



AKOS

AGENCIJA ZA KOMUNIKACIJSKA  
OMREŽJA IN STORITVE  
REPUBLIKE SLOVENIJE

# **Annual Report Agency for Communication Networks and Services of the Republic of Slovenia 2015**



# AKOS

## CONTENTS

CONTENTS	2
INDEX OF FIGURES	5
INDEX OF TABLES	6
<b>A) BUSINESS REPORT</b>	<b>7</b>
<b>I INTRODUCTION</b>	<b>7</b>
<b>II SUMMARY: ACHIEVING KEY OBJECTIVES</b>	<b>8</b>
<b>III AKOS IN BRIEF</b>	<b>14</b>
<b>IV MARKETS IN NUMBERS</b>	<b>16</b>
<b>V LEGAL FRAMEWORKS</b>	<b>18</b>
<b>VI MANAGING LIMITED NATURAL RESOURCES</b>	<b>20</b>
<b>FRAMEWORKS, OBJECTIVES, MARKETS</b>	<b>20</b>
1.1 LEGAL FRAMEWORKS	20
1.2 ANNUAL OBJECTIVES	21
1.3 RADIO FREQUENCY SPECTRUM UTILIZATION	21
1.4 NUMBERING SPACE UTILIZATION	22
<b>2 ACTIVITIES GEARED TOWARDS ACHIEVING THE OBJECTIVES</b>	<b>23</b>
2.1 RADIO SPECTRUM	23
2.1.1. Radio Broadcasting Spectrum	24
2.1.2. Radio Broadcasting Spectrum	25
2.1.3 International Coordination and Collaboration	32
2.2 ELECTRONIC COMMUNICATIONS	34
2.2.1 Numbering Space	34
<b>VII REGULATION</b>	<b>36</b>
<b>1. ELECTRONIC COMMUNICATIONS</b>	<b>36</b>
1.1 FRAMEWORK, GOALS, MARKETS	36
1.1.1 Legal Framework	36
1.1.2. Annual Goals	37
1.1.3 Market Situation	37
1.2 ACTIVITIES AIMED AT ACHIEVING GOALS	42
1.2.1 Drawing up background papers for efficient investments in NGA networks	42
1.2.2 Designing the Regulatory Environment for the Next Generation Network	42
1.2.3 Regulation of relevant markets	43
1.2.4 Calculating the Net Cost of Providing the Universal Service	45
1.2.5 Cooperation with State Institutions (BS, SURS, AVK)	45
1.2.6 International Cooperation (BEREC and European Commission)	45



<b>2 ELECTRONIC MEDIA</b>	<b>47</b>
2.1 FRAMEWORK, GOALS, MARKETS	47
2.1.1 Legal Framework	47
2.1.2. Annual Goals	47
2.1.3 Market Situation	48
2.2 ACTIVITIES AIMED AT ACHIEVING GOALS	52
2.2.1 Public Tenders	52
2.2.2 Standardizing Audiovisual Content Classification and Labeling	53
2.2.3 Media Workshops	53
2.2.4 International Cooperation: ERGA, EPRA, and CERF	53
<b>3 POSTAL SERVICES:</b>	<b>54</b>
3.1 FRAMEWORKS, OBJECTIVES, MARKETS	54
3.1.1 Legal frameworks	54
1.2 Annual objectives	55
1.3 Current state of the market	56
3.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES	58
3.2.1 Regulation of the performance of the universal service	58
3.2.2 Encouraging competition	61
3.2.3 Market analysis and user satisfaction	61
3.2.4 Regulation of separate accounting	62
3.2.5 International cooperation: Postal directive and the ERGP	63
<b>4 RAILWAY TRAFFIC</b>	<b>63</b>
4.1 FRAMEWORKS, OBJECTIVES, MARKETS	63
4.1.1 Legal frameworks	63
4.1.2 Annual objectives	64
4.1.3 Current state of the market	64
4.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES	65
4.2.1 Monitoring the services in railway passenger transport	65
4.2.2 Monitoring the freight transportation market	65
4.2.3 Realization of allocated train slots by carriers in freight traffic	67
4.2.2 Realization of allocated train slots by the passenger transport carrier	69
4.2.5 International cooperation EK DG MOVE and IRG-Rail	69
<b>VIII SUPERVISION</b>	<b>71</b>
<b>1 SUPERVISION OF TELECOMMUNICATIONS</b>	<b>71</b>
1.1 INTERNET NEUTRALITY	71
1.2 COMPETITION PROTECTION	71
1.3 USERS' RIGHTS	73
1.4 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES	74
<b>2 SUPERVISION OF RADIO FREQUENCY SPECTRUM</b>	<b>77</b>
2.1 MEASUREMENTS OF THE SPECTRUM AND ELIMINATING INTERFERENCE	77
2.2 UPGRADES AND MAINTENANCE OF THE MEASUREMENT SYSTEM	78
2.3 MONITORING THE QUALITY OF SERVICE OF FIXED AND MOBILE BROADBAND NETWORKS	79
<b>3 SUPERVISION OF ELECTRONIC MEDIA</b>	<b>79</b>
3.1 TELEVISION ADVERTISING	80
3.2 SHARES OF AUDIOVISUAL WORKS	80
3.3 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT	81
3.4 OTHER PROGRAMMING REQUIREMENTS AND LIMITATIONS	82



<b>4 SUPERVISION OF POSTAL SERVICES</b>	<b>82</b>
<b><u>IX MONITORING INFRASTRUCTURE INVESTMENTS</u></b>	<b><u>84</u></b>
<b>1 FRAMEWORKS, OBJECTIVES, MARKETS</b>	<b>84</b>
1.1 LEGAL FRAMEWORKS	84
1.2 ANNUAL OBJECTIVES	84
1.3 CURRENT STATE OF THE MARKET	84
<b>2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES</b>	<b>85</b>
<b><u>X DISPUTE RESOLUTION</u></b>	<b><u>87</u></b>
<b>1 USER DISPUTES RELATED TO ELECTRONIC COMMUNICATIONS</b>	<b>87</b>
<b>2 INTER-OPERATOR DISPUTES</b>	<b>91</b>
<b>3 USER CONFLICTS RELATED TO POSTAL SERVICES</b>	<b>91</b>
<b>4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICES</b>	<b>92</b>
<b><u>XI CARE FOR END USERS</u></b>	<b><u>93</u></b>
<b>1 INFORMING AND PROTECTING END USERS</b>	<b>93</b>
1.1 CONSULTATION WITH OPERATORS AND CONSUMER ORGANIZATIONS	93
1.2 PORTAL WITH PROVIDER INFORMATION	93
1.3 CALL CENTER	93
1.4 CLARIFICATIONS FOR END USERS	93
1.5 PUBLISHING DOCUMENTS AND INFORMING USERS THROUGH WEBSITES	95
<b><u>XII LEGISLATION AND JUDICIAL PROCEDURES</u></b>	<b><u>96</u></b>
<b>1 REPRESENTING THE AGENCY BEFORE THE COURT</b>	<b>96</b>
<b>2 NORMATIVE ACTIVITY</b>	<b>96</b>
<b><u>XIII INSTITUTIONAL ADMINISTRATION</u></b>	<b><u>98</u></b>
<b>1 THE AGENCY'S ORGANIZATION AND NUMBER OF EMPLOYEES</b>	<b>98</b>
<b>2 FOCUSED EMPLOYEE DEVELOPMENT</b>	<b>99</b>
<b>3 NEW hirings AT THE AGENCY</b>	<b>102</b>
<b>4 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE</b>	<b>102</b>
<b>5 ACCESS TO PUBLIC INFORMATION</b>	<b>103</b>
<b>6 INFORMATION SUPPORT</b>	<b>103</b>
<b>7 FINANCE, ACCOUNTING AND INTERNAL AUDITING</b>	<b>104</b>
<b>8 SUPPORT FOR THE SLOVENIAN COMMITTEE FOR ELECTRONIC COMMUNICATION AND THE BROADCASTING COUNCIL</b>	<b>106</b>
<b><u>XIV IMPLEMENTATION OF THE FINANCIAL PLAN</u></b>	<b><u>107</u></b>
<b>1 REVENUE</b>	<b>110</b>



<b>2 EXPENSES</b>	<b>112</b>
2.1 SALARIES AND OTHER EMPLOYEE BENEFITS	112
2.2 EXPENSES FOR GOODS AND SERVICES	112
2.3 INVESTMENT EXPENSES	115
<b>XV DECLARATION REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT</b>	<b>117</b>
<b>B) FINANCIAL REPORT</b>	<b>121</b>
<b>XVI FINANCIAL REPORT</b>	<b>121</b>
<b>1 LEGAL FRAMEWORK, FORM AND CONTENT OF THE REPORT</b>	<b>121</b>
<b>2 ACCOUNTING POLICIES</b>	<b>122</b>
2.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	122
2.2 AMORTIZATION AND DEPRECIATION	122
2.3 RECEIVABLES	122
2.4 LIABILITIES	123
2.5 REVENUE	123
<b>3 FINANCIAL STATEMENTS WITH NOTES</b>	<b>123</b>
3.1 BALANCE SHEET	124
3.1.1 Long-Term Assets and Assets under Management	125
3.1.2 Short-Term Assets Except for Inventory and Deferred Costs and Accrued Revenue	127
3.1.3 Short-Term Liabilities and Accrued Costs and Deferred Revenue	129
3.1.4 Own Resources and Long-Term Liabilities	130
3.2 REVENUE AND EXPENDITURE ACCOUNT	130
3.2.1. Revenue	132
3.2.2 Expenses	135
<b>XVII AUDITOR'S REPORT</b>	<b>141</b>

---

## INDEX OF FIGURES

Figure 1: The institutional environment of the Agency for Communication Networks and Services of the Republic of Slovenia.....	14
Figure 2: The organization of the Agency for Communication Networks and Services of the Republic of Slovenia.....	15
Figure 3: Trends in markets within the Agency's competencies in the period of 2013-2015 or 2011-2014. ....	17
Figure 4: Share of Valid Decisions on Assigning Radio Frequencies at the End of 2015.....	22
Figure 5: Si.mobil's LTE coverage of the population of the Republic of Slovenia: .....	28
Figure 6: Telekom Slovenije's LTE coverage of the population of the Republic of Slovenia: .....	29
Figure 7: Telemach's LTE coverage of the population of the Republic of Slovenia: .....	29
Figure 8: Radio Frequencies Available in the 10 GHz and 12 GHz Bands .....	31
Figure 9: Geographic Areas of Rights Holders for the Use of Radio Frequencies in the 10 GHz and 12 GHz Bands .....	32
Figure 10: Comparison of revenues from the sale of postal services between Pošta Slovenije and other providers.....	56
Figure 11: Shares of letter, parcel, and express mail markets by amounts and revenues .....	57
Figure 12: Share of total expenditures of all the providers in the postal services market .....	57
Figure 13: Number of total amounts of standard and regular letters and postcards. ....	58



Figure 14: Delivery quality of D+1 and D+2 parcel shipments for Pošta Slovenije 2011-2014.....	59
Figure 15: Changes in the prices of delivering letters of up to 20 g in domestic traffic 2011-2015, VAT excluded* .....	60
Figure 16: Market shares of carriers in railway freight traffic [%] in 2015 .....	67
Figure 17: Realization of allocated train slots by SŽ – Tovorni promet in 2015.....	68
Figure 18: Realization of allocated train slots by RCA in 2015.....	68
Figure 19: Realization of allocated train slots by Adria Transport in 2015 .....	69
Figure 20: Number of train slots allocated to SŽ – Potniški promet in 2015 .....	69
Figure 21: Supervisory procedures in telecommunications in 2015: .....	76
Figure 22: Minor offense procedures in telecommunications in 2015:.....	77
Figure 23: Shares of Slovenian music in radio programs .....	82
Figure 24: The number of requests for dispute resolution with a provider received over the years.....	87
Figure 25: Shares of user disputes in 2015 by individual provider .....	88
Figure 26: Share of users of mobile services who filed a dispute before the Agency (in ‰) .....	88
Figure 27: Share of users of fixed services who filed a dispute before the Agency (in ‰) .....	89
Figure 28: Disputes in terms of how they were resolved .....	89
Figure 29: Disputes by type of service .....	90
Figure 30: Disputes by reason for dispute .....	90
Figure 31: Disputes with postal service providers in terms of how they were resolved .....	91
Figure 32: Received inquiries by content.....	94
Figure 33: Educational structure of the public employees at the Agency .....	99
Figure 34: Changes in the Agency's operating revenue in 2014 and 2015 .....	134
Figure 35: Changes in the cost of goods, materials, and services in 2015 and 2014.....	137

## INDEX OF TABLES

Table 1: Achieving the key objective: encouraging competition and market development .....	8
Table 2: Achieving the key objective: protecting users and providing universal services .....	10
Table 3: Achieving the key objective: ensuring the efficient utilization of a limited natural resource .....	11
Table 4: Achieving the key objective: optimizing investments in infrastructure.....	12
Table 5: Achieving the key objective: increasing efficiency and reducing regulatory burdens .....	13
Table 6: The number of operators/service providers entered into the official registry by service .....	38
Table 7: Broadcasters with at least two television broadcasting licenses.....	49
Table 8: Broadcasters with at least two radio broadcasting licenses .....	50
Table 9: Radio stations in radio networks or those broadcasting regional program at the end of 2015 .....	51
Table 10: Prescribed and achieved delivery times for letter mail .....	58
Table 11: Prescribed and achieved delivery times for parcels.....	59
Table 12: Changes to retail prices on 1 August 2015.....	60
Table 13: Transported passengers and the scope of provided work in the area of the public railway infrastructure of the Republic of Slovenia in 2015 .....	65
Table 14: Freight transported in the area of the public railway infrastructure of the Republic of Slovenia (in tonnes) for 2014 and 2015 .....	65
Table 15: Work conducted in the area of the public railway infrastructure of the Republic of Slovenia (in net ton km) for 2014 and 2015 .....	67
Table 16: Achieved Shares of Audiovisual Works in 2014 .....	81
Table 17: Revenue and expenditure account for specific users compiled on a cash basis for the period from 1 January to 31 December 2015, part one .....	109
Table 18: Revenue and expenditure account for specific users compiled on a cash basis for the period from 1 January to 31 December 2015, continued.....	110
Table 19: Comparison of realized and planned operating revenue on accrual basis .....	111
Table 20: Balance on 31 December 2015 .....	124
Table 21: Revenue and Expenditure Account for the period from 1 January 2015 to 31 December 2015 .....	132
Table 22: Operating revenue .....	134
Table 23: Cost of goods, materials, and services .....	136
Table 24: Overview of Regular Maintenance Costs in 2015 .....	139



# AKOS

## A) BUSINESS REPORT

### I INTRODUCTION

The Annual Report of the Agency for Communication Networks and Services of the Republic of Slovenia (herein: AKOS or the Agency) for the operating year of 2015, which is comprised of reports on operations, accounting, and business, shows the Agency's results in priority and regular tasks, and details the Agency's financial expenditures. It has been drafted in accordance with the Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 109/2012, 110/2013, 40/2014-ZIN-B, 54/2014 Constitutional Court decision: U-I-65/13-19 and 81/2015), the Decision Establishing the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia no. 41/2013), the Articles of Association of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia no. 62/15), and the Public Agencies Act (Official Gazette of the Republic of Slovenia no. 52/02, 51/04 - EZ-A and 33/11 – ZEKom-C).

