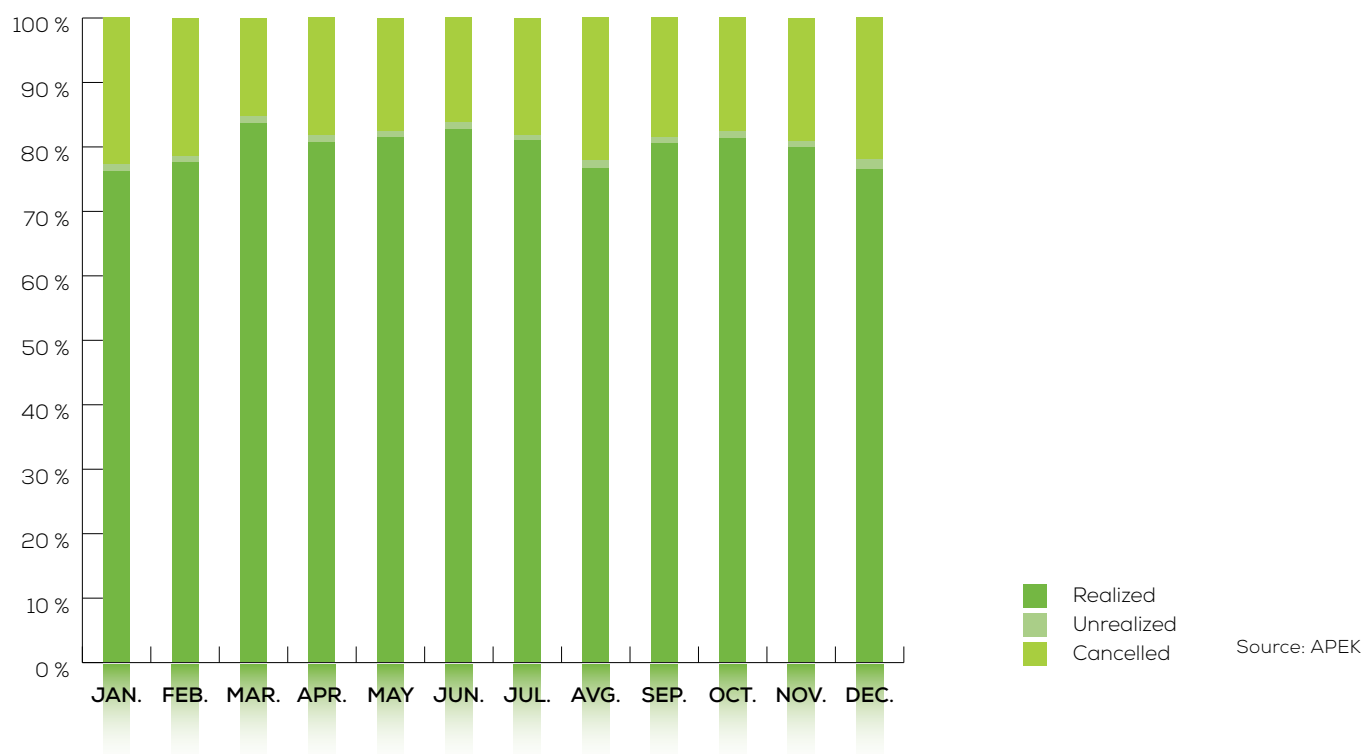
Rail Cargo Austria AG (hereinafter referred to as RCA) was allocated a total of 5,013 train paths in 2012. Compared to 2011, the number of train paths allocated to this carrier increased by 1,651 (49 %). In spite of the significant increase in the number of train paths, however, this carrier still retained a share of cancellations comparable to 2011. Its number of canceled train paths remained at a 37 % share of all allocated train paths. In January the carrier canceled as many as 67 % of all allocated train paths.

#### **6.3.3 Adria Transport d.o.o.**

Adria Transport, d.o.o. was allocated a total of 1,160 train paths in 2012. This is a 74 % increase compared to 2011

when it was allocated 666 train paths. This carrier began providing its freight transport services in December 2010 and used its own engines. Before that it was provided train haulage by the national SŽ – Tovorni promet. Just like in 2011, the analysis of allocated train path realization for 2012 showed a large number of canceled train paths. In 2012 the carrier canceled as many as 563 train paths, which is a 48 % share of all train paths that it was allocated. Compared to 2011, the share of canceled train paths grew by 3 %.

Figure 6.5: Realization of allocated train paths by carriers in railway freight traffic in 2012



#### 6.4 Realization of allocated train paths by the passenger traffic carrier

In contrast to freight transport, where there is a large share of canceled and unrealized train paths, analysis of allocated train path realization in passenger traffic continues to show a near perfect realization of allocated train paths in 2012. The share of unrealized and canceled train paths for 2012 stands at only 1.26 %. The main reason for this lies in the fact that pas-

senger transport services are mainly provided as part of its public service obligation of passenger transport in domestic and cross-border regional railway traffic.

##### 6.4.1 Slovenske železnice – Potniški promet d.o.o.

Slovenske železnice – Potniški promet, d.o.o. was allocated a total of 183,662 train paths in 2012. Compared to 2011 when this carrier was allocated

189,031 train paths, the total number of train paths allocated in passenger transport fell by 5,369. Just as in the previous years of monitoring allocated train path realization (ever since January 2009), during which time the share of unrealized and canceled train paths never exceeded 2 %, the share of unrealized and canceled train paths stood at 1.26 % in 2012.

Figure 6.6: Realization of allocated train paths by carrier SŽ – Potniški promet in 2012



### 6.5 The Agency's measures for improving public railway infrastructure utilization

Analyses of railway freight traffic have shown in the past that a large share of allocated train paths were unrealized or canceled (even above 50 %), which means that carriers (applicants for train paths) requested more train paths than they actually required through the routine procedure (ordering train paths for the timetable pe-

riod). This in turn demonstrated the unrealistic situation of available infrastructural capacities, mainly on the main and busiest routes. This seemingly reduced the number of available (cataloged) routes that would be available to existing or potential carriers for allocation by ad-hoc procedure (allocation of train paths for specific purposes). As a consequence, the public railway infrastructure manager became less competitive and was unable to attract new potential carriers

by offering available infrastructural capacities.

Analysis of allocated train path realization in railway freight traffic for the relevant period shows that there were fewer requests from the national carrier (SŽ – Tovorni promet) regarding infrastructural capacities and that the carrier adapted its orders for train paths to its actual needs (which means fewer canceled and unrealized train paths). This is also confirmed by the fact that in the last two timetable

periods the carrier ordered over 40 % of its train paths by ad-hoc procedure. On the other hand we find an increased demand for train paths by the new carriers (RCA and ADT); these two carriers have however ordered more train paths than they actually needed, as analysis shows a large number of cancellations.

The Agency alerted the Public Agency for Rail Transport of the Republic of Slovenia, the body responsible for train path allocation, regarding the large share of unrealized and canceled train paths in railway freight traffic. Said Agency was also urged to, together with the public railway infrastructure manager (SŽ – Infrastruktura), examine the causes of this situation, and, pursuant to the Decree on allocating train paths and levying user fees on the public railway infrastructure, undertake appropriate measures that would improve the actual utilization of the public railway infrastructure, such as withdrawing unused train paths and changing (tightening) the terms and conditions regarding calculation of compensations for late cancellations.

In 2012, carriers did not file any complaints regarding train path allocation.

## **6.6 User fees for access to the public railway infrastructure**

Rail traffic carriers are obliged to pay user fees to access the public railway infrastructure. The Agency is responsible for ensuring that user fees are set according to valid regulations and that they do not discriminate against any of the carriers. Its routine monthly reviews of the user fees charged to every carrier help the Agency ensure equal user fees for all railway traffic carriers. Setting, charging, and collecting user fees fall under the responsibilities of the Public Agency for Rail Transport of the Republic of Slovenia, and the Agency can only monitor user fees charged to the carriers. According to the European Commission the current methodology for determining user fees is not based on the direct costs that arise from using the public railway infrastructure, which is why the Public Agency for Rail Transport of the Republic of Slovenia undertook to design new methodology in 2010 and began conducting parallel test calculations in 2011. In 2012, the Agency was also actively involved in implementing the new methodology.

Railway traffic carriers did not file any

complaints in 2012 regarding set or charged user fees.

## **6.7 Resolving complaints**

Carriers and applicants for train paths are entitled to file a complaint with the Agency if they believe that they have been treated unfairly, were discriminated against, or harmed in any other way, especially regarding the decisions of the manager or a carrier in railway traffic. At the same time, the Agency is obliged ex officio to take measures if it establishes that there were violations to free competition or violations to provisions regarding train paths and user fees. In 2012 the Agency received four such complaints from railway traffic carriers.

In the process of resolving the complaint filed by Adria Transport, d.o.o., the Agency established that the public railway infrastructure manager was not discriminating against the carrier in stopping its trains before the final station (Koper freight station), because, due to the emergency in the Port of Koper and the congestion at the Koper freight station, it also stopped other carriers' freight trains. The same procedure also established that the pub-

lic railway infrastructure manager at the Koper freight station is not suitably organized to be able to properly organize and monitor the reception and dispatch of trains at this station; they were ordered to adopt measures that will remedy the established shortcomings before the implementation of a new timetable period.

In the procedure of resolving the claim filed by Rail Cargo Austria AG regarding the canceled permit for using the route ELOK series SŽ-541 between Zidani Most – Šentilj d.m. (which exceeds the load permitted on those railway tracks), the Agency found that the public railway infrastructure manager was not discriminating against the complaining party, because the cancellation was imposed on all carriers. Nonetheless the Agency found that the public railway infrastructure manager was not acting with due diligence in issuing the permit because it was canceled right after it was issued. Regarding an appeal by Rail Cargo Austria AG for establishing non-discriminatory conditions for using the device for testing air breaks at the Koper freight station, the Agency found that the provider of this service offers it to all interested parties at equal

conditions.

In the procedure of resolving the complaint filed by Rail Cargo Austria AG regarding the training of conductors on the new route, the Agency concluded that the carriers who were eligible to provide such training refused to respond to the applicant's request for training and by doing so they clearly performed a concerted action with the aim of restricting competition in the provision of transport services in railway freight traffic on routes for which the applicant requested its conductors be trained. These two carriers were imposed with the obligation of submitting their offers to the applicant regarding said training.

The Agency's operations in 2012 were also directed towards preventative measures, which is why several meetings took place between the carriers, the public railway infrastructure manager, and the Public Agency for Rail Transport of the Republic of Slovenia (as the body responsible for allocation and safety), where they discussed the implementation of services, especially in railway freight traffic.

## 7 SETTLEMENT OF DISPUTES AND COMPLAINTS

Based on the Electronic Communications Act and the Postal Services Act, the Agency is authorized to settle disputes in the fields of electronic communications and postal services in the Republic of Slovenia.

### 7.1 Disputes in the field of electronic communications

Under the Electronic Communications Act, the Agency has the authority to settle disputes between entities in the market of electronic communications. Disputes arise between users and operators providing electronic communication networks and services, as well as between operators. The act distinguishes between:

- disputes between natural persons and legal entities providing electronic communication networks or services, and users of their services (user disputes);
- disputes between natural persons and legal entities providing electronic communication networks or services (inter-operator disputes).

After receiving a petition for resolving a dispute, the Agency tries, in accordance with Article 130 of the Electronic Communications Act, to resolve the dispute through mediation, the purpose of which is for the parties to reach a mutual agreement. The Agency plays the role of a mediator in the mediation procedure, which is confidential. If an agreement is not reached, the Agency settles the dispute by issuing a decision pursuant to the provisions of the General Administrative Procedure Act (Official Gazette of the RS, no. 24/06-UPB2, 105/06-ZUS-1, 126/07, 65/08, 47/09, Constitutional Court ruling: U-I-54/06-32 (48/09 amend.), 8/10). The prescribed deadline in which the Agency should settle the matter is 4 months for inter-operator disputes and 2 months in user disputes after receiving the complete complaint.