The introductory section of the Annual Report presents the current major trends in the markets within the Agency's competencies. These trends are described in further detail in dedicated reports for the individual areas that the Agency exercises its competencies over, namely: the efficient utilization of a limited natural resource, market regulation, control and supervision, dispute resolution, establishing coordination and supervision of investment projects, customer support, legislative procedures, and cooperation in judicial procedures.

The Agency's international activities are presented within the individual areas that involve international activity. A special chapter is dedicated to institutional administration, with subsections on organization and human resources, IT support, the Agency's work with the Electronic Communications Council and the Broadcasting Council, providing the public with services, and measures that the Agency has adopted to improve its work. The accounting and business reports contain information on the balance sheets with appendices, a display of revenues and expenditures, and appropriate explanations.

The Agency's most important achievements in 2015 included: (1) setting up the AKOS Test Net portal, which makes it possible to accurately measure key parameters in broadband connections in fixed and mobile access, (5) updating the radio control/measuring system, which after the update ranks among Europe's most well-equipped, (6) overhauling the [komuniciraj.eu](http://komuniciraj.eu) portal, which provides easy access to a wide range of electronic communications services from various operators, (7) effective supervision in all areas, which shows beneficial impacts on protecting user interests and rights, as well as on competition protection, and (8) verifying that, one year after the assignment of frequencies for 4th generation services, all operations are complying with the obligations imposed by the decisions, and are in fact providing the requisite coverage.

## II SUMMARY: ACHIEVING KEY OBJECTIVES

The achievement of five of the Agency's strategic objectives is presented with a table of the completed phases and the results of the activities the Agency pursued in achieving said objectives.

Legend:

STATUS		RESULT	
○	Realized	■	According to plan
○	Unrealized	■	Partly according to plan
○	Stopped	■	Not to plan
○	Canceled		

TABLE 1: ACHIEVING THE KEY OBJECTIVE: ENCOURAGING COMPETITION AND MARKET DEVELOPMENT

OBJECTIVE A: ENCOURAGING COMPETITION AND MARKET DEVELOPMENT				
TASK	DESCRIPTION	STATUS	RESULT	COMMENT
<b>Regulation of relevant markets 3a, 3b, and 4</b>	<p>Development of methodology for future regulation of relevant broadband access markets and a preliminary workshop with the European Commission</p> <p>A public tender for the development of tools and methodology to calculate a preliminary examination of economic repeatability</p> <p>Questionnaires to analyze retail broadband access services from the point of view of end users in order to determine "leading products", and keeping track of the service market throughout the Republic of Slovenia</p> <p>A public tender to determine bitstream access products</p> <p>A public tender to determine high-quality broadband bitstream access products</p>	○	■	<p>Methodology is necessary due to the complexity of new approaches to regulation. This is an important step toward regulation of relevant broadband access markets and a starting point for designing analyses.</p> <p>The following activities are planned:</p> <p>developing the tools and methodology to calculate a preliminary examination of economic repeatability, an analysis of the retail broadband access service market, design of price models for the relevant markets;</p> <p>choosing a contractor for the bitstream segment, preparing questionnaires for operators, conducting studies and using them to determine products and individual costs and prices;</p> <p>reviewing the market in the high-quality broadband access segment, preparing questionnaires and conducting studies, determining products, costs, and prices.</p>
<b>Amendment to the measure on relevant market 5</b>	An analysis with recommendations for amendments to measures, consultation with the Competition Protection Agency, public consultation, notifying the European Commission	○	■	The Agency recommended changing the price obligations in the "retail price minus" methodology for operators with significant market power, thus encouraging the upgrades to higher speeds and the utilization of the NGA network. An amendment to the regulative decision is to follow.
<b>Amendment to the measure on relevant market 3</b>	An analysis with recommendations for amendments to measures, consultation with the Agency for Competition Protection, public consultation.	○	■	The Agency recommends that 12 operators determined to be operators with significant market power on the relevant market of call termination in their own fixed networks may, within the scope of obligations of non-discrimination, charge the commercially agreed upon price for calls originating outside the European Economic Area (EU/EEA). Notifying the European Commission about the analysis is to follow, as well as the issue of decisions.



<b>Amendment to the measure on relevant market 7</b>	An analysis with recommendations for amendments to measures, consultation with the Agency for Competition Protection, public consultation	○	■	The Agency recommends that 4 operators determined to be operators with significant market power on the relevant market of call termination in their own mobile networks may, within the scope of obligations of non-discrimination, charge the commercially agreed upon price for calls originating outside the European Economic Area (EU/EEA). Notifying the European Commission about the analysis is to follow, as well as the issue of decisions.
<b>Regulation of relevant market 18</b>	Beginning to prepare the analysis of the relevant market.	○	■	Due to the time that has passed since the issue of the currently valid regulative decisions it was immediately necessary to undertake a new analysis of the relevant market.
<b>Overhaul of the European regulatory framework</b>	Active collaboration in drafting material for a contribution to a revision of the regulatory framework of the Body of European Regulators of Electronic Communications (BEREC).	○	■	Active participation in the procedure to overhaul the European regulatory framework is among the Agency's priorities, as this makes it possible to have a hand in forming the regulatory policy in light of new trends and development at both the European and national levels.
<b>Monitoring the allocation of infrastructure capacities and charging usage fees</b>	Monitoring decisions on the allocation of paths, and verifying the calculations of usage fees.	○	■	We actively monitor decisions on the allocation of railway paths. We also verify that usage fees are calculated correctly, in accordance with valid methodology.
<b>Monitoring effectiveness and quality of, and reducing interruptions in rail traffic</b>	Monitoring the calculation and consultation with stakeholders.	○	■	A method of ensuring efficiency, aimed at encouraging carriers and the administrator of the railway infrastructure to reduce interruptions in the rail network, as well as to improve the quality of the transportation services, has only been in effect with an actual calculation of payment since September 2015.
<b>Supervising the conditions and prices of accessing the postal network</b>	Analysis of access to the network of the universal service provider	○	■	The announcement of the universal service provider that it would change its General Terms and Conditions in October 2015 interrupted the analysis, as there had not yet been a public consultation and review of the general conditions and prices for access to the network of the universal service provider.
<b>Regulation of keeping separate accounting records for the universal service provider</b>	Assessing the new methodology of keeping separate accounting records and conducting an analysis of efficiency.	○	■	Acquiring an acceptable assurance that the management of Pošta Slovenije had established a cost model that is in accordance with the decisions of Postal Services Act and the General Act on Separate accounts and Prohibition of Subsidies.
<b>Monitoring the quality of services in the context of network neutrality</b>	Launching the AKOS Test Net platform	○	■	Setting up the platform and launching it. Drafting recommendations for upgrades and expansions.

**TABLE 2: ACHIEVING THE KEY OBJECTIVE: PROTECTING USERS AND PROVIDING UNIVERSAL SERVICES**

<b>OBJECTIVE B: PROTECTING USERS AND ENSURING THE PROVISION OF THE UNIVERSAL SERVICE</b>				
<b>TASK</b>	<b>DESCRIPTION</b>	<b>STATUS</b>	<b>RESULT</b>	<b>COMMENT</b>
Informing and increasing end user's awareness	Operation of the call center, explanations to end users, publishing documents and informing users through websites, preparation of brochures with tips and explanations	○	■	With the explanations published on the website end users can obtain requisite information before launching a dispute.
Redesign of the www.komuniciraj.eu portal	Redesign of the portal completed.	○	■	The redesigned portal provides end users with information on all the subscription and prepaid plans operators offer in one place, along with the list of the most common fees operators charge.
Dispute resolution between end users and operators, and between operators themselves	Regular and up-to-date dispute resolution in the electronic communications and postal markets	○	■	In 2015 a total of 820 disputes were received regarding electronic communications, 24 for postal services, and 2 for inter-operator disputes.
Ensuring the rights of railway passengers	Up-to-date resolution of passenger complaints about operator decisions.	○	■	One passenger complaint was received in 2015.
Price and quality studies on postal services	A comparative analysis of the prices and quality of postal service providers; a survey of the satisfaction of general and business users with postal services, and a survey of user satisfaction with contract post offices.	○	■	Analyses indicate a price gap among providers of various providers of postal services, as well as a high level of trust and satisfaction among users of the universal postal service. Users are mostly satisfied with contract post offices as well (more than 90%), and they are bothered only by the inadequate premises and service of claiming undelivered mail, but the level of dissatisfaction is extremely low.
Efforts for greater transparency in publishing administrative costs	Consultations with operators and consumer organizations.	○	■	The Agency will use the results of findings after consultations with operators as a basis for drafting and issuing specific recommendations to telecommunications services providers.
Protecting children from potentially harmful audiovisual content and streamlining the system of their classification and labeling	Continuing development and implementation of Gledoskop, the IT-supported system for classifying and labeling content that is potentially harmful for children and young adults in linear and non-linear media services. Testing the questionnaire, educating coders, designing descriptors, drafting material for the website.	○	■	Several training modules were held for coders and test sessions of the tool were held, with several inconsistencies and inadequacies corrected, completing the process of adjusting the tool to Slovenian legislation. Implementation of the Gledoskop tool and launch of the related website are in progress.
Protecting viewers from excessive advertising or inappropriate labeling of advertisements	Three procedures were completed regarding product placement, 2 regarding surreptitious advertising, 2 concerning restrictions on the amount of advertising (+18 such analyses of foreign TV programs), 5 relating to restrictions on interrupting programming with advertisements. A workshop was held for publishers of television programs and content producers about product placement.	○	■	The majority of supervision procedures in electronic media were in reference to control over adherence to limits on advertising in TV programs. The procedures showed that the Agency's consistent supervision, and education of broadcasters is helping achieve the objective of greater adherence to advertising regulations, and corresponding protection of viewers.

**TABLE 3: ACHIEVING THE KEY OBJECTIVE: ENSURING THE EFFICIENT UTILIZATION OF A LIMITED NATURAL RESOURCE**

OBJECTIVE C: ENSURING THE EFFICIENT UTILIZATION OF A LIMITED NATURAL RESOURCE				
TASK	DESCRIPTION	STATUS	RESULT	COMMENT
Ensuring the efficient utilization of the numbering space	Keeping records, administrative procedures related to issuing decisions and using the numbering space, administrative procedures for payments to the Agency for the utilization of the numbering space.	○	■	These are ongoing Agency tasks.
Keeping records for electronic communications operators	Keeping records for operators, administrative procedures for entering operators into and removing them from records, administrative procedures related to payments on the basis of notifications	○	■	These are ongoing Agency tasks.
Updating RNMS	Updating the control and measuring system to monitor utilization of the radio spectrum.	○	■	Using state-of-the art measuring tools and software to monitor the radiofrequency spectrum.
International coordination of radio frequencies and preparations for Worldwide Radio Summit	Participation in working groups to prepare for the summit and our participation.	○	■	Following three major strategic objectives: 1) safety of citizens; 2) access to broadband mobile services for all citizens in the shortest time for as low costs as possible; 3) encouraging the development of new technologies and maintaining a clear regulatory environment.
Monitoring the fulfillment of coverage obligations regarding 4th generation mobile services (4G)	Drafting background papers for the options of assigning the 700, 1400, 2300, 3500, and 3700 MHz bands.	○	■	All operators are fulfilling their obligations after the first year.
Assigning frequencies in the 700 MHz and other frequency bands	Drafting background papers and holding a public tender for frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands	○	■	This was put on hold due to strategic guidelines from the ministry.
Public tender for digital radio (DAB+)	Preparing and holding a public tender for the DAB+ network.	○	■	Decisions on the assignment of radio frequencies have been granted, soon to be followed by the granting of digital rights to broadcasting in the multiplex.

**TABLE 4: ACHIEVING THE KEY OBJECTIVE: OPTIMIZING INVESTMENTS IN INFRASTRUCTURE**

<b>OBJECTIVE D: OPTIMIZING INVESTMENTS IN INFRASTRUCTURE</b>				
<b>TASK</b>	<b>DESCRIPTION</b>	<b>STATUS</b>	<b>RESULT</b>	<b>COMMENT</b>
<b>Production of an in-house uniform GIS database</b>	Production of an uniform GIS database on telecommunications infrastructure.	○	■	Such a database is essential for producing background papers for effective investments in the NGA network within the Republic of Slovenia, as well as in regulating the relevant markets of broadband access and BB USO.
<b>Such a database is essential for producing background papers for efficient investments in the NGA network within the Republic of Slovenia</b>	Background papers assist competent bodies in drafting The Plan of Development of Next Generation Broadband Networks until 2020.	○	■	The Agency's background papers are based upon analysis of geographic data and the construction of a technical and economic model. The analysis was also presented to the general public. Comments and appropriate amendments are to follow.
<b>Preparing the conditions for access and distribution points</b>	A technical study, a review of international practices, a study of the harmonization between ZEKom-1 and the Directive on measures to reduce the cost of deploying broadband networks, as well as a review of the current situation in the Slovenian market; the drafting of a general act.	○	■	It was determined that it is necessary to conduct a more in-depth review of the situation in the Slovenian market and of the synchronization with the planned regulation of the relevant broad band access market and supplements to ZEKom-1.
<b>Ensuring conditions for the whole sector and monitoring investments</b>	Expansion of human resources – a new employee.	○	■	This employment ensures that a minimum number of people working in the sector, in terms of current requirements. The implementation of Directive 2014/61/EU in the national legislation could lead to a change in the Agency's tasks and competencies in terms of monitoring investments in infrastructure.
<b>Informing the stakeholders of new obligations</b>	Meetings and workshops for investors in public utility infrastructure.	○	■	Meetings and workshops have been underway intensively all year. Some are still planned for 2016. The reaction of local communities is below expectations, which requires additional activities with the help of municipal communities and other bodies.
<b>Establishing coordination and supervision of investment projects</b>	Publishing intentions to build public infrastructure elements on the Agency's website.	○	■	The coordination and supervision system is already in place, but there is still room for improvement.

**TABLE 5: ACHIEVING THE KEY OBJECTIVE: INCREASING EFFICIENCY AND REDUCING REGULATORY BURDENS**

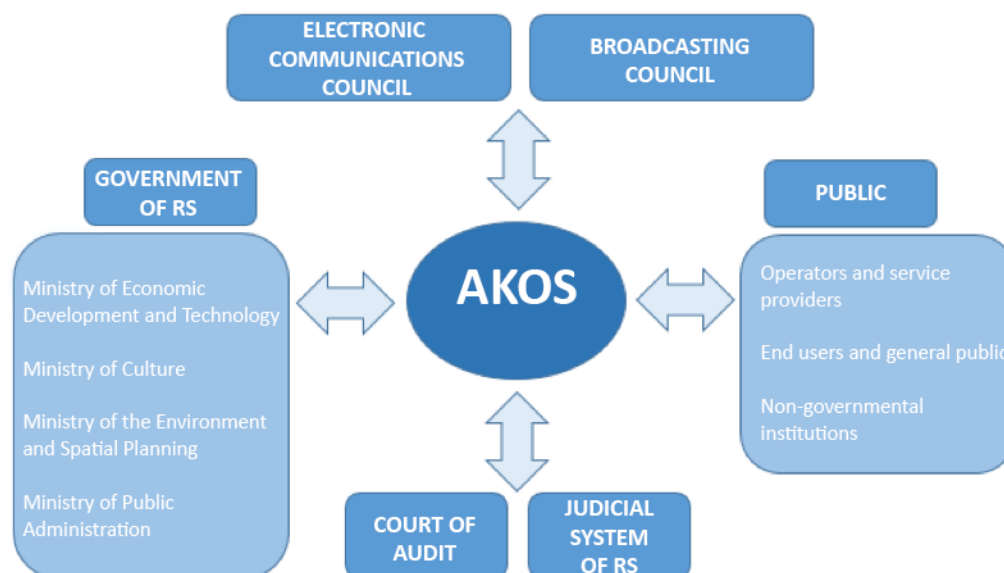
<b>OBJECTIVE E: INCREASING EFFICIENCY AND REDUCING REGULATORY BURDENS</b>				
<b>TASK</b>	<b>DESCRIPTION</b>	<b>STATUS</b>	<b>RESULT</b>	<b>COMMENT</b>
<b>Automation of simple and repeating procedures and processes</b>	Optimization of the procedure for assigning radio frequencies and optimizing the issue of decisions on the fee for using radio frequencies	○	■	The Agency optimized the issue of decisions on the assessment of fees for the use of radio frequencies such that single or merged decisions are issued to those who have several decisions on the use of radio frequencies issued to them, resulting in a so-called summary decision in which all of their fees and obligations resulting from individual decisions are listed together and charged as one.
<b>Establishing unified records of violations</b>	Establishing a new system for keeping records on violations in accordance with the Minor Offences Act.	○	■	By guiding the user through the process, notifying about deadlines, and with included templates, and with the preset reminders, the app helps users manage minor offence procedures better.
<b>Upgrading the eAPEK information system</b>	Completed implementation of the algorithm to calculate fees on the basis of media licenses and upgraded the eAPEK business information system with automatic import of decisions on assessment of payment into the document management system, as well as with the financial application.	○	■	The upgraded eAPEK business information system with automatic import of decisions on assessment of payment into the document management system makes work more efficient. Upgrading the issue of fees for frequencies and number blocks with the option of issuing summary decisions on the assessment of payment makes for a more friendly service for providers.

## III AKOS IN BRIEF

The Agency for Communication Networks and Services of the Republic of Slovenia is an **independent body** that regulates and supervises the electronic communications market, performs tasks related to radio and television, and regulates and supervises postal services and railway traffic in Slovenia.

The Agency is **competent** for implementing public policy, gathering information on relevant markets, supervision, issuing sanctions, and resolving disputes in said areas. The acts it issues are final and may be challenged only before a court. It is financed through fees paid by providers, holders of licenses for frequencies and the numbering space, providers of postal and railway services, and providers of TV and VOD services. Transparency in the Agency's operations is ensured through collaboration with the public (carriers and service providers, end users, the general public, and NGOs), the Electronic Communications Council, the Broadcasting Council, state bodies, and courts.

**FIGURE 1: THE INSTITUTIONAL ENVIRONMENT OF THE AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC OF SLOVENIA**



In accordance with its **strategic objectives** the Agency undertakes to ensure the **accessibility** and **high quality** of universal services to all residents of Slovenia at affordable prices and regardless of their geographic location, effective **competition** in the market, and competitiveness among service providers. The Agency ensures and supervises the **efficient utilization** of the radio frequency spectrum and numbering space, as well as the just and equitable access to public railway infrastructure. It is also committed to ensuring **equal conditions** for all radio and television broadcasters, as well as providers of other audiovisual content, along with ensuring the operation of electronic communications and the use of the radio frequency spectrum for providing services in times of extraordinary circumstances.

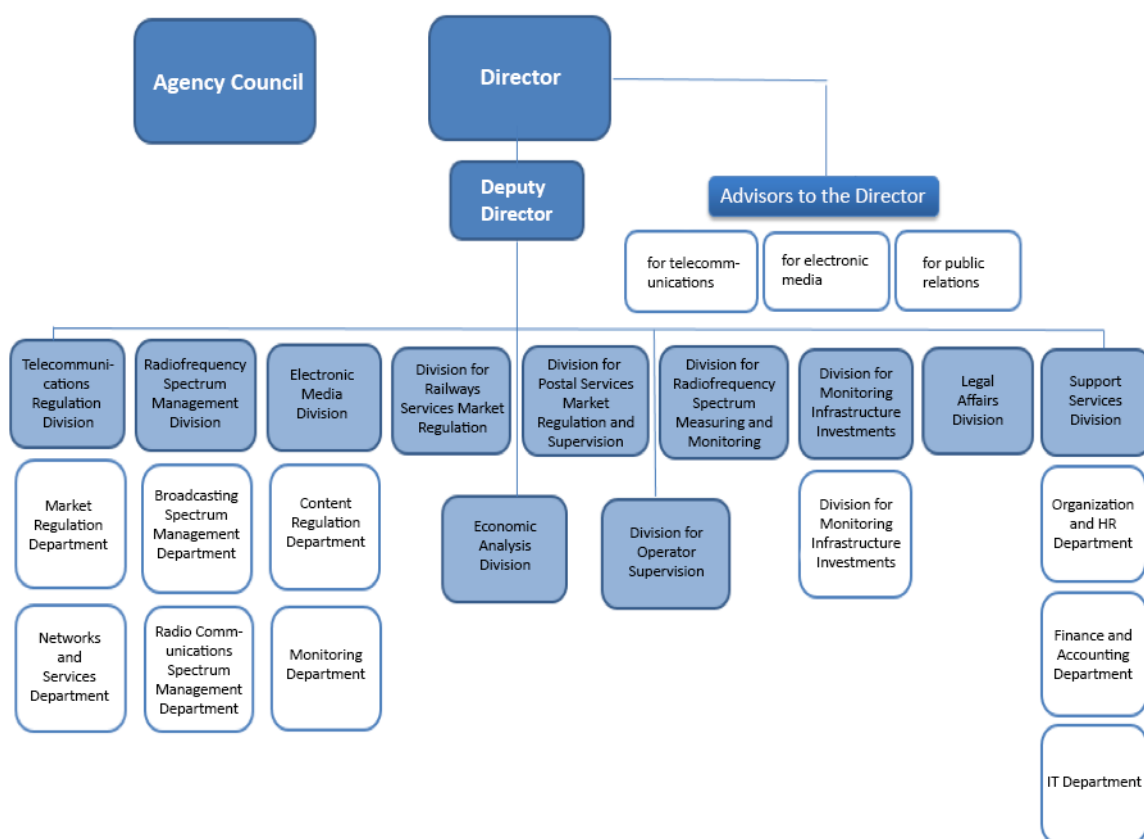
In its work the Agency strives to pursue the objective of protecting **national interests** and the **interests of service users**. The Agency's objectives also include encouraging the development and introduction of new services and technologies for a higher **quality of living, and the development of the economy** by ensuring suitable conditions for new investments, and the development and **improvement of radio and television programs**, and their availability to the public on any device capable of receiving them. The Agency undertakes



to improve the system of administration with the goal of performing its tasks successfully, effectively, and in accordance with valid legislation.

The Agency's **Director** and **Council** form the Agency's bodies; further there are **sectors** for: regulating telecommunications, managing the radio frequency spectrum, electronic media, regulating the railway services market, regulating and supervising the postal services market, economic analyses, measuring and supervising the radio frequency spectrum, supervising providers, monitoring infrastructure investments, legal affairs, and supporting activities.

**FIGURE 2: THE ORGANIZATION OF THE AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC OF SLOVENIA**







# AKOS

## IV MARKETS IN NUMBERS



### FIXED TELEPHONE SERVICES

Penetration (% of households):



VoIP market shares (%):



Voice minutes (per user):



Ported numbers (in 1000):



### MOBILE TELEPHONE SERVICES

Penetration (% of households):



Voice minutes (per user):



Text messages (per user):



Mobile BB penetration (% of population):



BB traffic (GB per user):



Ported numbers (in 1000):



### BROADBAND INTERNET

Penetration (% of households):



Penetration of NGA connections (% of households):



FTTH market share (%):



### TELEVISION

Pay TV penetration (% of households):



IP TV market shares (%):



No. of TV channels:



No. of TV broadcasters:



No. of digital licenses:



No. of broadcasters with a digital license:



### RADIO

No. of radio stations:



No. of radio broadcasters:



No. of radio stations in networks:







# AKOS



## SERVICE CONVERGENCE

Penetration of service bundles (% of households):



## RAILWAYS

Volume of transported cargo – international traffic (in million t):



Volume of transported cargo – domestic traffic (in million t):



## POST

Pošta Slovenije's revenue from postal services (in € million):



Other providers' revenue from postal services (in € million):



No. of standard letters and postal cards (in millions):



**FIGURE 3: TRENDS IN MARKETS WITHIN THE AGENCY'S COMPETENCIES IN THE PERIOD OF 2013-2015 OR 2011-2014.**

### Explanation:

- Figures are shown on an annual basis:
- In calculating the penetration of individual services we used data from the Statistical Office of the Republic of Slovenia, specifically taking the number of residences from the EU-SILC study and the number of residents from officially published data for individual periods.
- Due to subsequent amendments providers made to the data there is the possibility that there could be some deviation from published figures.
- Number porting mean the number of ported fixed or mobile phone numbers (transactions) to providers in the observed period, whereby all transactions have been taken into consideration (to different providers and back to the original provider).
- For the number of television or radio programs we used data based on the number of holders of licenses for conducting television or radio activities. Broadcasters are such license holders.
- A digital license is permission for conducting television activities in a digital format.

## V LEGAL FRAMEWORKS

Legal grounds in the areas that fall within the Agency's competencies are comprised of Acts adopted by the National Assembly, as well as by-laws that the government (decisions), ministries (rules), or the Agency itself (general acts, recommendations) adopts. Because Slovenia is part of the European legal order, sectoral Acts are based on EU directives that have been transposed into Slovenian legal order. In its work the Agency takes into consideration some recommendations and guidelines from the European Commission, as well as international Acts that are valid in the Republic of Slovenia.

### Electronic Communications:

- Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 – ZIN-B, 54/14 – Constitutional Court decision and 81/15) unofficial consolidated text of ZEKom-1.

### Postal Services:

- Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/09, 77/10, 40/14 – ZIN-B and 81/15) unofficial consolidated text of ZPSto-2.

### Electronic Media:

- Media Act (Official Gazette of the RS, no. 110/06 – official consolidated text, 36/08 – ZPomK-1, 77/10 – ZSFCJA, 90/10 – Constitutional Court decision, 87/11 – ZAvMS, 47/12 in 47/15 – ZZSDT) – unofficial consolidated text ZMed;
- The Act on Audiovisual Media Services (Official Gazette of the RS, no. 87/11 and 84/15) – unofficial consolidated text ZAvMS.

### Railways:

- Railway Transport Act (Official Gazette of the RS, no. 99/15 – official consolidated text, ZZelP-UPB8).