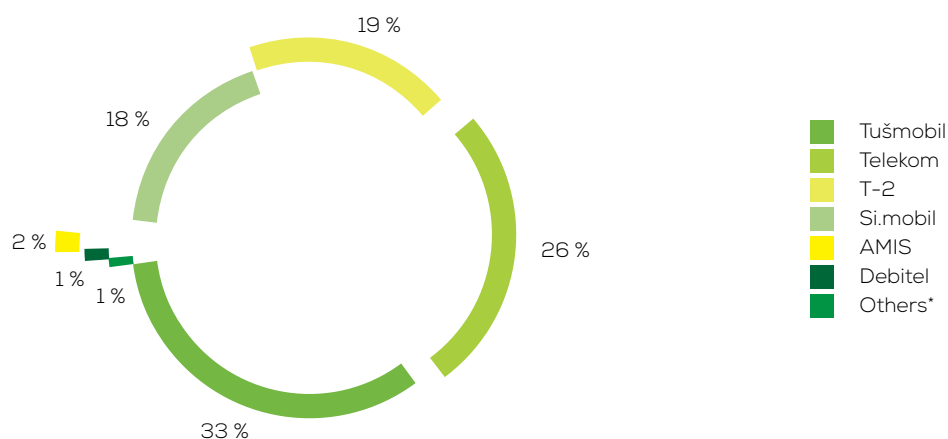
Resolving a dispute through the Agency in accordance with Article 129 of the Electronic Communications Act does not prejudice potential legal jurisdiction, and parties can always bring the dispute before a competent court. If

either party initiates a court proceeding, the dispute resolution procedure before the Agency is halted.

#### 7.1.1 User disputes

One of the Agency's main tasks is to protect the interests of the end users of electronic communications. In regard to this, it is the Agency's legal obligation to provide a high level of consumer protection, primarily by providing simple, effective, and affordable procedures for settling disputes with operators or service providers. Every end user has the right to express disagreement with the operator's actions regarding the access to services or charging for the services. The user should file a complaint with their operator within 15 days of learning about the disputed action. If the operator does not favorably resolve the complaint or fails to even respond to it, end users can file the complaint before the Agency.

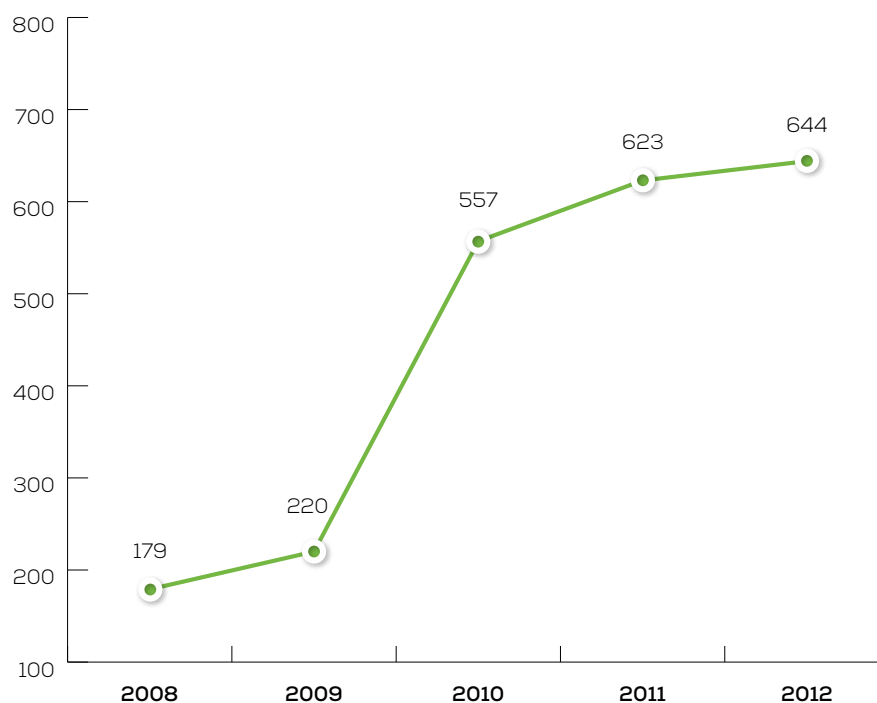
Figure 7.1: Received complaints by operator (in %)



\*includes operators with a share of disputes under 1 %

In 2012 the Agency received 813 complaints and requests in total. In 169 cases, end users turned to the Agency with requests for certain data or short explanations of given situations. The Agency responded to their request within the prescribed 15-day deadline. In other cases, end users requested of the Agency to initiate dispute settlement proceedings against service operators or providers. In 2012, the Agency received 644 such requests.

Figure 7.2: Number of requests for settling disputes with operators

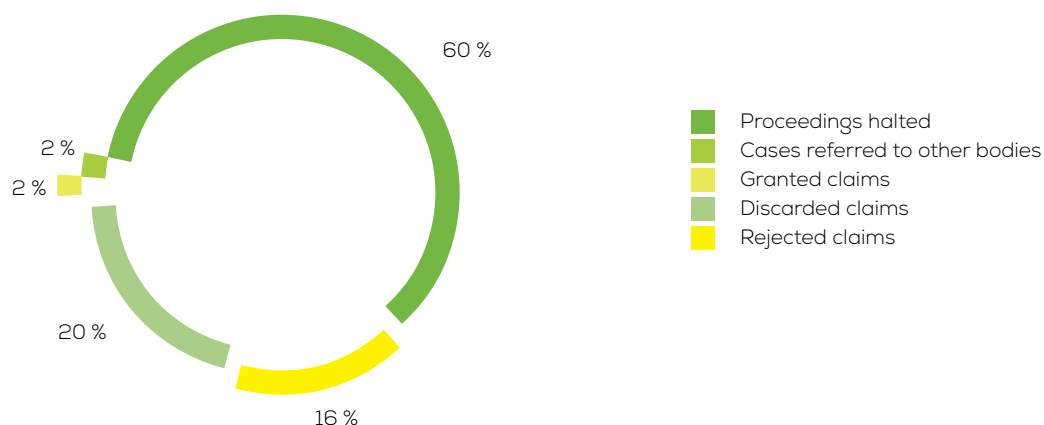


The graph reveals that the number of disputes continues to grow, however the increase in the number of cases was not as high as in 2011 and especially in 2010. In addition to the 644 complaints re-

ceived in 2012, the Agency continued with the settlement of 132 disputes launched towards the end of 2011, while one case had to be reexamined based on a decision from the Administrative Court of the Republic of Slove-

nia. The total number of user disputes in which the Agency was involved in 2012 thus amounted to 777 cases, 643 of which were concluded, while the Agency will continue resolving 134 disputes in 2013.

Figure 7.3: Cases by outcome (in %)



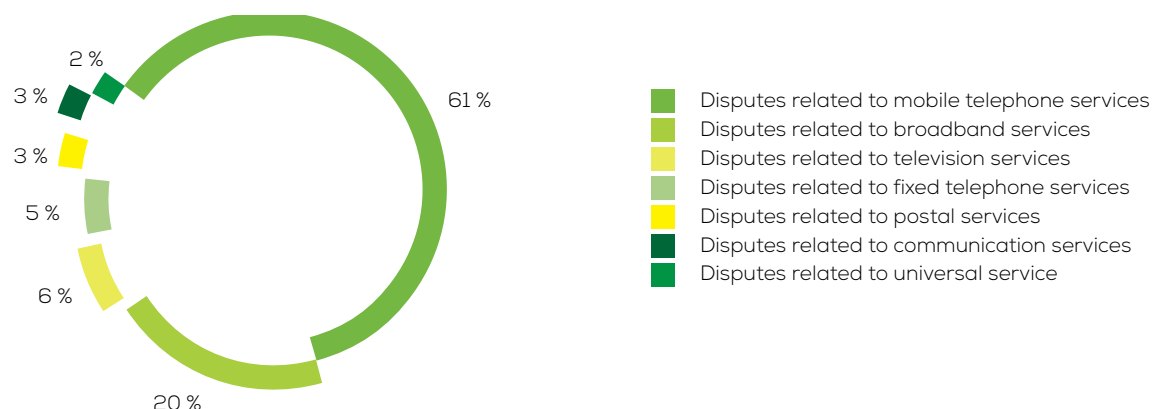
The graph shows that the Agency was very successful in mediation, as operators and end users reached mutual agreements on dispute settlement in 60 % of cases, which were followed by decisions on halting the proceedings (387 cases). The Agency also halted the proceedings when cases were referred to other competent bodies (11 cases). In other cases, the Agency, in

accordance with paragraph 4 of Article 129 of Electronic Communications Act, concluded proceedings by issuing a decision. In 15 cases it granted the complaint and in 99 cases it rejected it, while in 131 cases it discarded the complaint with a decision as late or unauthorized.

64 % of the 643 disputes settled by the Agency in 2012 were settled with-

in the two-month prescribed deadline, while in 36 % of the cases this deadline was not met. An analysis of cases from 2012 shows that disputes related to mobile telephone services still prevail (61 %). These are followed by disputes related to broadband services (20 %), while the share of other disputes (e.g. related to TV services, fixed telephone services) were below 10 % each.

Figure 7.4: Cases by subject of dispute (in %)



Users turned to the Agency most frequently over incorrect invoices issued by operators. The largest share (39 %) of these complaints involved incorrect data on invoices (most frequently incorrect amounts of charged services). This also includes cases where operators charged double for a certain service. A large share of disputes also involved invoices issued without any foundation (27 %), where users claimed that they did not order a certain service which the operator charged them for, and cases related to termination of the subscription agreement and payment of contractual penalties (16 %).

### 7.1.2 Disputes between operators

The Electronic Communications Act stipulates that operators should manage business relationships between themselves by themselves. The operators thus have the obligation to negotiate on technical and commercial issues of operator access and interconnections in good faith. Only when they fail to reach an agreement does every operator have the right to request that the dispute be settled before the Agency.

In 2012, the Agency received three requests for resolving disputes between operators. The requests were filed in

relation to different obligations arising from the Electronic Communications Act, regulations adopted based on the Electronic Communications Act, or the Agency's regulatory decisions. Classified by content, the requests referred to:

- providing operator access and transparency in charging for electricity;
- prices of voice call termination on public mobile networks; and
- providing operator access and preventing denial of already granted operator access.

The dispute regarding the request for operator access and transparency in charging for electricity was conducted between two multiplex operators. During the proceedings, the submitting party withdrew its request in the part relating to provision of operator access. As a result, the Agency issued a decision on halting the proceedings in this part, and continued dispute settlement in the remaining part (i.e. in relation to providing transparency in charging for electricity). It concluded the proceedings by issuing a decision rejecting the request, since it concluded that the data available to the submitting party was detailed enough to allow it calculate the price of electricity.

The other two disputes involve mobile communications operators. The proceedings were initiated towards the end of 2012, so they were not concluded in that calendar year. In both cases mediation was initiated and parties were summoned to submit documents and evidence. In the dispute relating to the price of voice call termination on public mobile network, the counterparty informed the Agency that it filed a lawsuit before a competent court in the same matter and proposed that the Agency halt the proceedings.

## **7.2 Disputes in the field of postal services**

Under the Postal Services Act, the Agency settles disputes between parties in the postal market if the disputes are related to rights and obligations determined by the Postal Services Act 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.

The Agency first tries to settle the disputes through mediation, the purpose of which is for the parties to reach a mutual agreement. In mediation, the Agency plays the role of a mediator and manages the procedures by following the principles of impartiality, equality, fairness, confidentiality and protection of consumer rights. If the parties in the dispute fail to reach an agreement, the Agency continues the dispute settlement procedure at the initiative of either of the parties or ex officio and rules on the dispute by issuing a decision. The prescribed deadline in which the Agency should settle the matter is 4 months after launching the mediation.

### **7.2.1 Disputes between users and postal services providers**

Within three months of posting the mail, every user of postal services has the right to file a complaint with the postal service provider over the loss, damage, theft or robbery, over overdue delivery, and over unprovided, or incompletely or incorrectly provided postal services. If the operator does not favorably resolve the complaint or fails to even respond to it, postal services users can file the complaint before the Agency.

In 2012, the Agency received 22 requests for dispute settlement between users and postal service providers. It resolved 19 cases in 2012. In three cases parties reached an agreement with the Agency's help, three cases were referred to competent bodies, and in thirteen cases the Agency rejected users' claims due to lack of jurisdiction. Other cases were carried over to the next year. All 19 disputes were resolved within the prescribed four-month deadline.

The high share of rejected claims is the result of the current legal practice of the Administrative Court of the Republic of Slovenia, which supervises

the Agency's decisions in administrative disputes. In 2011, the Administrative Court of the Republic of Slovenia made several rulings declaring that, pursuant to the Postal Services Act, the Agency should only resolve disputes between users and postal service providers related to access to and provision of services, and not on damages claims related to the provider's liability regarding service provision. According to the Administrative Court of the Republic of Slovenia, the Agency had exceeded its jurisdiction

in the past, since decisions on damages liability of postal service providers are under the jurisdiction of ordinary courts of law.

This position was somewhat relativized in July 2012, when the Administrative Court of the Republic of Slovenia ruled that the Agency had the jurisdiction to make decisions in disputes regarding the right to damages between users and postal service providers, but only in cases related to universal postal service and under the terms and conditions from the Postal Services Act. In

accordance with this, the Agency initiated dispute settlement proceedings between users and the universal service provider based on users' requests and in compliance with Article 62 of the Postal Services Act in the second half of 2012.

### 7.2.2 Disputes between postal service providers

In 2012, the Agency did not receive any petitions for dispute settlement from postal service providers.

Figure 7.5: Cases by outcome (in %)



<sup>13</sup>Under Article 50 of the Postal Services Act, administrative cases only include deciding on compensation of damage that was incurred during the delivery of registered or insured mail or parcel (and not ordinary mail) due to loss, damage, theft or robbery, overdue delivery, as well as due to unprovided, or incompletely or incorrectly provided postal services. The amount of damages postal service users are entitled to is determined in Article 52 of the Postal Services Act.

### **7.3 The Agency's involvement in drawing up the Electronic Communications Act-1**

In 2012, the Agency actively collaborated with the Information Society Directorate of the Ministry of Education, Science, Culture and Sport in preparing the proposal for the Electronic Communications Act-1 (Official Gazette of the Republic of Slovenia, no. 109/2012). A number of internal meetings at the Agency as well as meetings focused on coordinating efforts with the Information Society Directorate were held in relation to this in the first half of 2012. In addition to the opinions and proposals put forward at meetings, the Agency also sent to the Directorate a number of written proposals for certain articles with explanations. In relation to the Act's proposed text, the Agency participated in the first and second phase of the interministerial coordination of the draft Electronic Communications Act by submitting comments and opinions regarding certain articles and by proposing changes. A number of the Agency's employees working in areas regulated by the Electronic Communications Act were involved in preparing

the comments.

During the legislative procedure (the second reading), the Agency proposed amendments to certain articles. Before the Act was passed by the National Assembly, the Agency also actively participated in its reading in the National Council. The National Assembly passed the Electronic Communications Act on 20 December 2012. It came into force on 15 January 2013.

### **7.4 Judicial supervision of Agency's decisions**

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 an issued 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 2012, 14 claims were filed before the Administrative Court against the Agency's decisions and resolutions, and the Agency lodged an appeal against one of the Information Commissioner's decision.

In 2012, the Administrative Court

ruled on 19 administrative disputes launched against the Agency's decision. The Court upheld three claims and returned the matters to the Agency for reexamination. In two cases the Administrative Court halted the proceedings after the claims were withdrawn, 12 claims were rejected as unfounded and one was discarded.

Five requests for the revision of the award and one appeal were filed against Administrative Court's decisions before the Supreme Court. In 2012, the Supreme Court issued 7 rulings and decisions in total, discarding 5 requests for the revision of the award as unauthorized and rejecting one as unfounded, while granting one request for the revision of the award and changing the Administrative Court's ruling by annulling a part of the Agency's decision and returning the case for reexamination. The Supreme Court has not yet ruled on the appeal against the Administrative Court's decision.

## 8 PROTECTION OF END USERS

### 8.1 Implementation of the Regulation on Roaming

The Agency constantly monitors the implementation of the Regulation on roaming on public mobile communications networks within the Union. The amended Regulation from the middle of 2012 brings about a number of changes to the field of international roaming within the EU. It sets the maximum retail prices for calls as of July 2012, namely €0.29 per minute excluding VAT for outgoing calls, €0.08 per minute for incoming calls, and €0.09 per sent text message. The billing interval for incoming calls is one second, where the minimum initial billing interval must not exceed 30 seconds. Another change introduced in the amended Regulation is that it sets the maximum price for data roaming, namely €0.70 per MB, billed per kB transferred.

In order to prevent excessive invoices, as of July 2012 the Regulation also sets the limit for data service usage, initially set at €50, but users can optionally change this limit with their car-

rier. It still applies, however, that the user is to receive upon crossing the border of an EU member state a text message or other notification containing information about roaming voice and data charges. At the same time, users must be duly informed when their usage reaches 80 % of the pre-agreed monetary or quantitative limit. This message describes the procedure which any user must adhere to if they want to keep using these services, as well as the costs involved per each additional unit.

Furthermore, the amended Regulation introducing the price cap also limits the maximum wholesale price of data services, which is €0.25 as of July 2012, excluding VAT, and the billing unit is 1 kB. The wholesale price for outgoing calls as of July 2012 is €0.14 excluding VAT per minute, and the wholesale price of outgoing calls is the same as the current price of call termination in an individual network. The billing interval for incoming calls is one second, where the minimum initial billing interval must not exceed 30 seconds. The maximum wholesale price

per text message sent as of July 2012 is limited to €0.03 excluding VAT.

The amended Regulation also requires carriers to publish relevant reference offers upon requests by other carriers for wholesale access for roaming. Under the amended Regulation, roaming users can also change their roaming service provider at any time. Such a change must be put into effect no later than three business days after the execution of an agreement with the new roaming service provider, and is free of charge to the user.

### 8.2 The European emergency number 112

The number 112 is the standard European emergency number. This means that individuals in any EU Member State can call the toll-free number 112 in the event of an accident or other emergency. Carriers must inform users that they can ensure their own access to services in the event of a power outage by using uninterruptible power supply (UPS) devices and terminal equipment.

<sup>14</sup><http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:167:0012:0023:SL:PDF>

According to data collected in the study "Monthly Household Expenditure for Electronic Communications Services<sup>15</sup>", awareness of the toll-free numbers 112 and 113 is increasing. While in 2010 only 73 % of the respondents were aware of this option, this percentage increased to 80 % in 2012. Furthermore, increasing numbers of respondents are aware of the number 112 as the standard European emergency number (63 %).

In 2012, 341 reports about network and service interruptions (announced and unannounced) were received. Emergency services numbers (112, 113) were unavailable because of:

- upgrades, updates, and maintenance (announced interruptions) in 273 cases;
- faults or malfunctions (unannounced interruptions) in 69 cases.

Due to the nature of mobile network operation, we estimate that the 112 service was actually available more than the above numbers suggest, as the emergency calls could have been placed through another (alternative carrier's) network.

### 8.3 Numbers for services of social value "116 xxx"

Short numbers from the 116QRT numbering range are used to access services of social value. These are services that cater to special social needs, especially those that increase the well-being or security of citizens or special groups of citizens, or those that citizens can use in times of need, or that can be used by visitors from other countries. This gives citizens of EU member states, including travelers and disabled persons, access to some services of social value through these harmonized numbers in all member states.

A list of numbers reserved for services of social value in the EU:

- ① 116 000 – missing children emergency hotline  
(in Slovenia this number is assigned to Zavod 116);
- ① 116 006 – telephone assistance for victims of crime;
- ① 116 111 – telephone hotline for distressed children  
(In Slovenia this number is assigned to Association of Friends of Youth);

- ① 116 117 – medical hotline for cases where the victim's life is not at risk;
- ① 116 123 – telephone assistance for victims of mental distress;  
(In Slovenia this number is assigned to the Association of Slovenian Hotline Advisors for Mental Distress).

The Agency has already assigned three short numbers from the 116QRT range, successfully following the directives of the European Commission.

### 8.4 Prevention in the field of user disputes

In light of the increasing number of disputes, the Agency organized two consultations with carriers in order to improve end users' security in the field of electronic communications services. The goal of these consultations is to prevent disputes between end users and service providers, and to inform the latter about the problems faced by the users of the services they provide. The first consultation with mobile carriers was carried out in May. The purpose of the consultation was to review the measures for preventing mobile services users' high monthly bills due

<sup>15</sup><http://www.apek.si/-raziskava-o-mesecnih-izdatkih-gospodinjstev-za-storitve-elektronskih-komunikacij>

to international roaming charges. The roaming charges cause users to incur high telephone charges, especially during the summer months while vacationing abroad and while visiting other European Union member states. At the consultation, the carriers presented the measures they had taken to prevent high bills, and later also sent the Agency written explanations about the additional measures and improved safeguards they have introduced in order to protect users from high charges while vacationing abroad. Taking into consideration the best practices of all carriers, the Agency also prepared a recommendation on the prevention of extremely high charges on the bills received by end users.

The second consultation session was held in December. At the session the transparency of carriers' general terms and conditions was discussed. The increasing number of user disputes is the result of unclear provisions and the nontransparent publication of the general terms and conditions. After conducting the consultancy session, the Agency prepared a summary of conclusions and sent them in writing to the carriers. It expects them to take the recommendations into consideration and inform the Agency of any ac-

tion taken to remedy the situation.

Both consultation sessions were also attended by members of the Market Inspectorate of the Republic of Slovenia and the Slovene Consumers' Association, and the first session was also attended by representatives from the Ministry of Economic Development and Technology.

### **8.5 Web sites and the customer service call center**

In 2012 the Agency completed its revamp of the [www.apek.si](http://www.apek.si) website and made it the public. As part of the Agency's new website, the Electronic Communications Council also received its own portal. Unlike the Broadcasting Council, the Electronic Communications Council did not have its own portal before now. The Agency also translated the majority of the content available online into English, and updated the English pages as well.

In 2012 the Agency finished revamping the portal [komuniciraj.eu](http://komuniciraj.eu), where users can select and/or compare different providers of telecommunications services. The portal, which is not yet available to the public, will provide additional functionalities, such as measuring broadband transfer speeds and

recording the actual speeds measured at a specific location. All carriers who have retail price lists were invited by the Agency at the end of 2012 to enter their price lists and other data into the portal. At the same time, they were invited to test the portal. The portal will also be useful for the carriers themselves, as they will be able to monitor the competition in one place and compare their own services to those offered by the competition.

In 2012 the Agency continued maintaining and updating its web portal dedicated to digital land television DVB-T. The portal contains information about the transition to digital television broadcasting, tips for purchasing digital receivers, the status of digital multiplexes, information about transmitters, and a forum where interested audiences can get assistance related to digital signal reception.

The Agency's call center is dedicated to providing assistance to end users. It operates every workday between 9 AM and 1 PM. The call center is available at 080 2735, and the call is toll-free. It provides professional advice and distributes all information related to dispute resolution procedures, as well as answers to general questions about all aspects of the Agency's work.