### Radio Spectrum:

- Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/2007, 85/2010, 47/2012 and 109/2012-ZEKom-1) – unofficial consolidated text ZDRad;
- Radiotelevizija Slovenija Act (Official Gazette of the RS, no. 96/05, 109/05 – ZDavP-1B, 105/06 – Constitutional Court decision, 26/09 – ZIPRS0809-B and 9/14) – unofficial consolidated text ZRTVS-1;
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia, no. 18/1999)
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5-108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of Slovenia, no. 5/1997);
- Regional Agreement for the European Broadcasting Area concerning the use of frequencies by the broadcasting service in the VHF and UHF bands, signed in Stockholm 23 June 1961 (Official Gazette of the Republic of Slovenia, no. 65/1993)
- Act Ratifying the Chester 1997 Multilateral Coordination Agreement relating to Technical Criteria, Coordination Principles and Procedures for the introduction of Terrestrial Digital Video Broadcasting (DVB-T) (Official Gazette of the Republic of Slovenia, no. 71/2005), International Treaties (Official Gazette of the Republic of Slovenia, no. 12/2005)

### Other important Acts:



- General Administrative Procedure Act (Official Gazette of the Republic of Slovenia, no. 24/06, 105/06-ZUS-1, 126/07, 65/08, 47/09 Constitutional Court decision: U-I-54/06-32 (48/09 popr.), 8/10 in 82/13) - unofficial consolidated text ZUP;
- Inspection Act (Uradni list RS 43/07-UPB1, 40/14) - unofficial consolidated text ZIN;
- Minor Offences Act (Official Gazette of the Republic of Slovenia, no. 29/11-UPB8, 21/13, 111/13, 74/14 – Constitutional Court decision in 92/14 – Constitutional Court decision) - unofficial consolidated text ZP-1;
- Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/2006, 26/2007 Skl.US: U-I-69/07-9, 122/2007 Skl.US: U-I-264/05-23, U-I-181/07, Up-2126/07-10, 65/2008 Constitutional Court decision: U-I-98/07-27, 119/2008 Constitutional Court decision: U-I-69/07-36, 54/2009 Constitutional Court decision: Up-1782/08-16, U-I-166/08-8, 107/2009 Constitutional Court decision: U-I-147/08-16, Up-1547/08-17, 14/2010 Constitutional Court decision: U-I-303/08-9, 62/2010, 14/2011 Constitutional Court decision: U-I-55/09-8, Up-257/09-10, 93/2011 Constitutional Court decision: U-I-16/10-10, Up-103/10-12, 98/2011 Constitutional Court decision: U-I-181/09-15, Up-860/09-14, Up-222/10-14, 109/2012) - unofficial consolidated text ZUS-1;
- Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 – official consolidated text, 117/06 – ZDavP-2, 23/14, 50/14 and 19/15 – Constitutional Court decision) - unofficial consolidated text ZDIJZ;
- Information Commissioner Act (Official Gazette of the Republic of Slovenia, no. 113/2005, 51/2007-ZUstS-A, 14/2010 Constitutional Court decision: U-I-303/08-9) - unofficial consolidated text ZInfP;
- Public Agencies Act (Official Gazette of the Republic of Slovenia, no. 52/2002, 51/2004-EZ-A, 33/2011-ZEKom-C) - unofficial consolidated text ZJA;
- State Administration Act (Official Gazette of the Republic of Slovenia, no. 113/2005-UPB4, 126/2007-ZUP-E, 48/2009, 8/2010-ZUP-G, 8/2012-ZVRS-F and 21/2012, 17/2013 Constitutional Court decision: U-I-42/12-15, 21/2013-ZVRS-G, 47/2013) - unofficial consolidated text ZDU-1;
- Civil Servants Act (Official Gazette of the Republic of Slovenia, no. 63/2007-UPB3, 65/2008, 69/2008-ZTFI-A, 69/2008-ZZavar-E, 74/2009 Constitutional Court decision: U-I-136/07-13, 40/2012-ZUIF) - unofficial consolidated text ZJU;
- Protection of Documents and Archives and Archival Institutions Act (Official Gazette of the Republic of Slovenia, no. 30/06 and 51/14);
- Public Procurement Act (Official Gazette of the Republic of Slovenia, no. 12/13 – official consolidated text, 19/14 and 90/14 – ZDU-1I) - unofficial consolidated text ZJN-2;
- Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, no. 69/2011-UPB2, 81/2013 Constitutional Court decision: U-I-81/11-12).



## VI MANAGING LIMITED NATURAL RESOURCES

To ensure the efficient utilization of the radio spectrum the Agency in 2015 participated at WRC-15 (The World Radio Conference), as well as in preparations for the conference (participation at CPG – PTD for mobile connections, and CPG – the parent group within CEPT), actively collaborating on the amendments to the Radio Regulations (ITU RR). In accordance with the WRC-15 closing papers, which sum up these changes, in 2016 the Agency will, in accordance with the changes in the allocation table (Article 5 of RR), draft a proposal for amendments to the Decision on the plan of allocating radio frequency bands (hereinafter: URRS) and then appropriately amend the General act on the radio frequency utilization plan (NURF). The Agency did not prepare the rules on the use of radio frequencies for state use relating to the new version of international agreement NJFA 2014 in 2015, as they will be included in the new NURF.

In the scope of regular tasks in 2015 the Agency prepared the General act on changes and amendments to the General act on the radio frequency utilization plan. It updated the method of issuing decisions for calculating fees for using radio frequencies and for general acts on the use of frequencies for individual radio communication services; it headed the administrative procedures for issuing decisions on the assignment of radio frequencies for radio and television stations, fixed connections, satellite connections, radio stations on airplanes, radio stations on ships, private and public mobile communications; it issued amateur radio licenses (assigning call signs); and it took part in international coordination for the use of radio frequencies, which includes the preparation of multilateral and bilateral agreements.

The Agency ensured their efficient utilization of numbering elements through keeping official records on the provision of electronic communications networks and services and administrating numbering elements; it handled applications for obtaining decisions on assigning numbering elements; it issued agreements for the transfer of the right to use numbering elements to other operators; it supervised the rational use of assigned numbers; and it monitored the implementation of number portability and the administration of the ENUM domain that allows for mapping traditional telephone numbers into names, suitable for end users to use on the internet.

## FRAMEWORKS, OBJECTIVES, MARKETS

### 1.1 LEGAL FRAMEWORKS

The main Acts that the Agency adheres to in managing the radio spectrum and numbering space are the:

- Electronic Communications Act
- Digital Broadcasting Act
- Radiotelevizija Slovenija Act
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5-108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3)
- Regional Agreement for the European Broadcasting Area concerning the use of frequencies by the broadcasting service in the VHF and UHF bands, signed in Stockholm 23 June 1961
- Act Ratifying the Chester 1997 Multilateral Coordination Agreement relating to Technical Criteria, Coordination Principles and Procedures for the introduction of Terrestrial Digital Video Broadcasting (DVB-T)

To ensure the optimum utilization of the radio frequency spectrum the Agency adheres to the provisions in Chapter V of the Electronic Communications Act, and the provisions of Chapter VI therein for managing the

group of numbering elements in the Republic of Slovenia. In activities regarding the management of the spectrum reserved for digital broadcasting the Agency follows the provisions of ZDRad and ZEKom-1. It also uses ZRTVS-1 alongside the provisions of ZEKom-1 in ensuring the optimal utilization of the spectrum for FM audio broadcasting.

## 1.2 ANNUAL OBJECTIVES

The Agency's main objectives in managing the radio spectrum, which is a limited natural resource, are: ensuring its efficient utilization, promoting spectrum use for broadband services, and ensuring and encouraging the development of the Slovenian economy.

With regard to ensuring the efficient use of radio spectrum – one of permanent objectives – the Agency in 2015 conducted studies on improving efficient utilization of the radio spectrum (see 2.1.1.2 Optimization of the Utilization of the UHF and FM Spectrum and 2.1.1.3 Optimization of Assigning Radio Frequencies), and updated and amended the radio frequency utilization plan,<sup>1</sup> introduced the so-called summary decisions for calculating fees on the use of radio frequencies, with which it issues only one decision on calculating fees for the same type of services, prepared the General act on using the RDS system and identification in DAB networks (Official Gazette of the RS, no. 67/15), issued decisions on assigning radio frequencies for all types of services, conducted international coordination, and collaborated with the Ministry for Economy on drafting the Rules on radio equipment (Official Gazette of the RS no. 3/2016) for inclusion of the Directive on radio equipment accessibility on the market.<sup>2</sup>

In order to fulfill the second objective, namely ensuring broadband services, and the related third objective, encouraging the development of the Slovenian economy, the Agency continued with supervision over the fulfillment of coverage obligations related to the frequencies awarded in the public auction in 2014. Based on results of the measurements, the analysis of the submitted data, and collaboration with the operators the Agency prepared a special methodology of supervision and has established that after the first year all the operators are fulfilling their obligations, as imposed by the decisions (more detail in 2.1.2.2. Monitoring the Ensuring Public Communication Services). In accordance with the strategic objectives of the Ministry for Education, Science and Sports the Agency has postponed its activities for awarding radio frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands to the second half of 2016 or into 2017 (see chapter 2.1.2.4). It has begun the preparation of the public tender with public auction for awarding the available spectrum in the 1800 and 2100 MHz (chapter 2.1.2.4), conducted the tender for radio frequencies for the national network for broadcasting digital radio in the DAB+ technology (chapter 2.1.1.1) and successfully attended the 2015 World Radio Conference (chapter 2.1.3.1).

The Agency also ensures the efficient utilization of a limited natural resource in the [numbering space](#). With regard to the management of the numbering space the Agency focused, along with its regular activities in 2015, on monitoring trends in the scope of international groups that work on the issue of the access of new services to numbering resources and their use outside the borders of individual member states.

## 1.3 RADIO FREQUENCY SPECTRUM UTILIZATION

---

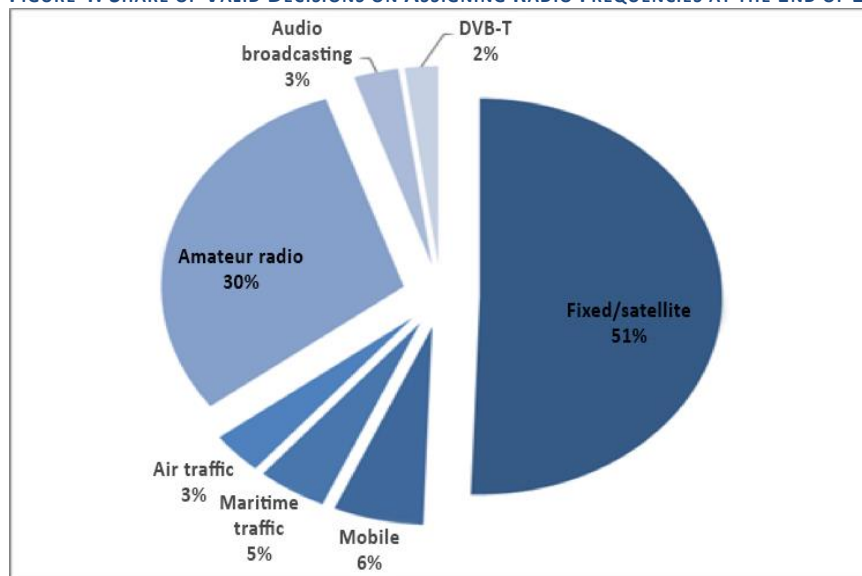
<sup>1</sup> The General act on the changes and amendments of the General act on the frequency utilization plan (NURF-3a) (Official Gazette of the RS no. 31/15 of 4 May 2015) and the Amendments to the General act on the changes and amendments of the General act on the frequency utilization plan (NURF-3a) (Official Gazette of the RS no. 42/15 of 16 June 2015).

<sup>2</sup> Directive 2015/53/EU of the European Parliament and the Council of 16 April 2014 on the harmonization of the legislation of member countries regarding the accessibility of radio equipment on the market and the annulment of the Directive 1999/5/ES.



At the end of 2015 there were 351 decisions on awarding radio frequencies for audio broadcasting in the FM band, 271 decisions for DVB-T, 5250 decisions for fixed or satellite connections, 546 ship and 395 airplane, 1303 decisions for mobile connections, and 3706 amateur radio licenses in force. The figure below represents a share of the valid decision on assigning radio frequencies by service:

FIGURE 4: SHARE OF VALID DECISIONS ON ASSIGNING RADIO FREQUENCIES AT THE END OF 2015



At the end of 2015 there were 346 decisions on awarding radio frequencies for audio broadcasting **in the FM band** and 5 decisions on assigning radio frequencies in the **medium wave** broadcast band in force. Of these, the RTV Slovenija public institute was the holder of 179 decisions on awarding radio frequencies in the FM band and 4 in the medium wave broadcast band.

In digital terrestrial television broadcasting there were 164 valid decisions on assigning radio frequencies for individual transmission sites for **multiplex A** and 92 valid decisions on assigning radio frequencies for individual transmission sites for **multiplex C**, and the operator of both national DVB-T networks is the public institute RTV Slovenija. At the end of 2015 multiplex A hosted the channels of the RTV Slovenija public institute (at the national level: TV SLO 1, TV SLO 2, TV SLO 3; in the coverage area West: TV Koper Capodistria; in the coverage area East: Tele M) and the privately-owned channel Vaš kanal (in the coverage area Center); population coverage of the multiplex A network is above 98%. Multiplex C hosted at the end of 2015 the following privately-owned channels: POP TV, Kanal A, Planet TV, TV 3 medias, Golica TV and Gold TV; population coverage of the multiplex C network is 96%.

The state of the **local multiplexes** is as follows: the operators are still: ATV Babnik & Co, d.n.o., Litija in the coverage area Litija; Domates, d.o.o., Portorož in the coverage area between Koper and Sečovelje; HI-FI, d.o.o., in the coverage area Murska Sobota; VTV Studio, d.o.o., in the coverage area between Ravne na Koroškem and Celje; and TV Galeja Ilirska Bistrica institute in the coverage area between Ilirska Bistrica and Sežana.

## 1.4 NUMBERING SPACE UTILIZATION

Compared to the state of the assigned numbering elements at the end of 2014 **the scope of the assigned geographic numbers** decreased in 2015 by 0.2%, the scope of assigned numbers for toll-free services increased by 3.6%, the scope of assigned number for premium services decreased by 3.6%, the scope of assigned codes



of the national destination point codes (DPC) is smaller by 24%, while the scope of assigned codes of the international signaling point codes (ISPC) has decreased by 4.5%.

As of 31 December 2015 the Agency's official registry included **37 operators** and other providers who have been assigned various numbering elements. 19 new decisions on assigning the numbering elements were issued, 33 on the annulment, or expiration or partial expiration of decisions, while 1 decision was issued ex officio. Only **one new operator** was entered into the official record to be assigned numbering resources, while two operators returned their assigned resources, and the Agency annulled all decisions issued to one of the operators because it did not fulfill its obligations. At the end of 2015 there were a total of 332 issued and valid decisions on assigning numbering elements.

## 2 ACTIVITIES GEARED TOWARDS ACHIEVING THE OBJECTIVES

### 2.1 RADIO SPECTRUM

In 2015 the Agency conducted its regular tasks in managing the utilization of the radio spectrum, as well as the following major projects: the optimization of assigning radio frequencies, especially in radio broadcasting (2.1.1.2 Optimization of the UHF and FM Spectrum Utilization) and the radio frequency tenders for audio broadcasting.

After assigning radio frequencies in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz radio bands, which took place in 2014, the Agency supervised **fulfillment of coverage obligations with fourth generation mobile services (4G)** in 2015. In accordance with item one of the Strategic Objectives of the Ministry of Education, Science and Sport it prepared in December 2015 a draft of the information memorandum for conducting the public tender for assigning radio frequencies in the **1800 MHz and 2100 MHz** radio frequency bands for the parts of the spectrum that have not yet been awarded, and called on the stakeholders to submit their comments. In relation to the renewed procedure for the 2100 MHz band frequencies the Agency prepared a possible solution, but the procedure was stopped and is awaiting a ruling from the court.

In 2015 the Agency also began preparing **an expert analysis for the strategy of developing public mobile communication services in new radio frequency bands for services in the 400 – 3800 MHz bands**. The Agency also continued with the preparation of background papers for the option options for awarding frequencies in the 700, 1400, 2300, 3500, and 3700 MHz bands and the P-P and BWA in the 10 GHz and 12 GHz bands, as well as awarding a part of the 3500 and 3700 MHz spectrum for local use, and strove to find long-term solutions for support services. Because of **the Strategic Objectives of the Ministry** for Education, Science and Sport, in accordance with which the frequencies in the 700 MHz band were not yet to be tendered, the Agency planned the project for 2017.

It completed the public tender for radio frequencies in the **10 GHz and 12 GHz** bands for a multimedia multipoint distribution system (**MMDS**) and broadband wireless access systems (**BWA**). It continued with managing the 10 GHz and 12 GHz bands and drafted an information memorandum for conducting a public tender for assigning radio frequencies in the 10 GHz and 12 GHz radio frequency bands for local use for publication; it will be published in January 2016.

It conducted the **public tender for digital radio (DAB+)**. The decisions on assigning radio frequencies for digital radio will be issued in January 2016. It continued preparing for the public tender of radio frequencies for **analogue (FM) radio**, which continues into 2016 because of the uncertainties arising from the legal order and the relations between the participating bodies. The last such tender was conducted in 2009.

In the General act on changes and amendments to the General act on radio frequency utilization plan (**NURF-3a**), published on 4 May 2015 in the Official Gazette of the RS, the Agency proposed that the **700 MHz** frequency band (the so-called digital dividend II), which has until now been used for radio broadcasting services be assigned to mobile communications, along with the bands 1452 – 1492 MHz, 2300 – 2400 MHz, which were assigned to TRA-ECS mobile communications, while a new decision EC: 2014/276/EU was implemented for the 3410 – 3800 MHz bands.

The biggest shifts in the frequency utilization compared to last year were related especially to MMDS and BWA in the 10 and 12 GHz bands, while the condition for other radio frequencies has remained relatively unchanged.

#### 2.1.1. RADIO BROADCASTING SPECTRUM

---

The Agency ensures the optimum utilization of the spectrum for digital radio broadcasting following the provisions of ZDRad and ZEKom-1, and for the optimum utilization of the spectrum for FM audio radio broadcasting, whereby it follows the provisions of ZEKom-1 and partly also ZRTVS-1.

In 2015 the Agency handled 139 cases related to radio broadcasting spectrum administration, of which 125 were resolved, and 14 were carried over into 2016. Of the 125 administrative procedures, 104 were launched by request of a party, and 21 ex officio. 5 requests were rejected, 1 was canceled, and 2 were stopped. Of the 14 unresolved cases carried over into 2016, 13 administrative proceedings are still being resolved within the legal deadline.

##### 2.1.1.1 PUBLIC TENDER FOR NATIONAL DIGITAL RADIO NETWORK

---

The Agency published a public tender for the frequencies for a DAB+ network with national coverage. It followed the recommendations of potential broadcasters who expressed an interest for entering the new platform and recommended **a network with a good price performance with a smaller number of broadcast points**.

The DAB+ network will therefore consist of 7 broadcast points: Nanos, Tinjan, Krvavec, Krim, Trdinov Vrh, Plešivec, and Pohorje. It will cover major urban areas and motorways. Once the penetration of DAB+ receivers increases, the selected network operator will – in agreement with the publishers of radio programming, which will be leasing network capacity – add new broadcast points, thereby increasing network coverage. The selected DAB+ system provides for a more efficient sound sampling compared to the older DAB system, using the HE AAC v2 system, as well as broadcasting a larger number of radio stations.

The activities for the construction of the first national digital radio network continued in 2016: the decision on the assignment of radio frequencies for the multiplex and for the network's broadcast points will be issued, and the public tender for radio stations – awarding the rights for broadcasting in the digital broadcasting technique will be conducted.

##### 2.1.1.2 OPTIMIZATION OF THE UHF AND FM SPECTRUM UTILIZATION

---

Because of the full utilization of the radio spectrum in some frequency bands the Agency set a multi-year objective to optimize its use. In 2015 it **analyzed the conditions of the assigned radio frequencies and the utilization of the radio frequency spectrum**, reviewed the existing legislative framework in the Republic of Slovenia and compared them to other European countries.

In the UHF radio frequency spectrum in 2015 the Agency completed **the reassignment of digital television channels** from television channels in the 700 MHz band to the television channels in the band below 700 MHz.





To this end it changed 2 decisions on assigning radio frequencies for the multiplex and 22 decisions on assigning radio frequencies for individual broadcasting locations.

In the field of FM audio radio broadcasting the Agency continued with **optimization of assigned FM frequencies**, including additional radio frequencies. It also issued decisions related to the changes at program radio networks. The options of receiving new frequencies for FM audio radio broadcasting are very limited. They are mainly available through 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.

The Agency also conducted **analyses of the FM radio frequency spectrum** in 2015 and updated the lists of available FM frequencies that could be part of one of the upcoming public tenders.

### 2.1.1.3 HANDLING ISSUES WITH ITALY

In 2015 the Agency continued with the activities for a permanent solution to matters of reception involving Slovenian stations along 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 the elimination of interference, as well as informing the **Radio Spectrum Policy Group (RSPG) with the European Commission**. Slovenia also addressed this issue at the World Radio Conference **WRC-15** and signed a **declaration** according to which it reserves the right to take measures in the event of interference from neighboring countries because of violations to ITU rules (more in 2.1.3.1 World Radio Conference).

The Agency also informed the Ministry of Education, Science and Sport (**MIZŠ**) and the Ministry of Foreign Affairs (**MZZ**) regarding the issue of the interference of Slovenian radio and television stations along the border with Italy, and collaborated in a **working group** on solving the problems of Slovenian channel reception along the border with Italy.

The Agency also continued with the optimization of radio frequencies and **additional radio frequencies** for 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 channels because of the unlawful interference from Italian stations. The Agency also provided **technical and legal support** to Slovenian holders of decisions on assigning radio frequencies who decided to press legal charges in Italian or Slovenian courts and turned to the Agency for support.

### 2.1.2. RADIO BROADCASTING SPECTRUM

The Agency's main task in this field is to ensure supervision over the coverage obligations arising from the public tender and auction for frequencies for fourth generation mobile networks. In the scope of preparations for the World Radio Conference WRC-15, and because of the nearing deadline for the 2020 Digital Agenda for Europe, the upcoming 5G technology, the additional decline of the digital divide, and increased needs for spectrum because of the announced trends for the switch to the digital broadband technologies, including public protection disaster relief (PPDR) services and support services, the Agency intensively worked on the project of development of public mobile communication services and the related optimization of assigning frequencies and new frequency bands for program making special event (PMSE) and PPDR services. In the scope of both projects and in accordance with the development of PPDR and support services (e.g. smart grid) the Agency will in 2016 begin the project of reviewing and optimizing the 400 MHz bands for mobile services.



Since the beginning of 2015 the Agency has been preparing for the public tender for new radio frequency bands for public mobile systems in the 700/1400/2300/3500/3700 MHz bands and those bands that were not awarded at last year's 4G public tender. In accordance with the Strategic Objectives of the Ministry of Education, Science and Sport it published a [draft of the information memorandum](#) for conducting the public tender for assigning radio frequencies in the 1800 MHz and 2100 MHz radio frequency bands, and focused its preparations for the public tender for new radio frequency bands for public mobile services in the 700/1400/2300/3500/3700 MHz bands on gathering information, preparing preference agreements, and collaboration with the EU countries that will tender these bands, as well as on work with stakeholders.

In 2015 the Agency completed the Public tender for the allocation of radio frequencies for providing public communications services in the **10 GHz and 12 GHz** frequency bands by awarding the decisions on assigning the radio frequencies. As a continuation of this tender and in order to ensure that the frequencies are awarded optimally it followed the examples of Norway and United Kingdom and prepared a draft information memorandum, so that along the spectrum that was not awarded in the non-paired 10 GHz and 12 GHz bands for BWA and MMDS in 2016, it will also award the paired 10 GHz band for P-P fixed connections, all for local use.

## 2.1.2.1 OVERVIEW OF STANDARD OPERATIONS

In 2015 the Agency issued 25 new decisions for [satellite journalism](#) i.e. SNG/OB. The decisions were issued relating to major events and sport matches. In 2016 the Agency issued 1522 new decisions on assigning radio frequencies for [fixed connections](#) (microwave connections). Investors mainly worked on expanding their existing backbone networks or increasing the capacities of their already existing focused links. In [mobile radio systems](#) the Agency issued 194 decisions on assigning radio frequencies, i.e. for extending the validity of existing decisions and issuing new decisions for new mobile radio systems. In [private mobile radio communications](#) in 2015, the Agency continued to coordinate the operation of private mobile radio (PMR) systems in the 29.7-87.5 MHz, 146-174 MHz, and 440-470 MHz bands 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. For the needs of [amateur radio activities](#) the Agency issued 230 CEPT amateur radio licenses. In the scope of radio licenses the Agency issued 34 decisions for [aircraft](#) and 57 for [ships](#) in 2015.

It continued with the project of [establishing a database for handling requests for the allocation of call signs for personal locator beacons](#) (PLB). The database will help in handling information when a PLB holder requests help in the event of an accident.

The Agency received for approval 697 [radio and telecommunication terminal equipment notifications](#) in accordance with the R&TTE Directive. Two thirds of all the requests were resolved without limitations on the equipment's performance, a quarter were issued with a limitation in accordance with EU harmonized radio communication standards, while under a tenth of all requests were rejected because of inoperability with the above-mentioned standards and/or because of specific radio frequency use in the Republic of Slovenia. An individual EU member country may 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 should be added that the Agency closely collaborates with the Ministry of Economic Development and Technology (MGRT) and the Market Inspectorate of the Republic of Slovenia (TIRS) on radio and telecommunication terminal equipment use. To make usage supervision easier and because of the potential banning of individual pieces of equipment that are 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). In the scope of its activities the Agency monitored the developments in the use of radio frequencies for mobile services in bands that were



primarily intended for other radio communication services. Two methods are in review, marked in documents as “ASA” and “LSA”. New systems will generally provide additional capabilities to public mobile communication services, thereby contributing to better services for end users.

## 2.1.2.2 MONITORING THE PROVISION OF PUBLIC COMMUNICATION SERVICES

---

In 2015 the Agency focused a lot of its time on **monitoring the performance of the decisions** for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands. Non-fulfillment of obligations from the decisions would mean that awarding frequencies did not achieve the main **objectives**, namely the encouragement of efficient spectrum utilization, bridging the digital divide, contributing to the goals of the Digital Agenda for Europe, ensuring access to modern mobile communications to a broad range of the population, ensuring flexibility in spectrum utilization, maintaining and developing effective competition in the market of mobile electronic communication services, encouraging technology and service neutrality in spectrum utilization in accordance with the European frameworks, and encouraging investments and development. For this purpose the Agency published on its website the methodology it uses to verify obligation fulfillment and the deadlines set in the issued decisions on assigning radio frequencies for public mobile services.

In the **terms and conditions** of the 4G public tender the Agency defined that the operators Si.mobil, Telekom Slovenije, and Telemach (formerly Tušmobil) who obtained the spectrum below 1 GHz to provide mobile public communication services to 25% of the population of the Republic of Slovenia within 1 year, 50% of the population of the Republic of Slovenia within 2 years, and 75% of the population of the Republic of Slovenia within 3 years of obtaining said frequencies. Si.mobil, Telekom, and Tušmobil who all also obtained spectrum above 1 GHz must provide mobile public communication services to 25% of the population of the Republic of Slovenia within 3 years, and 40% of the population of the Republic of Slovenia within 5 years using any frequency above 1 GHz. In 2015 the deadline expired for the obligation of providing coverage to 25% of the population of the Republic of Slovenia with an outdoor connection of 10 Mbps downlink.

Si.mobil obtained the 800 MHz frequency block with **special coverage obligations**. The Agency tied to this 2 x 10 MHz frequency block the obligation of providing coverage to at least 95% of the population of the Republic of Slovenia within three years, whereby it demanded an outdoor bandwidth of at least 10 Mbps downlink, which translates to about 1 Mbps indoor bandwidth. Si.mobil is free to fulfill this obligation using any frequency bands it has been awarded. At the same time Si.mobil must within three years also provide coverage to specially defined rural areas (225 of 300 with 75 each year) in which fixed broadband access is very poor or sparse, providing coverage of at least 75% of the population in each such area. It must also provide mobile services at these locations as a suitable replacement to fixed broadband access. In 2015 the deadline expired for the obligation of providing 75% population coverage in 75 selected settlements and providing fixed wireless broadband access (FWBA).

The Agency also monitored the **data on network construction**. Based on the information about base stations submitted by the holders of decision on assigning radio frequencies, the Agency made calculations regarding the fulfillment of coverage obligations, and verified these calculations with test measurements of the network and service quality. It verified its calculations against operators' calculations and field measurements. In order to monitor the submitted data more easily, the Agency prepared and published on its website the **Methodology** for verifying obligation fulfillment with the deadlines set in the issued decisions on assigning radio frequencies for public mobile services (hereinafter: Methodology) in which it strove to detail the method of monitoring the submitted data and the verification of the operators' obligation fulfillment.



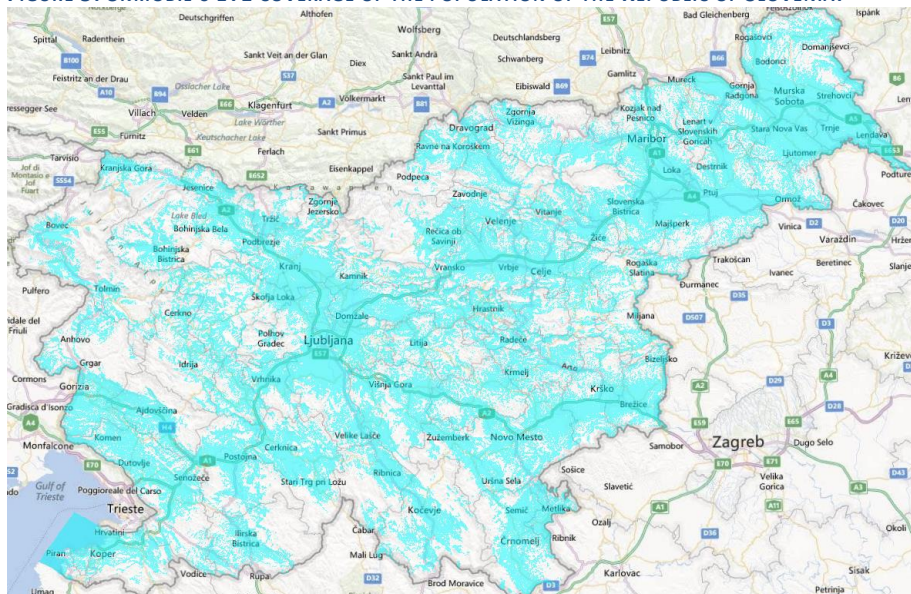
Based on the submitted data and the calculations made in accordance with the Methodology (the RSRP value of -103 dBm) and after verifying the status in the field, the Agency found that all three **operators fulfilled and exceeded** the required coverage obligation of 25% of the population of the Republic of Slovenia, and also that Si.mobil exceeded the obligation on location coverage, as at 30 June 2015 it had, according to the Agency's calculations made in accordance with the methodology from Chapter 8, covered over 100 settlements (while the obligation called for 75). Si.mobil also fulfills the obligation of providing services of fixed wireless broadband access FWBA services.