## 1 MANAGING THE AGENCY

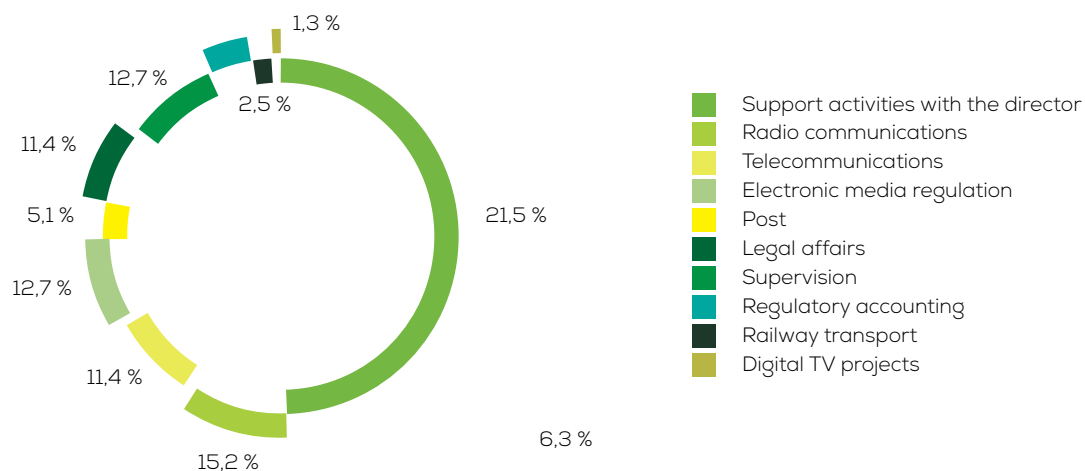
### 1.1 Staff management

As of 31 December 2012, 78 public employees were employed with the Agency besides the director. 75 of the employees were employed in permanent positions, financed through the Agency's own resources. Two of the employees employed on a permanent basis in the Railway Transport Department are funded directly through the national budget. One person is employed on a temporary basis, as they

are working on the European project SEE Digi.TV, which is managed by the Agency. The employee is employed for the duration of the project, and the position is funded through EU funding (85 %) and own funding (15 %). In 2012 the IT OU signed two part time agreements based on current needs, and 5 employees were absent on parental leave in 2012, while substitutes for these were provided only partially. The Agency employs one staff mem-

ber entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia, which, under the Vocational Rehabilitation and Employment of Persons with Disabilities 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.

Figure 1.1: Share of employees by organizational unit and area



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

Besides the aforementioned training activities, the Agency began carrying out planned and focused development of its employees in 2012. In collaboration with external contractors, several training seminars and workshops were carried out, focusing on the acquisition of soft skills and know-how.

In the interest of improving internal communication, achieving more planned collaboration of our man-

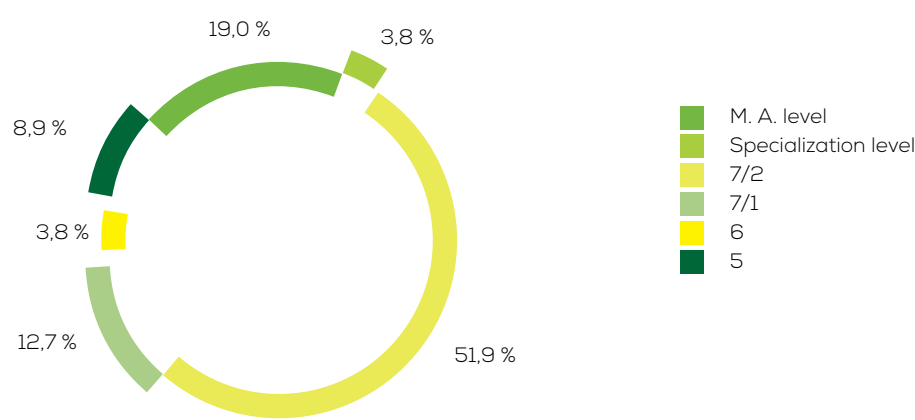
agers with our staff, with a focus on improving their competencies, development potential and work performance, annual interviews were introduced in 2012. One of our workshops for employees was also dedicated to this effort. The nature of work in the agency demands a great deal of team work, which is the result of numerous projects involving Agency staff, which by consequence brings a great deal of collaboration, networking and information sharing, both between individuals within areas of work and organizational units, and between different fields of activities. With a view to achieving high quality and productive collaboration, the Agency organ-

ized a two-day workshop focusing on teamwork in October 2012. In 2012, we concluded the training seminars or workshops intended to build soft skills and know-how in December, by organizing a workshop on the topic of organizational culture.

In addition to the aforementioned seminars, three employees continued their training part-time to pursue higher education degrees, and two enrolled in master's degree studies.

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

Figure 1.2: Educational structure of employees at the Agency



## 1.2 IT support

In 2012 the Agency's program team continued its efforts to complete the introduction of electronic operations and IT support for business processes – eAPEK. Major program segments for radio communications and monitoring program content were completed. The team consolidated the integration of solutions, connecting eAPEK with the SPIS system (project management solution), finance management applications (Pantheon) and e-applications which customers lodge via the ePartner system. Electronic document signing was introduced.

An entirely new solution was developed, which allows for planning and reporting about supervisory and inspection proceedings (nadzor+)

In the context of the project "Stage One of e-Transactions" we furnished a space for maintaining a physical current archive of archive materials, where archive materials are kept in arrears as well, in accordance with the guidelines provided by the Decree on Administrative Operations, since the Agency previously did not have a current archiving collection, which is a requirement. In addition to the physical

collection, the data is also stored in the electronic current database via the SPIS document archiving system.

Future steps of the project involve introducing an e-archiving as well as building a physical archive, as the Agency currently does not have one either. For this project a contract was signed with an external partner to produce internal regulations to comply with standard technological requirements, which are a precondition for conversion of materials to electronic format and consequently e-archiving. The program team regularly supported the updating of quarterly questionnaires according to relevant guidelines for telecommunications. The option for exporting questionnaires and importing data in XML format was introduced, which will allow operators to fill out questionnaires without manual data input.

The IT Department also routinely carried out upgrades of the IT environment, from purchasing new computers, upgrading the software environment and anti-virus protection etc., and provided support to colleagues.

## 1.3 Ensuring publicity of the Agency's activities

In 2012, the Agency received 98 requests for access to public information, an increase of 69 % compared to 2011, when the Agency received 58 requests. Three cases from 2011 were carried over, and the Agency had to repeat one procedure in accordance with a ruling from the Administrative Court of the Republic of Slovenia. The total number of requests for public information that the Agency was working on in 2012 was thus 102. Of these 100 were resolved, while two of these matters will continue in 2013.

In the majority of received requests, the Agency either granted the applicant's request, or it did not have access to the information requested. In ten cases the Agency denied the request by issuing a decision. Five of these rejected cases were referred to the Information Commissioner, as the applicant appealed against the Agency's decision.

The reason for rejection in most of these cases was the fact that the request for information referred to ongoing proceedings, in most cases involving supervision proceedings. An-

other common reason for rejection of the applicant's request which was encountered in practice was that the applicant requested information which the counterparty marked as a trade secret. In these cases the exception is based on item 2 of the first paragraph of Article 6 of the Access to Public Information Act (ZDIJZ).

All matters except one were resolved within the 20-business day prescribed deadline. The matter in question was initiated in 2011, and was returned to the Agency for re-examination. In the matter concerned, the procedure required including 60 interested parties into the matter, and the prescribed deadline was thus missed.

The Agency also regularly and promptly responded to the questions posed by the press. There has been a notable increase in press questions in 2012. This year the Agency received 145 questions (126 in the preceding year). 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. invitations for collaboration, public pres-

entations of bylaws, public debates etc.), it maintained proactive relations with the public, it engaged in protocol activities and maintained its website up-to-date.

#### **1.4 Collaboration with national and international institutions**

The Agency regularly collaborated with bodies whose work is contextually tied to, and has an indirect bearing on, its decisions. This refers to the following, in particular: Ministry of Education, Science, Culture and Sport, Ministry of the Economy, Ministry of Transport, Ministry of the Environment and Spatial Planning, Inspectorate of the Republic of Slovenia for Electronic Communications and Electronic Signature, Slovenian Competition Protection Office, Institute of Macroeconomic Analyses and Development, Consumer Protection Office, Traffic Information Center (PIC), Electronic Communications Council, Broadcasting Council, Slovenian Institute for Standardization (SIST), Statistical Office of the Republic of Slovenia and Bank of Slovenia.

In the international arena, the Agency's work was focused primarily on regular collaboration within bodies

and taskforce / project teams on the European Commission level (BEREC, COCOM, PDC, ERGP RSPG, RSC, EPRA, RBWG, RMMS), 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.

Of particular note is the collaboration with the Body of European Regulators for Electronic Communications (BEREC), the European Platform of Regulatory Authorities (EPRA), International Telecommunications Union (ITU) and the Universal Postal Union.

In the context of collaboration with BEREC the Agency, among other things, has been preparing for the plenary meeting which it is going to host in Ljubljana, in March 2013. In the context of the plenary meeting the Agency will also organize a workshop entitled "Media in the digital world: the European Perspective", which will include

high-level representatives and experts from the European Commission (EC), the European Broadcasting Union (EBU) and the European Platform of Regulatory Authorities (EPRA).

Among other activities, BEREC prepares regulatory documents and recommendations and facilitates mutual assistance of national regulators in looking for ways to respond to ongoing challenges. At the end of 2012 the Director of the Agency Franc Dolenc was appointed Vice Chair of BEREC.

Between 30 May and 1 June 2012, the Agency hosted a meeting of the EPRA, the largest association of regulators in audio-visual media and broadcasting, in Portorož. The participants at the meeting discussed the challenges and issues they encountered in the course of their work over a two-year period after the deadline for transposing of the Directive of Audio-Visual Media Services into national laws, and assessed the success of transposing the provisions and the efficiency of various measures.

The Agency's representatives attended the meeting of the World Conference on International Telecommunications (WCIT), which was organized by the ITU in Dubai in December 2012.

This was a pivotal conference, as its goal was to review and supplement international telecommunications rules (ITR) which were last revised in 1988 in Melbourne. The conference was attended by practically all ITU member states, and the conference received over 2000 delegates from across the globe. The core of the negotiations revolved around ensuring the openness of the Internet and free flow of information, providing access to communications for all, network interconnection, interoperability, and service tariffs and billing. Despite the initial intention for the ITR to change by consensus from all participating countries, the final proposal was backed by 89 countries (including Russia, China and Saudi Arabia). It was opposed by Western countries, mainly the USA, as they believed that the proposal entailed an unacceptable intervention into the openness of the internet and introduces surveillance of internet traffic.

The Agency also attended the 25th congress of the Universal Postal Union which took place from 24 September to 15 October 2012 in Doha. There delegates from UN Member States defined international regulations to gov-

ern international postal traffic over the next four years. Before that employees in the Post Department dedicated a great deal of effort to preparations for the congress, attended meetings abroad (as part of the CERP taskforce, the UPU plenary meeting of the Council of Administrations), and in Slovenia (between the Agency, the Pošta Slovenije, d.o.o., and the relevant ministry), and prepared the position of the Republic of Slovenia.

### **1.5 Special projects: SEE Digi.TV, a project of cross-border collaboration in the field of digital broadcasting and new services**

The purpose of the SEE Digi.TV, managed by the Agency in the framework of the SEE transnational territorial collaboration program, is to create opportunities for broader usage of advanced broadcasting technologies and ICT services in the region. The project brings together 13 regular partners, one associated strategic partner and one observer, a total of 15 organizations from 10 countries: Italy, Austria, Hungary, Slovenia, Croatia, Bosnia Herzegovina, Serbia, Montenegro, Macedonia and Albania. Most part-

ners are regulators: either of electronic media, electronic communications, or both; other partners represent other stakeholders in broadcasting and electronic communications. Activities of partners from EU member states are funded by the European Regional Development Fund, while activities of partners from not(yet)-EU member states are financed in the context of the pre-accession assistance instrument.