Based on its measurements the Agency established that the RSRP value of -103 dBm, which it counted as the calculation of coverage, is **too strict**, as the downlink rate of 10 Mbps can already be obtained at a value of -108 dBm. The Agency also reviewed the operators' comments for coverage calculation that it should exclude body loss of 5 dB, which the Agency included in the -103 dBm value. Most devices for data transfer are not used near the body. For example a tablet or a TV screen, and most often also smartphones, are in front the user and not in their pocket when consuming content; in such cases there is no 5 dB body loss. The Agency decided to change the RSRP value for the reference calculation from -103 dBm to -108 dBm.

The Agency publishes the data on LTE coverage as on 31 December 2015, as calculated using the RSRP value of -108 dBm:

- **Si.mobil**, d.d.: Its LTE network (in the 800 MHz, 1800 MHz, and 2600 MHz frequency bands) achieves coverage of nearly 87% of the population of the Republic of Slovenia.
- **Telekom Slovenije**, d.d.: Its LTE network (in the 800 MHz, 900 MHz, 1800 MHz, and 2600 MHz frequency bands) achieves coverage of nearly 90% of the population of the Republic of Slovenia.
- **Telemach Mobil**, d.o.o.: Its LTE network (in the 800 MHz frequency band) achieves coverage of nearly 73% of the population of the Republic of Slovenia.

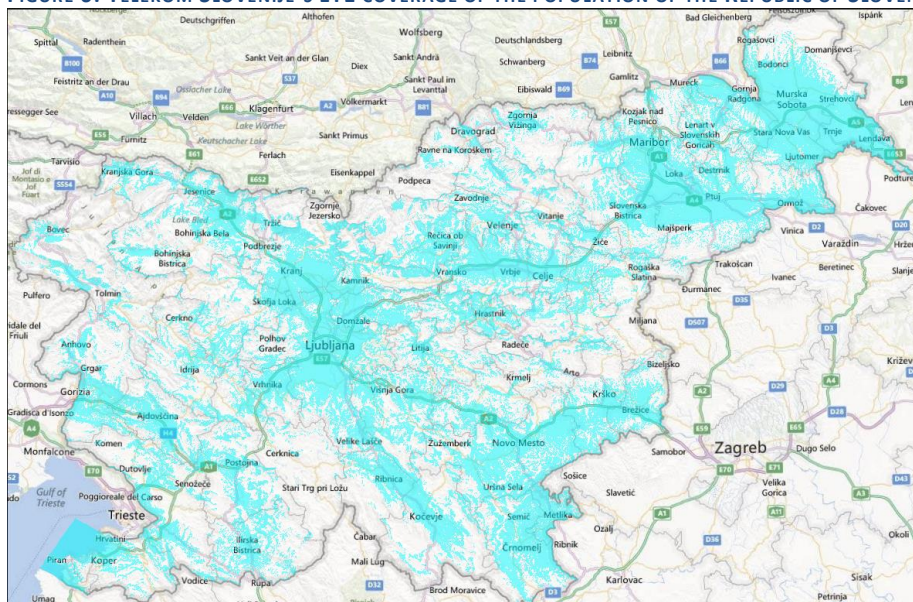
**FIGURE 5: SI.MOBIL'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:**



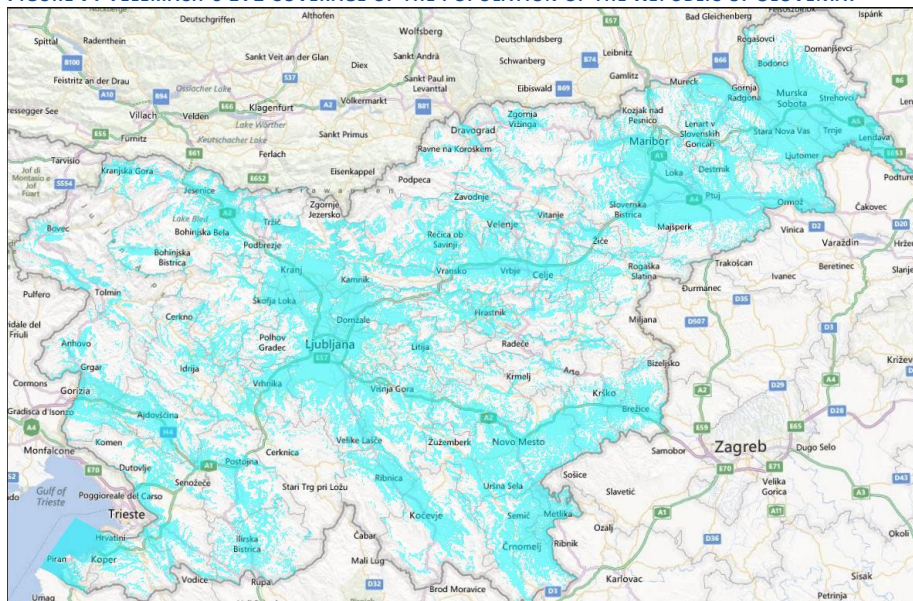




**FIGURE 6: TELEKOM SLOVENIJE'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:**



**FIGURE 7: TELEMACH'S LTE COVERAGE OF THE POPULATION OF THE REPUBLIC OF SLOVENIA:**



### 2.1.2.3 OPTIMIZATION OF ASSIGNING RADIO FREQUENCIES

In accordance with the Agency's first objective, i.e. ensuring efficient utilization of the radio spectrum, and in connection to the second objective of ensuring broadband services, and in the sense of preparing for the World Radio Conference WRC-15, which is set to ensure additional spectrum amounts for broadband public and civil services, i.e. public protection disaster relief (PPDR), whereby the radio spectrum in the Republic of Slovenia is especially in these frequency bands heavily occupied, the Agency conducted in 2015 an [analysis of the condition of assigned radio frequencies](#).

Because of the expansion of public mobile services many of the bands that were relatively unoccupied before and were suitable for supporting radio broadcasting services (Program Making Special Event PMSE), the Agency used this analysis as its basis for coordinating with the Ministry of Defence and television stations on gradually

freeing up the 2300-2400 MHz bands for public mobile services. **The result of the agreement on PMSE** is that RTV Slovenija and POP TV will return parts of the frequencies granted to them in their decisions for the 2400-2500 MHz band and instead each will receive a part of the 2255-2290 MHz band for a period of 10 years, and they are to agree on dividing it among them. The 2290-2300 MHz band is only conditionally useful because of potential interference, but is in agreement between RTV Slovenija and POP TV available for a period of 10 years. RTV Slovenija is discussing with the Ministry of Defence of the Republic of Slovenia the potential use of the 2240-2255 MHz band for approximately 12 events per year in a geographically limited area. TV stations will review the alternative use of the 2700-2900 MHz band in the event it becomes harmonized within CEPT. Both holders of decisions for the 2300-2400 MHz band will have them extended for one year after they expire, namely until 31 December 2017.

In parallel with the project of developing public mobile communication services the Agency in collaboration with the Ministry of Defence and the Ministry for Internal Affairs also reviewed the **switch of PPDR services to broadband**, along with the related need for new frequency bands for PMSE and PPDR mobile networks and the connection of existing and new base stations. In the scope of the project of the development of public mobile communications the Agency began collaborating with power distribution companies and studying the future of support services (e.g. smart grids).

The Agency also builds the efficiency of its operation on the **automation of simple and repeating procedures and processes**. In 2015 the Agency conducted an analysis of the condition of the decisions on assigning radio frequencies for fixed connections. When it compared its practice of assigning frequencies for fixed connections with practices in other European countries it established that conditions are similar to that of the United Kingdom, where 90% of all links are owned by just 8 companies; in Slovenia 4 companies – Telekom Slovenije, Si.mobil, Tušmobil and RTV Slovenija – have over 90% of all links. For some radio frequency bands for fixed connections the United Kingdom already introduced the public auction, as has Norway, which awarded the 3.5 GHz, 10 GHz, and parts of the 23, 28, 32, and 38 GHz bands at an auction in 2013. As part of its project “1.2.3 Public Tender of Radio Frequencies in the 10 GHz, and 12 GHz Bands” the Agency has decided to assign the 10,150-10,300 MHz and the 10,500-10,650 MHz subband for connecting infrastructure for operators of public communication services to end users, i.e. TRA-ECS. Besides the procedure of assigning radio frequencies the Agency in 2015 also optimized the issuing decisions on the assessment of fees for the use of radio frequencies, such that single or merged decisions are issued to those who have several decisions on the use of radio frequencies issued to them, resulting in a so-called **summary decision**, in which all of their fees and obligations resulting from individual decisions are listed together and charged as one. This way it issued for the 8085 decisions on assigning radio frequencies a total of 1149 decisions on the assessment of fees to 999 decision holders.

#### 2.1.2.4 THE DEVELOPMENT OF PUBLIC MOBILE COMMUNICATION SERVICES AND AWARDED NON-AWARDED 4G FREQUENCIES

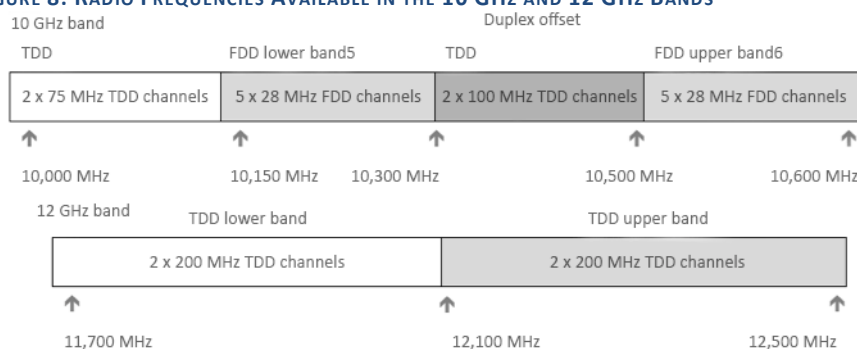
In accordance with the objective of ensuring appropriate national coverage (including rural areas), upgrading the goals of the Digital Agenda, establishing a platform for 5th generation mobile networks, ensuring competition among operators, and ensuring appropriate one-time financial fees for the use of frequencies (for the state budget) the Agency in 2015 began monitoring the development of public mobile communication services in new radio frequency bands (**400-3800**), drafting background papers for the strategy of assigning the frequencies for the **700 MHz** frequency band and other bands (e.g. 1400 MHz, 2300 MHz, 3500 MHz, 3700 MHz), and monitoring new developments regarding the use of frequencies for mobile terminals used in the so-called **white space** – (i.e. white space devices – WDC) in the whole UHF band.

Since the beginning of 2014 the Agency has been preparing for the public tender for new radio frequency bands for public mobile systems in the **700/1400/2300/3500/3700 MHz** and the bands that were not assigned in the last 4G public tender, and has continued to do so in 2015. At the end of the year, in accordance with the Strategic Objectives of the Ministry of Education, Science and Sport, it published a draft of the information memorandum for conducting the public tender for assigning radio frequencies in the **1800 MHz and 2100 MHz** radio frequency bands, and focused its preparations for the public tender for new radio frequency bands for public mobile services in the 700/1400/2300/3500/3700 MHz bands on gathering information, preparing preference agreements, collaboration with the EU countries that will tender these bands, and work with stakeholders. Actual preparation of the documentation for the public tender with a public auction in the 700+ MHz band will be accelerated as soon as the Agency receives the expected new strategic guidelines from the Ministry. The Agency also came up with a solution for the 2100 MHz band, the rights to which are currently in the renewal process. The activities were put on hold until the court issues a decision.

## 2.12.5 PUBLIC TENDER OF RADIO FREQUENCIES IN THE 10 GHz AND 12 GHz BANDS

In January 2015 the Agency completed the Public tender for the allocation of radio frequencies for providing public communications services in the **10 GHz and 12 GHz** frequency bands by awarding decisions on assigning the radio frequencies. In the scope of these decisions it verified operators' projects and began supervising implementation. The first deadlines for switching 75% of subscribers from 5 GHz to 10 GHz and 12 GHz bands are in January 2016.

**FIGURE 8: RADIO FREQUENCIES AVAILABLE IN THE 10 GHz AND 12 GHz BANDS**



Source: AKOS

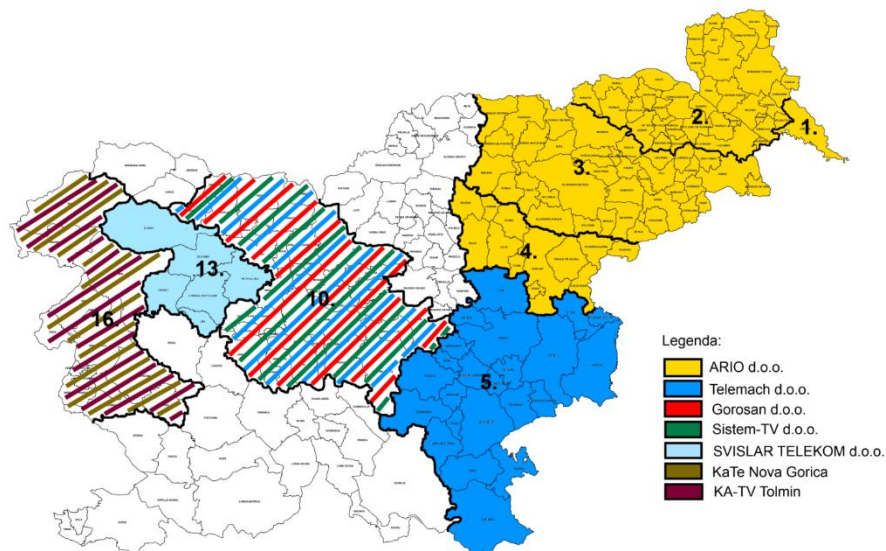
<sup>5</sup> The B and D bands will be awarded together.