In 2012 the project consortium and the Agency as its lead partner have completed all planned activities. By the end of the year the partners registered 12 joint documents (including analyses of legal, economic and technical frameworks, guidelines, sample statutory solutions and recommendations for individual areas, training plans and consumer awareness programs, proposals of tools to measure user awareness, technical specifications of digital receivers and tools for testing compliance), and numerous national researches and studies, and published them on the project website [www.see-digi.tv](http://www.see-digi.tv). Solutions and outcomes produced in the context of the project were presented to policy

makers and other interested parties through national workshops and international events, and through direct communication between partners and the stakeholders of digital switchover in participating countries.

Project partners met in 2012 at four project meetings in Zagreb, Skopje, Sarajevo and Belgrade, and at two well-attended international conferences: in Trieste and Ljubljana. Both conferences had a high quality level of program and attracted the attention of the broader expert and political milieu. The one organized by the Agency in October 2012 attracted over one hundred participants from the region and beyond.

Contributions relating to the project or individual project outcomes were published in numerous international publications. At the end of 2012 we received an invitation to publish one of the documents prepared by the Agency for the project consortium in the IRIS plus publication published by the Council of Europe's Audiovisual Observatory.

In addition to coordinating the efforts of the entire consortium, the Agency is in charge of overseeing the legal framework and the economic frame-

work bundles, and within that context it is in charge of preparing individual products. Its regular activities include preparation and organization of project meetings and conferences; monitoring the implementation of the action plan and the financial status of the project; reporting to the national supervisory institution (Ministry of the Environment, Infrastructure and Spatial Planning) and to the body in charge of the SEE program; communication with relevant international players; maintaining the project website and other activities to ensure proper visibility of the project.

The work of the project consortium under the auspices of the South-Eastern Europe Program, coordinated by the Agency, will conclude in April 2013. The Agency will make its best efforts to ensure that the regulators' collaboration, as one of the key project outcomes, will continue in one form or another after the official conclusion of the project.





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

- Public Finance Act (Official Gazette of the Republic of Slovenia, No. 11/11-UPB4 and 110/11),
- 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 on the establishment of the Post and Electronic Communications Agency of the Republic of Slo-

venia (Official Gazette of the RS 30/01 and further).

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

In drawing up the financial statements the Agency's management must, in accordance with the Slovenian Accounting Standards, provide the evaluations, assessments and assumptions, which affect the application of accounting policies and the disclosed amounts of assets, liabilities, revenue and expenses.

The financial statement comprises a balance sheet with attachments:

- Balance and changes in intangible assets and tangible fixed assets,
- Balance and changes in non-current investments and loans,
- Revenue and expenditure account for specific users, with atta-

chments,

- 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 principle,
- 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.

## 1 FINANCIAL STATEMENTS OF THE AGENCY

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

Figure 1.1: 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
<b>ASSETS</b>				
	<b>A) NON-CURRENT ASSETS AND MANAGED ASSETS (002-003+004-005+006-007+008+009+010+011)</b>	<b>001</b>	<b>5.534.755</b>	<b>6.024.574</b>
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	002	833.463	1.161.087
01	VALUE ADJUSTMENT ON INTANGIBLE ASSETS	003	443.459	482.876
02	REAL ESTATE	004	4.944.487	4.929.019
03	VALUE ADJUSTMENT OF REAL PROPERTY	005	1.041.033	894.263
04	EQUIPMENT AND OTHER TANGIBLE ASSETS	006	4.373.993	4.935.857
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3.150.714	3.624.250
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	0
09	RECEIVABLES FOR ASSETS ENTRUSTED FOR ASSET MANAGEMENT	011	0	0
	<b>B) CURRENT ASSETS; EXCL. INVENTORIES AND DEFERRED EXPENSES AND ACCRUED REVENUES (013+014+015+016+017+018+019+020+021+022)</b>	<b>012</b>	<b>2.251.747</b>	<b>1.572.067</b>
10	CASH IN HAND AND READILY CASHABLE SECURITIES	013	0	0
11	CASH IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	344.357	287.559
12	SHORT-TERM ACCOUNTS RECEIVABLE	015	179.679	202.678
13	ADVANCES AND SECURITY DEPOSITS PAID	016	2.145	3.635

BREAKDOWN OF THE GROUP AC OF ACCOUNTS	COUNT GROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
			4	5
1	2	3		
14	CURRENT RECEIVABLES DUE BY SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	017	1155.839	896.813
15	SHORT-TERM INVESTMENTS	018	0	0
16	CURRENT RECEIVABLES FROM FINANCING OPERATIONS	019	0	0
17	OTHER SHORT TERM RECEIVABLES	020	486.541	125.621
18	UNPAID EXPENSES	021	0	0
19	DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	022	83.186	55.761
	<b>C) INVENTORIES (024+025+026+027+028+029+030+031)</b>	<b>023</b>	<b>0</b>	<b>0</b>
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
35	CALCULATION OF PURCHASE OF GOODS	029	0	0
36	INVENTORIES OF GOODS	030	0	0
37	OTHER INVENTORIES	031	0	0
	<b>I. TOTAL ASSETS (001+012+023)</b>	<b>032</b>	<b>7.786.502</b>	<b>7.596.641</b>
99	OFF-BALANCE SHEET ASSETS ACCOUNTS	033	0	0
	<b>LIABILITIES</b>			
	<b>D) CURRENT LIABILITIES AND ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES (035+036+037+038+039+040+041+042+043)</b>	<b>034</b>	<b>701.051</b>	<b>425.463</b>
20	CURRENT LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	775	0
21	CURRENT PAYABLES TO EMPLOYEES	036	199.509	215.491
22	ACCOUNTS PAYABLE	037	52.536	49.777
23	OTHER CURRENT OPERATING LIABILITIES	038	413.444	148.738
24	CURRENT LIABILITIES OWED TO SPECIFIC USERS OF THE UNIFIED CHART OF ACCOUNTS	039	28.154	1.267
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	6.633	10.190

BREAKDOWN OF THE GROUP OF ACCOUNTS	ACCOUNT GROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
	<b>E) OWN ASSETS AND NON-CURRENT LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058-059)</b>	<b>044</b>	<b>7.085.451</b>	<b>7.171.178</b>
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	5.516.737	6.024.574
981	LIABILITIES FOR NON-CURRENT INVESTMENTS	057	0	0
985	SURPLUS OF REVENUES OVER EXPENSES	058	1.568.714	1.146.604
986	SURPLUS OF EXPENSES OVER REVENUES	059	0	0
	<b>I. TOTAL LIABILITIES (034+044)</b>	<b>060</b>	<b>7.786.502</b>	<b>7.596.641</b>
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	061	0	0

This form is based on Article 28 of the Accounting Act (Official Gazette of the RS no. 23/99), APPENDIX 1, Rules on Drawing up Annual Reports for the Budget, Budget Spending Units and other Entities of Public Law.

\* The data is required for those entities listed in the Rules Determining Central and Local Government Budget Direct and Indirect Spending Units (four-digit spending unit code + control number).

Source: APEK

Figure 1.2: Revenue and expenditure account for specific users from 1 January to 31 December 2012

BREAKDOWN SUB- CLASSIFICATION OF ACCOUNTS	ACCOUNT SUBGROUP NAME	AOP code	AMOUNT	
			For the current year	Previous year
			4	5
1	2	3		
	<b>A. OPERATING REVENUES (861+862-863+864)</b>	860	<b>5.500.625</b>	<b>5.365.315</b>
760	REVENUES FROM SALES OF PRODUCTS AND SERVICES	861	5.494.968	5.358.825
	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	5.657	6.490
762	<b>B) FINANCIAL REVENUES</b>	865	<b>29.449</b>	<b>39.937</b>
763	<b>C) OTHER REVENUES</b>	866	<b>9.394</b>	<b>35.203</b>
	<b>Č) REVALUATORY OPERATING REVENUES (868+869)</b>	867	<b>11.347</b>	<b>483</b>
part 764	REVENUES FROM SALES OF FIXED ASSETS	868	0	483
part 764	OTHER REVALUATORY OPERATING REVENUES	869	11.347	0
	<b>D) TOTAL REVENUES (860+865+866+867)</b>	870	<b>5.550.815</b>	<b>5.440.938</b>
	<b>E) COSTS OF MERCHANDISE, MATERIAL AND SERVICES (872+873+874)</b>	871	<b>1.762.436</b>	<b>1.581.590</b>
part 466	PURCHASE VALUE OF SOLD MATERIALS AND GOODS	872	0	0
460	COST OF MATERIALS	873	108.219	101.985
461	COST OF SERVICES	874	1.654.217	1.479.605
	<b>F) LABOR COSTS (876+877+878)</b>	875	<b>2.927.266</b>	<b>2.994.722</b>
part 464	SALARIES, WAGES AND COMPENSATIONS FOR SALARIES AND WAGES	876	2.323.738	2.375.329
part 464	EMPLOYERS' SOCIAL SECURITY CONTRIBUTIONS	877	405.014	414.675
part 464	OTHER LABOR COSTS	878	198.514	204.718
462	<b>G) DEPRECIATION AND AMORTISATION</b>	879	<b>0</b>	<b>0</b>
463	<b>H) PROVISIONS</b>	880	<b>0</b>	<b>0</b>
465.00	<b>J) OTHER COSTS</b>	881	<b>0</b>	<b>0</b>
467	<b>K) FINANCIAL EXPENSES</b>	882	<b>240</b>	<b>2.631</b>
468	<b>L) OTHER EXPENSES</b>	883	<b>42</b>	<b>180</b>
	<b>M) REVALUATORY OPERATING EXPENSES (885+886)</b>	884	<b>90.931</b>	<b>137.131</b>

BREAKDOWN SUB- CLASSIFICATION OF ACCOUNTS		ACCOUNT SUBGROUP NAME	AOP code	AMOUNT	
				For the current year	Previous year
1	2	3	4	5	
part 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	0	0	
part 469	OTHER REVALUATORY OPERATING REVENUES	886	90.931	137.131	
	<b>N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)</b>	887	<b>4.780.915</b>	<b>4.716.254</b>	
	<b>O) SURPLUS OF REVENUES (870-887)</b>	888	<b>769.900</b>	<b>724.684</b>	
	<b>P) SURPLUS OF EXPENSES (887-870)</b>	889	0	0	
part 80	<b>Corporate income tax</b>	890	0	0	
part 80	<b>Surplus of revenues for the period after income tax (888-890)</b>		<b>769.900</b>	<b>724.684</b>	
part 80	<b>Surplus of expenses for the period after income tax (889+890) or. (890-888)</b>		0	0	
	<b>Surplus of revenues from previous periods for covering expenses of the present period</b>		<b>339.230</b>	0	
	<b>Average number of employees based on the number of work hours for the period (integer)</b>		<b>77</b>	<b>74</b>	
	<b>Number of months in operation</b>	895	<b>12</b>	<b>12</b>	

This form is based on Article 28 of the Accounting Act (Official Gazette of the RS no. 23/99), APPENDIX 1, Rules on Drawing up Annual Reports for the Budget, Budget Spending Units and other Entities of Public Law.

\* The data is required for those entities listed in the Rules Determining Central and Local Government Budget Direct and Indirect Spending Units (four-digit spending unit code + control number).