The objectives of the public tender were: (1) encouraging efficient utilization of the radio frequency spectrum, (2) maintaining and encouraging effective competition and innovation in the market of operators of the MMDS and BWA services, taking into account the need to avoid harmful interference and ensuring technical quality of service with the aim of increasing the availability of broadband services and efficient solutions for increasing wireless data throughput, (3) contributing to achieving the objectives of the Digital Agenda for Europe (especially the fourth pillar; fast and ultra-fast internet access in the EU), and encouraging access to broadband services in rural areas, also utilizing a fast and flexible realization of broadband microwave links, (4) encouraging investment and innovation and service development, and (5) ensuring flexibility in spectrum usage.





FIGURE 9: GEOGRAPHIC AREAS OF RIGHTS HOLDERS FOR THE USE OF RADIO FREQUENCIES IN THE 10 GHz AND 12 GHz BANDS  
3



After the completion of the tender and in order to ensure that the frequencies are awarded optimally it followed the examples of Norway and United Kingdom, and [prepared a draft information memorandum for a new public tender for the 10 GHz and 12 GHz bands](#), so that along the spectrum bands that were not awarded in the non-paired 10 GHz and 12 GHz bands for BWA and MMDS in 2016, it will also award the paired 10 GHz band for P-P fixed connections, all for local use.

## 2.1.3 INTERNATIONAL COORDINATION AND COLLABORATION

### 2.1.3.1 WORLD RADIO CONFERENCE WRC-15

In preparation for the World Radio Conference in Geneva and between 2 and 27 November 2015 at the conference itself the Agency actively participated in all the issues of the WRC-15 agenda, which were of strategic importance in accordance with the guidelines of the Government of the Republic of Slovenia for WRC-15. In the scope of the decisions on supporting European Common Prepositions (ECP) and of the decision at the WRC-15 conference the Slovenian representatives supported the following three strategic goals: (1) safety of citizens; (2) access to broadband mobile services for all citizens in the shortest time for as low costs as possible; (3) encouraging the development of new technologies and maintaining a clear regulatory environment.

For [ensuring citizens' safety](#) the following items were adopted: 1.18 on the primary allocation of the 77.5-78.0 GHz band for automobile radars, which increases citizens' safety in road traffic; item 1.5 on the potential shared use of frequency bands for fixed satellite services (which are not part of the Appendices 30, 30A, and 30B) for control of drone aircraft, however this ECP did not receive enough support. Slovenia was especially active in the working group on this topic, as it wanted to ensure that the interests of the NATO alliance as well as the security requirements of ICAO and EUROCONTROL would be taken into account. Also Resolution 185 (Busan 2014) for tracking aircraft was adopted. In order to ensure safety and broadband access Slovenia actively

<sup>3</sup> This figure is for the 12 GHz band, while the 10 GHz band is fully utilized in geographic areas 2, 3, 4, and half-utilized in area 10.





supported the adoption of item 1.3 on civil protection and disaster relief (PPDR), which encourages administrations to adopt global harmonization within Region 1 (700/800 MHz band (especially the 694-869 MHz) and the 380-470 MHz band). Global trends forecast hybrid use of PPDR networks, using commercial as well as public networks, which is the optimum solution both in financial and temporal terms. An item was adopted to allow the provision of PPDR over LTE, which seems like a good solution for new PPDR systems in CEPT countries. In relation to item 1.1 Slovenia did not support additional allocations for the 2700-2900 MHz band for public mobile services (IMT), and the use of this band remained unchanged.

With regard to the second strategic goal – **the swift introduction of broadband mobile communications** – Slovenia supported more bands than CEPT. Item 1.2 was adopted on allocating the 700 MHz for IMT, while with item 1.1 parts of the 1427-1518 MHz were adopted for IMD, and one part for the primary mobile allocations, and 3400-3600 MHz for IMT, while Europe will use 3600-3800 MHz for IMT on the basis of a secondary mobile allocation. A part of the 3700-3800 MHz will not be used for IMT anywhere else except in Europe, which probably means that the equipment will be more expensive. The 470-694 MHz band will be allocated for IMT at the WRC-23. The 3800-4200 MHz band did not receive enough support and remains allocated to fixed and satellite connections. WRC-19 will also discuss additional bands for IMT, namely 24.5-27.5 GHz, 31.8-33.4 GHz, 40.5-43.5 GHz, 45.5-48.9 GHz, 66-71 GHz, 71-76 GHz, and 81-86 GHz. Another band above 20 GHz was adopted, but there is no part of the spectrum for IMT between 6 GHz and 20 GHz. Slovenia joined the initiative that by the next WRG it finds a part of the spectrum in this band. Slovenia joined the joint proposal of several countries to include on the WRC-19 agenda a study on the use of WiFi and WAS (LTE off-load) in the 5 GHz band, as the new technologies are emerging that include algorithms for avoiding primary services; the proposal was adopted.

With regard to the third objective – **encouraging the development of new technologies and maintaining a clear regulative environment** – Slovenia supported the ECP in item 7: amendments to the ITU radio communication rules (ITU RR) and in item 1.8 on terrestrial stations on ships, where the new concept was introduced that such a station is switched off when it nears the shore. In relation to item 1.14 Slovenia did not support the proposal for ending the leap second and introducing a system that works on continuous time. It joined the position of the UK to enable the use of both systems at the same time, as the leap second system synchronizes in 0.9 s and then actually operates the same as continuous time systems. Items 7 and 1.8 were adopted, whereas a solution for item 1.14 will be sought by the next WRC in collaboration with all relevant organizations working on metrology.

The Agency also put forward issues regarding chapter 7.4.2.2 of the Director's report on the activities of the radio communication sector **regarding Italy's interference** in television and audio broadcasting. Slovenia was supported by Croatian representatives and they agreed for ITU to continue with its activities. The WRC-15 resolution was for ITU to continue with activities for ending the interference. Slovenia signed a **declaration** according to which it reserves the right to adopt measures in the event of interference of neighboring countries because of violations to ITU rules.

## 2.1.3.2 OTHER INTERNATIONAL COOPERATION

Besides the most important international event in managing radio frequencies in 2015, which is described in the above chapter, and regular monitoring of the working groups in the scope of the European Union, NATO, CEPT ITU, and HCM, the Agency **coordinated the use of radio frequencies** that affect other countries in accordance with international agreements. In broadcasting the Agency received 10 cases and resolved 6. It reviewed 24 entries with the International Telecommunications Union (ITU) and on 24 and 25 March 2015 held a bilateral coordination meeting with the representatives of the Hungarian administration. In the field of **radio**

**communications** for mobile purposes it reviewed 175 cases. It received 57 of them, of which 29 were carried over and 38 resolved, while the rest were domestic issues sent for coordination. 115 cases remained open. There were 23 requests received for satellite connections, of which 24 were resolved, as one was carried over from 2014, while 21 requests were received for fixed connections, of which 21 were resolved and 1 was carried over from 2014, while 1 remained open in 2016 (proposal for a meeting with the Italian administration). 24 entries into ITU registries were reviewed, with the Slovenian frequency registries 8 and 9 and the Slovenian links 1.5G, 7G, 13G, 15G, 18G, 23G, 25G, 38G entered into tables.

In April 2015 the administration of the Republic of Croatia and the Republic of Slovenia, as part of the Harmonized Calculation Method, signed a **bilateral technical agreement** regarding frequency coordination for the requirements of private mobile communications in the 29.7-470 MHz frequency band. The technical agreement defines the procedure for the event of mutual radio interference from notification to a resolution of the issue. A major achievement was the exchange of frequency lists in the format of a HCM structure of the currently used frequency channels by geographic locations for the needs of mobile connections.

On 23 February 2015 a workshop entitled Switch from DTT to LTE in the 700 MHz Band was held in Zagreb. Slovenia held a **workshop of European regulators and the European Commission** on new frequency bands 700/1400/2300/3500 and 3700 MHz on 19 and 20 May 2015 in Bled. At the HCM SWG-MS and TWG working groups the Agency presented a draft text for preferred agreements for the new bands 700/1400/2300/3500 and 3700 MHz. The first result of these actions was the Preferred Agreement of the Administrations of Slovenia, Austria, Croatia, Slovakia, Ukraine, Romania, Serbia, and Hungary for the 3500 and 3700 MHz Bands concluded in Geneva on 24 November 2015. At the initiative of the Austrian regulator a meeting was held on 21 October 2015 in Ljubljana between the Slovenian and Austrian mobile operators, where they agreed on exchanging data and signing international agreements. In collaboration with the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief an agreement was reached with Austria regarding the interference in the 173 MHz band. Negotiations regarding this band are also underway with Croatia and Austria. At the initiative of the Austrian regulator Slovenia attended a meeting in Vienna on 11 December 2015 on future auctions for new frequency bands and between 15 and 17 July 2015 it consulted the Montenegrin regulator in Podgorica on the frequency auction for the 800/900/1800/2100/2600 MHz frequency bands, and later, on 14 October 2015 in Ljubljana, it also consulted the Albanian regulator on the same topic.

## 2.2 ELECTRONIC COMMUNICATIONS

Managing limited resources in electronic communications is within the scope of the Agency's jurisdiction for administrating the numbering space, as defined by section VI of the Electronic Communications Act. The Agency manages the multitude of all the numbering elements in the Republic of Slovenia with the goals of ensuring their efficient structuring and utilization and of meeting the needs of the operators and other natural and legal persons who are entitled to numbering elements in a fair and non-discriminatory fashion.

### 2.2.1 NUMBERING SPACE

In 2015 there was an expected modest demand for assigning individual numbering elements. Because of the changes to individual provisions on the general act regulating fees for the use of assigned numbering elements, and the corresponding increase in the number of points already in 2012, in 2015 operators were also encouraged to employ a more rational use of numbering resources. That is why they opted to return non-active numbering elements for free and premium services (080 and 090 numbers).



According to the reports of the selected administrator of mapping numbers into ENUM number domains there was no demand for the use of this feature in 2015. The number of numbers ported in 2015 increased by approximately 11.5%, compared to the previous year. According to the data from the administrator of the central database of ported numbers there were a total of 166,049 numbers ported in 2015, of which 123,255 were mobile, and 42,794 were fixed.

Since the introduction of number porting in 2006 a total of 1,332,020 numbers have been ported. The total number of ported numbers as of 31 December 2015 is 907,111, of which 488,977 were mobile, and 417,588 were fixed. A large number of ported numbers (estimated at more than 20% of active mobile and more than 30% of active fixed numbers) points to the fact that the option of number porting makes end users' decisions to switch providers easier, thereby contributing to competitive market conditions.



## VII REGULATION

### 1. ELECTRONIC COMMUNICATIONS

#### 1.1 FRAMEWORK, GOALS, MARKETS

##### 1.1.1 LEGAL FRAMEWORK

---

Electronic networks and communication services are regulated on the basis of five European directives, which were adopted in 2002 and amended in 2009. These directives are:

- The Directive 2002/21/EC of the European Parliament and the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, hereinafter Framework Directive;
- The Directive 2002/20/EC of the European Parliament and the Council of 7 March 2002 on the authorization of electronic communication networks and services, hereinafter Authorization Directive;
- The Directive 2002/19/EC of the European Parliament and the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities, hereinafter the Access Directive;
- The Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services, hereinafter the Universal Service Directive;
- The Directive 2002/58/EC of the European Parliament and the Council on the processing of personal data and the protection of privacy in the electronic communications sector, hereinafter the Data Protection Directive.

New regulatory package from 2009 consists of two directives and one regulation:

- The Directive 2009/140/EC of the European Parliament and the Council (Better Regulation Directive) amending Directives 2002/21/EC, 2002/19/EC and 2002/20/EC;
- The Directive 2009/136/EC (Citizens' Rights Directive) amending the directive 2002/22/EC; and
- Regulation (EC) 1211/2009 establishing the Body of European Regulators for Electronic Communications (BEREC).

The regulatory package from 2009 changed the directives from 2002 considerably. The establishment of the Body of European Regulators for Electronic Communications (BEREC) was an important step towards providing a mechanism for boosting cooperation and coordinated work of national regulators and the European Commission. BEREC's main purpose is to encourage the development of the electronic communication networks and services single market.

The directives listed were transposed into Slovenian legislation with ZEKom-1. ZEKom-1 details the conditions for providing electronic communication networks and electronic communication services. The Agency, based on ZEKom-1 and associated regulations, creates conditions for effective competition by providing equal conditions for all operators in the electronic communications market.

The Agency also follows the European Commission's recommendations and BEREC's documents. When designing the methodology for the future regulation of markets 3a, 3b, and 4 in 2015, the Agency followed the Commission Recommendation on consistent non-discrimination obligations and costing methodologies to



promote competition and enhance the broadband investment environment<sup>4</sup> (hereinafter Non-Discrimination and Costing Methodologies Recommendation), the Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation<sup>5</sup> (hereinafter Relevant Markets Recommendation). The Agency is also followed the Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks<sup>6</sup>, which has not been transposed into Slovenian legislation yet, when drawing up background papers for the strategy and working on the project of establishing a single spatial database.

## 1.1.2. ANNUAL GOALS

---

One of the goals in promoting competition and market development was to create a strategy for developing the regulation of electronic communications development in Slovenia. After careful consideration, the Agency decided to focus the project on drawing up background papers for an efficient investment policy in NGA networks in Slovenia. It also created the methodology to be used for regulating wholesale broadband access markets as part of designing strategic guidelines for regulating relevant markets, and put it to public consultation, thoroughly studying and interpreting the requirements of the recommendation regarding relevant markets and the recommendation on non-discrimination and cost methodologies in the process, while also taking into account market conditions in Slovenia. It stressed the requirements of both listed recommendations in the methodology, and asked market players for their opinion about the main regulated components to be included in analyses, pricing models for determining cost prices, and in testing economic replicability and subsequently decisions in these markets.

With the purpose of promoting competition and market development, as well as optimizing infrastructure investments, the Agency planned a technical analysis and preparation of general documents, as well as regulation of the conditions in the segment of access and distribution points. In 2015, the Agency studied international practices and compared the Directive on measures to reduce the cost of deploying high-speed electronic communications networks with ZEKom-1 in order to draw up first drafts for general legal acts. It concluded that completing this would require transposing said Directive into national legislation and thoroughly analyzing the domestic market, since international practices cannot be applied to the Slovenian situation.