Source: APEK

Figure 1.3: Revenue and expenditure account for specific users, categorized according to the cash flow from 1 January to 31 December, 2012

CLASSIFICATION OF ACCOUNTS	ACCOUNT NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
	<b>I. TOTAL REVENUES (402+431)</b>	401	<b>5.457.624</b>	<b>5.264.249</b>
	<b>1. REVENUES FOR PROVISION OF PUBLIC SERVICES (403+420)</b>	402	<b>5.457.624</b>	<b>5.264.249</b>
	<b>A. Revenues from public funds (404+407+410+413+418+419)</b>	403	<b>32.236</b>	<b>37.955</b>
	<b>a. Funds received from the national budget (405+406)</b>	404	<b>32.236</b>	<b>37.955</b>
part 7400	Funds received from the national budget for ongoing expenses	405	32.236	37.955
part 7400	Funds received from the national budget for investments	406	0	0
	<b>b. Funds received from municipal budgets (408+409)</b>	407	<b>0</b>	<b>0</b>
	<b>c. Funds received from social insurance funds (411+412)</b>	410	<b>0</b>	<b>0</b>
	<b>d. Funds received from public funds and agencies (414+415+416+417)</b>	413	<b>0</b>	<b>0</b>
part 740	<b>e. Funds received from budgets associated with foreign donations</b>	418	<b>0</b>	<b>0</b>
741	<b>f. Funds received from the national budget from European Union budget funds</b>	419	<b>0</b>	<b>0</b>
	<b>B) Other revenues for performing public service activities (421+422+423+424+425+426+427+428+429+430)</b>	420	<b>5.425.388</b>	<b>5.226.294</b>
part 7130	Prihodki od prodaje blaga in storitev iz naslov a izv ajanja jav ne službe	421	5.288.609	5.143.768
part 7102	Interest received	422	16.148	24.832
part 7100	Revenues from participation in profits and dividends and surplus of revenues over expenses	423	0	0
part 7141	Other current revenue from provision of public services	424	2.516	9.667
72	Capital revenue	425	9.840	483
730	Donations received from domestic sources	426	0	0
731	Donations received from foreign sources	427	0	0
732	Donations received for natural disaster relief	428	0	0
786	Other funds received from European Union budget funds	429	108.275	47.544
787	Other funds received from European Union budget funds	430	0	0
	<b>2. REVENUES FROM SALE OF GOODS AND SERVICES ON THE MARKET (432+433+434+435+436)</b>	431	<b>0</b>	<b>0</b>

CLASSIFICATION OF ACCOUNTS	ACCOUNT NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
	<b>II. TOTAL EXPENSES (438+481)</b>	<b>437</b>	<b>5.102.793</b>	<b>5.526.674</b>
	<b>1. EXPENSES FOR PUBLIC SERVICE OPERATIONS (439+447+453+464+465+466+467+468+469+470)</b>	<b>438</b>	<b>5.102.793</b>	<b>5.526.674</b>
	<b>A. Wages and other expenditure for employees (440+441+442+443+444+445+446)</b>	<b>439</b>	<b>2.534.943</b>	<b>2.575.638</b>
part 4000	Salaries, wages and bonuses	440	2.339.957	2.357.081
part 4001	Allowance for annual leave	441	12.348	50.459
part 4002	Reimbursements and compensation	442	165.121	150.294
part 4003	Work performance bonuses	443	0	0
part 4004	Overtime bonuses	444	0	0
part 4005	Salaries of non-residents on contract	445	0	0
part 4009	Other expenditure for employees	446	17.517	17.804
	<b>B. Employers' contributions for security (448+449+450+451+452)</b>	<b>447</b>	<b>403.181</b>	<b>407.022</b>
part 4010	Pension and disability insurance contribution	448	208.312	209.889
part 4011	Health insurance contribution	449	167.219	168.148
part 4012	Contribution for hiring	450	1.287	1.423
part 4013	Contribution for childcare	451	2.145	2.372
part 4015	Collective supplementary pension insurance premiums, based on the ZKDPZ-JU (Collective Supplementary Pension Insurance for Public Servants Act)	452	24.218	25.190
	<b>C. Expenses for goods and services associated with provision of public services (454+455+456+457+458+459+460+461+462+463)</b>	<b>453</b>	<b>1.727.091</b>	<b>1.624.479</b>
part 4020	Office and general supplies and services	454	698.805	571.444
part 4021	Special supplies and services	455	38.001	27.020
part 4022	Energy, water, communal utilities and communications	456	123.805	129.056
part 4023	Transport expenses and services	457	32.037	36.877
part 4024	Allowances for business trips	458	185.132	210.933
part 4025	Ongoing maintenance	459	281.837	313.401
part 4026	Business rent and lease fees	460	23.203	14.980
part 4027	Penalty fees and recompensation	461	0	0
part 4028	Salary payout tax	462	0	0
part 4029	Other operative expenses	463	344.271	320.768
403	<b>D. Domestic interest payments</b>	<b>464</b>	<b>110</b>	<b>0</b>
404	<b>E. Foreign interest payments</b>	<b>465</b>	<b>0</b>	<b>0</b>

CLASSIFICATION OF ACCOUNTS	ACCOUNT NAME	AOP code	AMOUNT	
			For the current year	Previous year
1	2	3	4	5
410	<b>F. Subsidies</b>	<b>466</b>	<b>0</b>	<b>0</b>
411	<b>G. Transfers to individuals and households</b>	<b>467</b>	<b>0</b>	<b>0</b>
412	<b>H. Transfers to non-profit organizations and institutions</b>	<b>468</b>	<b>32.616</b>	<b>5.652</b>
413	<b>I. Other ongoing domestic transfers</b>	<b>469</b>	<b>0</b>	<b>0</b>
	<b>J. Capital expenditure (471+472+473+474+475+476+477+ 478+479+480)</b>	<b>470</b>	<b>404.852</b>	<b>913.883</b>
4200	Purchase of buildings in and office space	471	6.577	23.828
4201	Purchase of vehicles	472	30.798	117.606
4202	Purchase of equipment	473	321.543	590.721
4203	Purchase of other assets	474	0	0
4204	New construction, reconstruction and adaptation	475	10.664	68.495
4205	Investment maintenance and reconstruction works	476	0	0
4206	Purchase of land and natural resources	477	374	0
4207	Purchase of intangible assets	478	31.146	103.165
4208	Feasibility studies for projects, project documentation, supervision, investment engineering	479	3.750	10.068
4209	Purchase of reserves of goods and intervention inventories	480	0	0
	<b>2. EXPENSES ATTRIBUTABLE TO THE SALE OF GOODS AND SERVICES ON THE MARKET (482+483+484)</b>	<b>481</b>	<b>0</b>	<b>0</b>
part 400	<b>A. Salaries and other expenses for employees attributable to the sale of goods and services on the market</b>	<b>482</b>	<b>0</b>	<b>0</b>
part 401	<b>B. Employers' contributions for social security attributable to the sale of goods and services on the market</b>	<b>483</b>	<b>0</b>	<b>0</b>
part 402	<b>C. Expenditure for goods and services attributable to the sale of goods and services on the market</b>	<b>484</b>	<b>0</b>	<b>0</b>
	<b>III/1 SURPLUS OF REVENUES OVER EXPENSES (401-437)</b>	<b>485</b>	<b>354.831</b>	<b>0</b>
	<b>III/2 SURPLUS OF EXPENSES OVER REVENUES (437-401)</b>	<b>486</b>	<b>0</b>	<b>262.425</b>

Source: APEK

## 2 ACCOUNTING POLICIES

### Property, plant and equipment

Property, plant and equipment are disclosed at initial cost, reduced by the value adjustment. The initial cost includes expenses directly attributable to the acquisition of assets. Costs of replacing/upgrading a part of a tangible fixed asset is recognized according to 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 112/2009 and further).

### Intangible assets

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

### Liabilities

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

### Assets

The value of receivables is adjusted due to impairments and derecognition of impairments. Receivables are subject to impairment if there is reasonable doubt that they will be repaid. They are recognized separately or consolidated at the end of the year, and they are calculated through revaluation of all overdue uninsured receivables overdue for more than a year as at 31 December. Allowances decrease the carrying amount of receivables and increase revaluatory operating expenses.

### Provisions

The Agency establishes provisions for current obligations arising from bind-

ing past transactions, which are expected to be settled a period which cannot be determined with certainty, and whose amount cannot be reliably estimated. The Agency establishes provisions if the plaintiff's success is certain, otherwise it does not establish provisions. As at 31 December 2012, the Agency has no established provisions.

### Revenue

Revenue is recognized based on the amounts stated in the decisions for the individual payment type (frequencies, notices, mail, numbers), which relate to the 2012 accounting period.

Financial expenses, financial revenue  
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.

### 3 SIGNIFICANT DISCLOSURES OF ACCOUNTING INFORMATION

#### **Fixed assets – account group 00 to 05**

The surplus of revenue over expenses represents a source of investment into intangible and tangible assets. Generating a surplus is therefore essential for the Agency. In 2012 the Agency carried out EUR 362,287 worth of purchases of intangible and tangible fixed assets.

The Agency recorded EUR 23,166 in new purchases of property rights. These comprise purchases of rights for developing the website [www.komuniciraj.eu](http://www.komuniciraj.eu) and a new software solution for payrolls due to the need for recording costs in several cost centers across different projects (account group 00). Based on an exchange agreement, the Agency swapped two properties at equivalent prices per square meter with a €374 surcharge due to greater surface area of the swapped property. The location of the property is Plešivica RNP Jerusalem (account group 020). In 2012 the Agency also increased the value of its buildings by the total amount of €15,094. The increase in existing inventory numbers refers to

the furnishing of a space for the current documentary archives, repurposing the space on the 1st floor, preparing the papers for entry in the public infrastructure cadaster (RNP Pomjan) and preparing the construction documentation for RNP Dravograd (account group 021).

In 2012 the Agency invested a total of €323,653 in purchasing equipment. In the aforementioned set of purchases the Agency dedicated most funds to purchasing computer equipment, telecommunications equipment and fittings (upgrading the antenna tower, DVB-T measurement system, microwave connections, rotators etc.) and purchasing audiovisual equipment (account group 04). On the basis of the minutes on activation of assets the Agency transferred the vehicle Mercedes Sprinter from acquisition and began utilizing it, worth a total of €91,849. The vehicle was purchased in 2011, and was upgraded in 2012 to meet the requirements of Radio Frequency Spectrum Supervision department with the measuring equipment worth €24,840.

Based on a stock-taking of the inventory, the Agency carried out a write-off of assets (fixed assets unusable due to technical obsolescence, destroyed or found missing) in the total amount of €1,166,341, while the residual value is €123,211. This includes two licenses of higher value, Microsoft Enterprise Agreement (81 licenses purchased in 2001) and Licence Radio Frequency Planning and Coordination (7 licenses purchased in 2005, which are no longer in use). Over the years, the Agency booked the annual expenses for the purchase of Microsoft licenses as a fixed asset on a case-by-case basis. In 2010 it changed the accounting policy and started recording these expenses as current maintenance costs of communications equipment and devices. The amortization rate at the time of recognition of the assets was prescribed at 10 %. The residual value of other written off fixed assets is negligible. All cases involved unusable fixed assets due to technical obsolescence.

Purchases of intangible fixed assets and tangible fixed assets were made in accordance with the Agency's financial plan for the year 2012, approved by the Government of the Republic of Slovenia.

Regular annual stock-taking was done as at 31 December 2012, with consideration to regulations and internal guidelines. It recorded assets located on premises managed by the Agency. The Agency, or the Republic of Slovenia, has a registered title to a part of the property in the S7 building while proceedings 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 money transactions through electronic means in accordance with the relevant regulations. As at 31 December 2012, the Agency's account balance is €344,357.

As at 31 December 2012 the Agency has €302,491 in current receivables from parties liable, and €1,155,839 in receivables due from EKN users (ac-

count group 14).

Receivables related to time deposits of available cash with the EZR amount to €1,080,000, and receivables linked to interest on deposits amount to €3,065 (account group 14).

Current receivables for radio frequency use, use of numbers, receivables linked to notices and postal services are paid by liable parties to the Agency's account. In 2012 the Agency thus reported receivables due from liable parties based on decisions on fees for notices, radio frequencies, numbers and postal services on account group 120, and revenue from the aforementioned decisions were booked under account group 76, separately for each type of payment.

The Agency has a total €302,491 in receivables (account group 12). €7,758 of the receivables are already part of compulsory settlement proceedings and are overdue for more than a year. Allowances for receivables were made in the amount of €122,812, representing the total amount of allowances for receivables older than one year (before 1 January 2012). Allowances for

receivables are reported as a revaluatory operating expense, decreasing the profit for 2012.

In 2012 the Agency continued efforts to recover all overdue receivables. In accordance with the Electronic Communications Act, the execution of cash receivables shall be 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, and on the basis of the court decision on compulsory settlement, it wrote off the receivables due from T-2 in the amount of €22,933. The remaining receivable in the amount of €18,018 was recategorized under non-current operating receivables (account group 08). The Agency carried out the write-off of receivables due from the liable party TOK Telekomunikacije d.o.o. in the amount of €109,996, based on the court decision on completion of bankruptcy proceedings. The total amount of the write-offs of receivables is €136,425.

Other short term receivables, totaling to €484,167, represent receivables due from ERDF linked to the SEE Digi

TV project, and the Health Insurance Institute of Slovenia for medical care and sick leave lasting over 30 days, (account group 17). Receivables due from ERDF linked to the SEE Digi TV project for Period III were paid in the first days of January, in the amount of €251,483.

Deferred costs and accrued revenue comprise short-term deferred costs, mainly related to phone subscription fees, membership fees, database access fees and insurance, in the amount of €83,186 (account group 19). The Agency did not disclose any receivables linked to investments.

### **Current liabilities**

Current liabilities comprise liabilities to employees in the amount of €199,509, trade payables in the amount of €52,536, other current operating liabilities (liabilities for salaries II gross, VAT December, liabilities to partners on the SEE Digi TV project) in the amount of €413,444 and current liabilities to users of the standard chart of accounts in the amount of €28,154. Accrued costs and deferred revenue in the amount of €6,633 represent

accrued costs of audit services and short-term deferred revenue from interest on deposits (account group 29). The Agency settles its obligations within 30 days, and this period can be shorter only if the Agency has a vested business interest or if a discount has been agreed.

All disclosed liabilities in the Balance sheet as of 31 December 2012 fall due in 2013.

### **Own assets and non-current liabilities**

The Agency disclosed liabilities for assets received for management, which comprise liabilities for intangible assets and tangible fixed assets. The balance of Liabilities on 31 December 2012 matches the balance of assets in management, corresponding to €5,516,737.

The Government of the Republic of Slovenia has not yet reviewed the 2011 annual report and has therefore not approved the allocation of the 2011 surplus. In accordance with the approved financial plan for 2012, the Agency conducted all activities scheduled for 2012, including the purchase of fixed assets. The approved surplus

for the past years is a source for investment, while the unapproved surplus with the approved financial plan for 2012 poses a barrier for the Agency's unhindered operation.

The Agency sold a part of its outdated vehicle fleet in 2012. Three items of fixed assets were fully depreciated, so the proceeds from the sale were booked as revenue from sale of vehicles, and one item was sold under the residual value, which decreased the balance of the account of liabilities for intangible non-current assets and tangible assets.

The surplus in the balance sheet represents the already allocated (approved) surpluses from past years and the allocated (but not yet approved) surplus for 2011 and the surplus from the current year in the total amount of €1,568,714.

### **Off-balance sheet assets and liabilities**

The Agency disclosed no off-balance sheet and liabilities

## Revenue

The legal bases for recognition of revenue for 2012 are as follows:

- Electronic Communications Act (Official Gazette of the RS no. 109/2012 ZEKom-1),
- Rules on the method of calculating notification fees and usage fees for radio frequencies and numbers (Official Gazette of the RS 118/04 and further),
- 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 in the department of railway transport from the

- Ministry of Transport to the Agency,
- Audiovisual Media Services Act (Official Gazette of the RS 87/2011),
  - Rules on the method of calculating charges based on the television broadcasting license or entry in the official records of providers of the audiovisual media services on demand.

The Agency generates revenue from engaging in non-profit activities. The Agency generates transfer revenue from other public financing institutions to finance the regulatory body in charge of railway transport, revenue from sale of products and services (frequencies, numbers, post, notices, SEE Digi TV project – ERDF) and revenue from the sale of goods and materials (postal labels). 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 plan, the Agency did not realize the revenue from this source in 2012, as the proposed revised financial plan and program for 2012 which relates to the media tariff has 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 book 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 its duration is limited to 28 months. In this regard the Agency is generating revenue, expenses, liabilities and receivables. The project is scheduled to complete in the first half of 2013.

The Agency realized the total revenue on the accrual basis in the amount of €5,500,625. 98 % of the revenue is comprised of revenue from the sales of products and services, and the rest stems from revenue from postal la-

Figure 3.1: Prihodki od prodaje proizvodov in storitev

<b>REVENUE FROM SALE OF PRODUCTS AND SERVICES</b>	
Revenue from current transfer	32,235.82
Revenue from providing postal services	510,150.40
Revenue from numbering	769,371.78
Revenue from notifications	1,243,658.00
Revenue from frequencies	2,816,130.45
Revenue from ERDF transfer	123,421.78
<b>TOTAL</b>	<b>5,494,968.23</b>

Source: APEK

bels, financial revenue and extraordinary revenue.

Revenue from sale of postal labels, in the amount of €5,657, cover the costs the Agency incurred in connection with the issue of postal labels in accordance with the Postal Services Act. The Agency's financial revenue amount to €29,449 and pertain to the interest from depositing surplus cash into the treasury of the RS, reimbursement of EU costs and other financial revenue.

The structure of revenue categorized by type of payments reveals that revenue from radio frequency usage fees make up 51 %, followed by revenue from notice charges at 23 %, revenue from charges for use of numbers at 14

%, and payments for provision of postal services at 9 % of total sales revenue.

In the segment of the railway transport regulatory body the legislator has not yet carried out the activities necessary for ensuring its independent financing. For the year 2012 no basis for temporary funding existed since April, as the Annex to the Financing Agreement was not signed with the Ministry of Infrastructure and Spatial Planning. The Agency thus financed this area from other sources.

€32,236 in transfer revenue stemming from the railway transport regulation were realized in 2012. In terms of time, the revenue covers the period from January to May 2012.

The total revenue of the year 2012 is comparable to the 2011 figures. The value of the point remained unchanged compared to 2011.

#### **Fees for using radio frequencies**

Radio frequency usage fees are linked to decisions on the allocation of radio frequencies, which the Agency issues upon the applicant's request. The demand for use of the frequency spectrum fluctuates considerably, as the manner and utilization of the spectrum depend on development of technology, investment options of specific investors, and market demand. The Agency has no influence on the above parameters. The value of the point for 2012 was €1.09 and has not changed from the previous year.

### Number usage fees

The value of one point was €1.13.

### Charges for the provision of postal services

The amount of payment of the individual postal service provider is the mathematical product of points specified in accordance with Article 3 of the Rules and the value of the point at the time the decision is issued. The point value for 2012 was set at €10.09.

### 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 €4,780,915 and they correspond to those from 2011. Below, the Agency discloses only those individual costs which represent a significant share of the total costs.

Cost of materials (office supplies,

newspapers, electricity, expert literature etc.) amount to €108,219 (account group 460).

Costs of services (cleaning, accounting and auditing, legal consultancy, regular maintenance works, business trips, telephone services, hospitality expenses, meeting fees, research services, studies and analyses etc.) amount to €1,654,217 (account group 461). A major share of the aforementioned costs consists of research, studies, analyses, creating models, database access, regular maintenance of communications equipment and computers, student employment service fees, meeting fees from council sessions, expenditure for expert training of employees. The total cost of hospitality expenses is €50,839.

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

Labor costs amount to €2,927,266 (account group 464).

Financial expenses amount to €240 (account group 467).

Revaluatory expenses due to impair-

ment of operating receivables are disclosed in the amount of €90,931 (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. They are formed at the end of the year, for all uninsured receivables overdue for more than a year as of the date of preparing the annual accounts. Allowances thus decrease the carrying amount of receivables and increase revaluatory operating expenses. The basis for forming allowances for receivables is the decision passed by the Director.

Based on the confirmed revised financial plan for 2011, the Agency was carrying 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. €339,230 of costs were incurred in the project in 2012, which were covered using surplus from preceding years.

## 4 SURPLUS OF REVENUE OVER EXPENSES

The operating result is the difference between the revenue and expenses generated in an accounting period. The rules on categorization of revenue and expenses state that the surplus achieved by a certain user is first used to cover any deficits from previous years, and only then can the surplus be distributed for other purposes in accordance with relevant regulations. The surplus of revenue over expenses for 2012 is €769,900, and the surplus of revenue from preceding years allocated to covering expenses from the current period is €339,230.

The Agency prepares its financial plan based on cash flows, which are also used for calculating the value of the point that the government has to then approve each year. Preparation of the financial plan according to cash flow is defined in the Public Finance Act, the Accounting Act and the Instructions on preparing financial plans of indirect users of the state and municipal budgets. The Agency prepares the annual account according to cash flows and invoiced amounts. 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 in the area of 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, establishing a surplus is essential for the Agency (at least in the amount equivalent to the costs of depreciation and amortization), since it is a source for new purchases in the next year. The depreciation and amortization costs in 2012 amount to €729,735.

The Agency considered the estimated surplus for 2012 and the unapproved surplus from 2011 when calculating tariffs for 2013 (in accordance with the guidelines provided by the Ministry of Education, Science and Sport), which is evident from the proposed financial plan for 2013, currently in governmental procedure.



**5 REVENUE AND EXPENDITURE  
ACCORDING TO THE CASH FLOW  
PRINCIPLE  
(ADAPTED STATEMENT)**

CLASSIFI- CATION OF ACCOUNTS	ACCOUNT NAME	AOP code	% REAL FN	AMOUNT	
				For the current year	Confirmed FN 2012
1	2	3		4	4
	<b>I. TOTAL REVENUES (402+431)</b>	401	<b>98,5 %</b>	<b>5.457.624</b>	<b>5.542.990</b>
	<b>1. REVENUES FOR PROVISION OF PUBLIC SERVICES (403+420)</b>	402	<b>98,5 %</b>	<b>5.457.624</b>	<b>5.542.990</b>
	<b>A. Revenues from public funds (404+407+410+413+418+419)</b>	403	<b>30,1 %</b>	<b>32.236</b>	<b>107.229</b>
	<b>a. Funds received from the national budget (405+406)</b>	404	<b>30,1 %</b>	<b>32.236</b>	<b>107.229</b>
part 7400	Funds received from the national budget for ongoing expenses	405	30,1 %	32.236	107.229
part 7400	Funds received from the national budget for investments	406	#DIV/0!	0	0
	<b>b. Funds received from municipal budgets (408+409)</b>	407	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 7401	Funds received from municipal budgets for ongoing expenses	408	#DIV/0!	0	0
part 7401	Funds received from municipal budgets for investments	409	#DIV/0!	0	0
	<b>c. Funds received from social insurance funds (411+412)</b>	410	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 7402	Funds received from social insurance funds for ongoing expenses	411	#DIV/0!	0	0
part 7402	Funds received from social insurance funds for investments	412	#DIV/0!	0	0
	<b>d. Funds received from public funds and agencies (414+415+416+417)</b>	413	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 7403	Funds received from public funds for ongoing expenses	414	#DIV/0!	0	0
part 7403	Funds received from public funds for investments	415	#DIV/0!	0	0
part 7404	Funds received from public agencies for ongoing expenses	416	#DIV/0!	0	0
part 7404	Funds received from public agencies for investments	417	#DIV/0!	0	0
part 740	<b>e. Funds received from budgets associated with foreign donations</b>	418	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
741	<b>f. Funds received from the national budget from European Union budget funds</b>	419	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
	<b>B) Other revenues for performing public service activities (421+422+423+424+425+426+427+428+429+430)</b>	420	<b>99,8 %</b>	<b>5.425.388</b>	<b>5.435.761</b>
part 7130	Revenues from sales of goods and services associated with performing public services	421	106,4 %	5.288.609	4.970.167

CLASSIFI- CATION OF ACCOUNTS	ACCOUNT NAME	AOP code	% REAL FN	AMOUNT	
				For the current year	Confirmed FN 2012
1	2	3		4	4
713003	Revenues from provision of postal services		100,0 %	504.500	504.250
713004	Revenues from number usage fees		97,1 %	661.355	680.909
713005	Revenues from notices		102,9 %	1.238.971	1.203.883
713006	Revenues from frequencies		111,8 %	2.878.539	2.574.525
713007	Revenues from sale of goods and services - postal labels		79,5 %	5.244	6.600
	Revenues from the media		#Part/O!	0	0
713010	Revenues from distribution of public information		#Part/O!	0	0
part 7102	Interest received	422	76,1%	16.148	21.214
part 7100	Revenues from participation in profits and dividends and surplus of revenues over expenses	423	#Part/O!	0	0
part 7141	Other current revenue from provision of public services	424	55,9%	2.516	4.500
72	Capital revenue	425	98,4%	9.840	10.000
730	Donations received from domestic sources	426	#DIV/O!	0	0
731	Donations received from foreign sources	427	#DIV/O!	0	0
732	Donations received for natural disaster relief	428	#DIV/O!	0	0
782	Funds received from European Union budget funds - ERDF	429	21,8 %	92.002	421.380
786	Other funds received from European Union budget funds	429	191,4 %	16.273	8.500
787	Funds received from other European institutions	430	#DIV/O!	0	0
<b>2. REVENUES FROM SALE OF GOODS AND SERVICES ON THE MARKET (432+433+434+435+436)</b>		431	#DIV/O!	0	0

Source: APEK

CLASSIFI- CATION OF ACCOUNTS	ACCOUNT NAME	AOP code	% REAL FN	AMOUNT	
				For the current year	Confirmed FN 2012
1	2	3		4	4
	<b>II. TOTAL EXPENSES (438+481)</b>	437	<b>82,9 %</b>	<b>5.102.793</b>	<b>6.151.590</b>
	<b>1. EXPENSES FOR PUBLIC SERVICE OPERATIONS (439+447+453+464+465+466+467+468+469+470)</b>	438	<b>82,9 %</b>	<b>5.102.793</b>	<b>6.151.590</b>
	<b>A. Wages and other expenditure for employees (440+441+442+443+444+445+446)</b>	439	<b>91,0 %</b>	<b>2.534.943</b>	<b>2.784.583</b>
part 4000	Salaries, wages and bonuses	440	91,0 %	2.339.957	2.571.053
part 4001	Allowance for annual leave	441	22,6 %	12.348	54.668
part 4002	Reimbursements and compensation	442	107,6 %	165.121	153.520
part 4003	Work performance bonuses	443	#DIV/0!	0	0
part 4004	Overtime bonuses	444	#DIV/0!	0	0
part 4005	Salaries of non-residents on contract	445	#DIV/0!	0	0
part 4009	Other expenditure for employees	446	327,9 %	17.517	5.342
	<b>B. Employers' contributions for security (448+449+450+451+452)</b>	447	<b>91,2 %</b>	<b>403.181</b>	<b>441.846</b>
part 4010	Pension and disability insurance contribution	448	91,6 %	208.312	227.538
part 4011	Health insurance contribution	449	91,7 %	167.219	182.288
part 4012	Contribution for hiring	450	83,4 %	1.287	1.543
part 4013	Contribution for childcare	451	83,4 %	2.145	2.571
part 4015	Collective supplementary pension insurance premiums, based on the ZKDPZJU (Collective Supplementary Pension Insurance for Public Servants Act)	452	86,8 %	24.218	27.906
	<b>C. Expenses for goods and services associated with provision of public services (454+455+456+457+458+459+460+461+462+463)</b>	453	<b>79,5 %</b>	<b>1.727.091</b>	<b>2.169.623</b>
part 4020	Office and general supplies and services	454	64,8 %	698.805	1.078.546
part 4021	Special supplies and services	455	115,0 %	38.001	33.045
part 4022	Energy, water, communal utilities and communications	456	100,3 %	123.805	123.391
part 4023	Transport expenses and services	457	69,4 %	32.037	46.170
part 4024	Allowances for business trips	458	68,4 %	185.132	270.842
part 4025	Ongoing maintenance	459	130,2 %	281.837	215.100
part 4026	Business rent and lease fees	460	51,8 %	23.203	44.800
part 4027	Penalty fees and recompensation	461	#DIV/0!	0	0
part 4028	Salary payout tax	462	#DIV/0!	0	0
part 4029	Other operative expenses	463	96,2 %	344.271	357.729
403	<b>D. Domestic interest payments</b>	464	<b>#DIV/0!</b>	<b>110</b>	<b>0</b>
404	<b>E. Foreign interest payments</b>	465	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>

CLASSIFI- CATION OF ACCOUNTS	ACCOUNT NAME	AOP code	% REAL FN	AMOUNT	
				For the current year	Confirmed FN 2012
1	2	3		4	4
410	<b>F. Subsidies</b>	466	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
411	<b>G. Transfers to individuals and households</b>	467	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
412	<b>H. Transfers to non-profit organizations and institutions</b>	468	<b>10,7 %</b>	<b>32.616</b>	<b>305.198</b>
413	<b>I. Other ongoing domestic transfers</b>	469	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
	<b>J. Capital expenditure (471+472+473+474+475+476+477+ 478+479+480)</b>	470	<b>89,9 %</b>	<b>404.852</b>	<b>450.340</b>
4200	Purchase of buildings in and office space	471	<b>#DIV/0!</b>	<b>6.577</b>	<b>0</b>
4201	Purchase of vehicles	472	<b>123,2 %</b>	<b>30.798</b>	<b>25.000</b>
4202	Purchase of equipment	473	<b>113,2 %</b>	<b>321.543</b>	<b>284.000</b>
4203	Purchase of other assets	474	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
4204	New construction, reconstruction and adaptation	475	<b>35,5 %</b>	<b>10.664</b>	<b>30.000</b>
4205	Investment maintenance and reconstruction works	476	<b>0,0 %</b>	<b>0</b>	<b>5.000</b>
4206	Purchase of land and natural resources	477	<b>#DIV/0!</b>	<b>374</b>	<b>0</b>
4207	Purchase of intangible assets	478	<b>32,3 %</b>	<b>31.146</b>	<b>96.340</b>
4208	Feasibility studies for projects, project documentation, supervision, investment engineering	479	<b>37,5 %</b>	<b>3.750</b>	<b>10.000</b>
4209	Purchase of reserves of goods and intervention inventories	480	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
	<b>2. EXPENSES ATTRIBUTABLE TO THE SALE OF GOODS AND SERVICES ON THE MARKET (482+483+484)</b>	481	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 400	<b>A. Salaries and other expenses for employees attributable to the sale of goods and services on the market</b>	482	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 401	<b>B. Employers' contributions for social security attributable to the sale of goods and services on the market</b>	483	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
part 402	<b>C. Expenditure for goods and services attributable to the sale of goods and services on the market</b>	484	<b>#DIV/0!</b>	<b>0</b>	<b>0</b>
	<b>III/1 SURPLUS OF REVENUES OVER EXPENSES (401-437)</b>	485		<b>354.831</b>	
	<b>III/2 SURPLUS OF EXPENSES OVER REVENUES (437-401)</b>	486		<b>0</b>	<b>608.600</b>

Source: APEK

The total realized revenue was lower by 1.5 % compared to projected revenue. The total realized expenses were lower by 17 % compared to projected expenses. The reason for deviation of the plan and realization are lower costs of salaries and other employee expenses (maternity leave), lower costs of material and services and lower investment expenses. The initially planned projects were not discontinued or modified, as instead the dynamic of the implementation changed, meaning that the Agency will carry out certain projects later, namely in 2013 and 2014 (audit of separate accounts, calculation of net costs, preparation of the NGN model, upgrading or updating the RNMS, evaluation of the methodology of separate accounting of Pošta Slovenije).

### Events after the balance sheet date

No events occurred after the balance sheet date which affect financial statement for 2012.



## Poročilo neodvisnega revizorja

### Vladi Republike Slovenije, ustanoviteljici Agencije za pošto in elektronske komunikacije Republike Slovenije

#### *Poročilo o računovodskih izkazih*

Revidirali smo priložene računovodske izkaze Agencije za pošto in elektronske komunikacije Republike Slovenije, Ljubljana, ki vključujejo bilanco stanja na dan 31. decembra 2012, izkaz prihodkov in odhodkov za tedaj končano leto ter priloge k računovodskim izkazom in druge pojasnjevalne informacije.

#### *Odgovornost posloводства za računovodske izkaze*

Poslovodstvo je odgovorno za pripravo teh računovodskih izkazov v skladu z Zakonom o računovodstvu (Uradni list RS, št. 23/1999 in 30/2002) 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 pripravljanim računovodskih izkazov, da bi določil okoliščinam 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 pošto in elektronske komunikacije Republike Slovenije za leto, končano 31. decembra 2012, v vseh pomembnih pogledih pripravljeni v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.

#### *Poudarjanje zadeve*

Opozarjamo na pojasnila na straneh 98 in 99 v točki 2.3 računovodskega poročila.

Agencija za pošto in elektronske komunikacije Republike Slovenije (v nadaljevanju: Agencija) je v letu 2012 izvajala investicije v opredmetena osnovna sredstva in neopredmetena sredstva v skladu s finančnim načrtom za leto 2012, ki ga je 18.01.2012 potrdila Vlada RS. Agencija je povečanje opredmetenih osnovnih sredstev in neopredmetenih sredstev v znesku 365.755 EUR v letu 2012 financirala iz dela presežka prihodkov nad odhodki, izkazanega v bilanci stanja na dan 31.12.2011. Do datuma izdaje revizorjevega poročila o računovodskih izkazih za leto 2012 Agencija ni pridobila soglasja ustanovitelja k letnemu poročilu za leto 2011, ki je vključevalo predlog razporeditve presežka prihodkov nad odhodki.

Agencija je del nerazporejenega presežka prihodkov nad odhodki prerazporedila na vir za investicije v poslovnih knjigah za leto 2012 brez ustrezne pravne podlage (soglasja ustanovitelja). Za navedeni znesek je Agencija v poslovnih knjigah za leto 2012 pripoznala obveznosti za sredstva, prejeta v upravljanje in s tem na dan 31.12.2012 uskladila obveznosti za sredstva, prejeta v upravljanje, s stanjem sredstev v upravljanju.

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, zavezanci pa morajo poravnati 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 z veljavnostjo od 13. septembra 2012 naprej. 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 skupaj s predlogom rebalansa finančnega načrta za leto 2012, v katerega so bili vključeni tudi prihodki na podlagi ZAvMS v ocenjeni višini 450.000 EUR, v decembru 2012 poslala v potrditev na MIZKŠ. Do datuma izdaje revizorjevega poročila o računovodskih izkazih za leto 2012 Agencija ni prejela soglasja Vlade RS na predlagano tarifo, zato ni izdajala odločb zavezancem za plačilo tarife za leto 2012. Zaradi neizdaje soglasja na predlog tarife Agencija v računovodskih izkazih za leto 2012 ni pripoznala prihodkov v ocenjeni višini.

Naše mnenje v zvezi s poudarjenima zadevama ni prilagojeno.

#### **Poročilo o zahtevah druge zakonodaje**

Agencija za pošto in elektronske komunikacije Republike Slovenije je izdelala letno poročilo za poslovno leto 2012 v skladu z zahtevami Zakona o javnih financah, Zakona o računovodstvu in Sklepa o ustanovitvi Agencije za pošto in elektronske komunikacije Republike Slovenije.

Informacije v poslovnem poročilu so skladne s priloženimi računovodskimi izkazi.

*Renata Eržen Potisek*

Mag. Renata Eržen Potisek  
pooblaščen revizorka

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

*K. Šuštar*

Katarina Sitar Šuštar, univ. dipl. ekon.  
pooblaščen revizorka  
partner

KPMG Slovenija, d.o.o.  
1

Ljubljana, 25. februar 2013

Ljubljana, February 2013  
No.: 0100-1/2013/1



*Franc Dolenc*  
CEO  
Franc Dolenc