The Agency also pursued the goal of promoting competition and market development with its activities at the EU level. It actively participated in BEREC and European Commission working parties, especially on the issues of implementing the single market regulation regarding international roaming and net neutrality, and changes to the regulatory framework. The Agency's regular work also included keeping the records on electronic communications operators.

## 1.1.3 MARKET SITUATION

---

In 2015, there were 154 operators in the electronic communications market providing end users with mobile telephone, broadband internet access and fixed telephone services, access infrastructure leasing, radio broadcast transmissions to end users, and other services. Nine new providers of various services were entered

---

<sup>4</sup> The COMMISSION RECOMMENDATION of 11 September 2013 on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment (2013/466/EU)

<sup>5</sup> Commission Recommendation of 9 October 2014 on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services

<sup>6</sup> Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks: <http://eur-lex.europa.eu/legal-content/SL/TXT/HTML/?uri=CELEX:32014L0061&from=SL>

into the official registry of electronic services operators, while seven were deleted. In 2015, there were 56 changes submitted to the Agency's official registry by notifications, based on which the Agency issued the required certificates or extracts from the official registry. The table below shows the number of operators/service providers entered into the official registry by significant services as of 31 December 2015.

**TABLE 6: THE NUMBER OF OPERATORS/SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY BY SERVICE**

Service	No.
Internet access	
Narrowband access	17
Broadband access	84
Cable access	54
Cable operators	64
Voice services in the public mobile network	
Operators	4
Mobile virtual network operators (MVNOs)	10
Fixed public voice telephone services	
International fixed voice service operators	25
Domestic fixed voice service operators	25
Leased lines operators	36
Value added services providers	27

### 1.1.3.1 FIXED TELEPHONE SERVICES MARKET

Trends in the fixed telephone services market from the past few years have continued into 2015. Fixed telephone service is most frequently sold in bundles that also contain internet and TV services, and increasingly often mobile services. Fixed telephone service has been losing its attractiveness as an independent service, since mobile services have been successfully replacing it, especially in the residential user segment. The share of VoIP services in the fixed voice segment kept growing in 2015, while the share of traditional TDM services provided by operators has been on a decrease. ViOP now accounts for over two thirds of all accesses, meaning that the share of PSTN and ISDN dropped under a third. In 2015, a drop was recorded not only in the number of fixed lines, but also in the volume of fixed voice traffic, a trend that has been observed for a while. Regardless of the **declining interest**, the competition in this market is rather dynamic and very effective. None of the operators providing fixed telephone services have a noticeably dominant market share, market shares are getting consolidated, and number portability successfully contributed to competition in 2015 by allowing users to switch operators easily.

### 1.1.3.2 MOBILE TELEPHONE SERVICES MARKET

The telecommunications market saw important changes in 2015, which were especially significant among mobile operators, and which in the era of convergence are indispensably linked to the fixed telephone and internet services market. Certain **consolidations** announced in the past were completed in 2015. The company that owns Si.mobil acquired the company that owned Amis. When merging with Amis, a large provider of fixed voice and broadband services, the second largest mobile services provider in Slovenia Si.mobil announced it would soon offer its users a comprehensive range of telecommunications service in one place.

Another important consolidation event was Telemach's acquisition of Tušmobil, where a significant fixed operator and provider of fixed voice and broadband services with a broad network acquired the third mobile infrastructure operator. This is a significant shift on the mobile telephone services market, since all network operators (Telekom Slovenije, T-2, Si.mobil and Telemach, now Telemach Mobil) are now able to provide fully converged services. All these operators now hold significant shares on the mobile as well as fixed markets. Another important event was Telekom Slovenije's acquisition of MVNO Debitel.

All these developments materially affected the mobile telephone services market, where fast expansion of the LTE infrastructure and its availability resulted in **a substantial increase in the use of broadband internet on mobile devices**. We are seeing changes in the availability of mobile broadband internet, which operators are increasingly marketing either in bundles or separately, and which is getting more affordable and more accessible.

The mentioned decline in fixed voice services can be greatly attributed to the rise in mobile voice services, except for the part that was replaced by externally managed VoIP services. Operators offer retail plans with large service allowances (calls to all Slovenian networks, text and multimedia messages), so we did not record any notable changes in usage in 2015. Regardless, it is clear that the most important role the mobile market is played by data transfer and broadband internet access services, which allow users to use voice and messaging apps freely available in the market instead of using operators' services.

In 2015, the mobile telephone services market once again demonstrated that it was far from **saturated**, and intensive technological changes should result in further growth.

#### **1.1.3.3 BROADBAND INTERNET ACCESS**

---

The most important event in 2015 was the large consolidation of fixed and mobile services operators, which resulted in having **four strong providers of converged services** in the telecommunications market, where Telekom Slovenije and T-2 were joined by Si.mobil and Telemach. This will greatly affect the future range of broadband internet services, as we can expect that operators will offer competitive and innovative products that will include mobile and fixed internet access.

Most fixed internet users **still use xDSL access** over Telekom Slovenije's copper network, however their share started dropping in the past year, especially due to the decreasing share of ADSL, which is being replaced by VDSL and FTTH connections. xDSL access is followed by access over coaxial cable networks, the biggest share of which is owned by Telemach and companies linked through ownership, and which is growing due to the Docsis 3.0 technology now used already in one third of connections. **The fastest growth was observed in FTTH access** over fiber optic networks, which are owned by T-2, Telekom Slovenije, and open broadband networks operators.

Operators in the fixed internet access market **fought fiercely for end users** last year, which resulted in higher data rates at essentially the same prices. The number of connections supporting data rates of 30 Mbps and upwards more than doubled in that period, and now represents over one fourth of all connections. Operators



# AKOS

also offered plans with greater data allowances in the market of mobile internet access, and allowances of a few GB are now a standard, which is primarily the result of extensive network upgrades to the LTE technology that supports efficient transfer of larger volumes of data at data rates up to 100 Mbps. The volume of data transferred over mobile broadband networks continued to grow exponentially in 2015, and increased by over 50% in one year.

Increasing data rates and mobile data allowances are eliminating last technical obstacles preventing efficient provision of **OTT services**, which will importantly shape the future of telecommunications market.





## 1.1.3.4 ACCESS TO TV SERVICES

---

TV is still an important media channel for a great majority of the population, which is also evident from the **high share of households with pay TV**. The share of household using terrestrial or satellite TV, based on AGB Nielsen's 2015 basic survey about the profile of Slovenian TV audience, is 16%. Pay TV is available over cable, IPTV, satellite, and MMDS, with the first two types prevailing among end users. Cable and IPTV are offered in affordable bundles with numerous extra services (such as video-on-demand, catch up TV, etc.), which further boosts the demand for such types of TV. The number of IPTV users is growing among all operators, while the total number of cable TV users decreased. The trend of Telemach, the largest Slovenian cable operator, consolidating with small cable operators continued in 2015.

## 1.1.3.5 CONVERGED SERVICES

---

End users still prefer bundles<sup>7</sup> that include internet, and fixed and mobile telephone services, and pay-TV, or at least two of these services, with **triple play remaining the most popular** bundle. The number of quad play users is also rising, while the number of double-play users and users subscribed to individual services is falling. User demand for bundled services continues to grow, and almost all operators are recording an increase in this segment. The share of users with bundles exceeded 70% for the first time.

**Quad play** bundles also include mobile services. Mobile devices combined with fixed network services are a solution that is intensively developing in Slovenia and abroad, since mobile devices can connect to wireless points at fixed locations (Wi-Fi). Operators providing converged services are mostly those providing broadband access. Due to the popularity of such products, increasingly more operators are consolidating to be better able to compete in the market.

The annual **survey** on households' monthly spending on electronic communications<sup>8</sup>, which was conducted by a contractor, found that the main reason for not using bundles was lack of interest. Other reasons given by users were that those bundles are not available to them or that they do not need a bundle. The share of subscribers to bundled services who switched their providers in the past is on the rise, and almost one half of them listed price and one third service quality as the main reason for such a decision. These were followed by the channel selection, attractive special offers, and higher data rates.

## 1.1.3.6 WHOLESALE BROADBAND ACCESS

---

The size of the wholesale broadband access market kept increasing in 2015. Operators still most frequently use regulated products on Telekom Slovenije's copper network, however their share has been stagnating or even slightly shrinking for a while. Unbundled access to the copper local loop is still the prevailing type of access, however its share is decreasing due to transition to bitstream access, which is primarily the result of the **shortening of copper local loops**, which Telekom Slovenije is conducting to increase the capacity of its broadband network.

The shortening of the local loop allows alternative operators to install their colocation on a subloop or to switch to bitstream access, which is usually the cheaper choice. The share of unbundled local loop access is also declining because of users switching to fiber optic access where available. The growth in the wholesale

---

<sup>7</sup> Dual-play: bundle combining two electronic communication services; triple-play: bundle combining three electronic communication services; quad-play: bundle combining four electronic communication services.

<sup>8</sup> <http://www.akos-rs.si/raziskave-v-zvezi-s-koncnimi-uporabniki-raziskava-o-mesecnih-izdatkih-gospodinjstev-za-storitve-elektronskih-komunikacij-2015>

broadband access market is thus the result of the **increasing demand for access to fiber optics network** of Telekom Slovenije and open broadband networks that were constructed using public-private financing.

## 1.2 ACTIVITIES AIMED AT ACHIEVING GOALS

### 1.2.1 DRAWING UP BACKGROUND PAPERS FOR EFFICIENT INVESTMENTS IN NGA NETWORKS

---

The Agency started 2015 by building its own single spatial database and adding data required for future tasks. It created a single database that contains data from the register of demarcation points, consolidated cadastre of public infrastructure, register of spatial units, cadastre of buildings, GURS's land cadastre, and income data from other sources: AJPES's business register of Slovenia, the Statistical Office's population data, and the Ministry of the Interior's central population register. The data needed to be linked, verified, and prepared for further use with basic analyses. The single spatial database also includes an online internal data browser that allows the Agency to export and further process data. This way the Agency created the **basis for geographic segmentation** that will allow it to further regulate the market and set the rules on universal services. Spatial data were also used in drawing up the background papers for efficient investments in NGA networks in Slovenia, which was one of the Agency's main goals in 2015.

The background papers for efficient investments in NGA networks are based on the data obtained from the above mentioned single spatial database. Based on the existing criteria, the Agency determined rural parts of the Republic of Slovenia as areas that qualify for **public funding of broadband network construction** due to the lack of commercial interest. It proposed that public funds be spent primarily to construct local backbone networks between points of concentration in settlements and the existing backbone network, which is the most costly part of constructing an access network.

This way public funding would be used to improve the chance of commercial interest for the access network, while cutting the spending of public funds where possible by allowing the operators to provide end users with access to the broadband network using a variety of technologies. This would allow us to meet the goals of the Digital Agenda for Europe. The Agency took all of this into account when creating the **technical and economic model**, i.e. background papers for designing various network topologies for specific areas of the country, and presented the required budget for bringing broadband internet access to all end users to stakeholders.

### 1.2.2 DESIGNING THE REGULATORY ENVIRONMENT FOR THE NEXT GENERATION NETWORK

---

The implementation of the Commission Recommendation on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment<sup>9</sup>, along with the Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation<sup>10</sup>, will significantly affect future approaches in the regulation of relevant wholesale broadband access markets.

In order to promote the transparency of its operations, regulatory predictability, and easier understanding of the requirements from the Non-Discrimination and Costing Methodologies and Relevant Markets Recommendations, as well as the market situation, the Agency created the **methodology for further regulation of relevant broadband access markets** (markets 3a, 3b, and 4) in 2015.

---

<sup>9</sup> COMMISSION RECOMMENDATION of 11 September 2013 on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment (2013/466/EU)

<sup>10</sup> Commission Recommendation of 9 October 2014 on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services

The methodology's structure is the same as the structure of analyses, starting with the definition of the relevant geographic and product market, which under new recommendations now also includes geographic segmentation. The assessment of significant market power remains essentially the same as described in ZEKom-1, while measures are determined based on identified geographic markets, which are divided into those with several available sets of infrastructure where the regulation of wholesale prices is no longer expected, and those with only one set of infrastructure where price regulation is still planned. In addition to defining measures for price regulation, the methodology also describes other measures that are partly already implemented in the existing regulation in the context of equal treatment. The Agency published this methodology and put it to public consultation accompanied with questions for operators in order to obtain information about the market, so it could adjust the analyses to the actual situation and conduct the procedure as transparently and predictably as possible.

The document is intended for consultation only. The Agency used the received replies as the **basis for conducting analyses on the relevant markets 3a, 3b, and 4**. By drawing up this document, the Agency gave market players the opportunity to contribute to designing how these relevant markets would be regulated in the future.

In 2015, the Agency continued to **analyze retail prices** in order to monitor changes and trends in the retail prices of broadband services. The agency conducts periodic analyses to determine the existence of any differences (structure of the bundle, retail prices, data rates, used technologies) as per geographic area. The Agency expanded its retail prices analysis with a new survey that operators conduct among end users in order to identify flagship products. The analysis findings will be used in future regulation of the relevant markets 3a and 3b based on the Relevant Markets Recommendation and the Non-Discrimination and Costing Methodologies Recommendation.

### **1.2.3 REGULATION OF RELEVANT MARKETS**

---

In 2015 the Agency analyzed relevant wholesale markets 3 (Call termination on the public telephone network at a fixed location), 7 (Voice call termination on individual mobile networks), and 5 (Broadband access) with the purpose of changing a part of the regulatory measure currently in place. It also started working on the analysis of relevant market 18 (Broadcasting transmission services to deliver broadcast content to end users). The Agency also initiated procedures for compiling the analyses of relevant markets of wholesale local access provided at a fixed location, wholesale central access provided at a fixed location for mass-market, and wholesale high-quality access provided at a fixed location

#### **1.2.3.1 MARKET 3**

---

In 2013, the Agency conducted the **analysis of the relevant wholesale market 3** (Call termination on the public telephone network at a fixed location), and issued decisions in September 2014 imposing several obligations: the wholesale access obligation, equal treatment obligation, transparency obligation (including the obligation to publish reference offers), and the obligation of price control and cost accounting.

The Agency used its own cost model based on the pure LRIC methodology and the bottom-up approach to calculate the wholesale price of call termination in public telephone networks at a fixed location, setting it at €0.000876/min for all operators with significant market power, namely Alstar, Amis, Detel Global, Eurotel, Mega M, Novatel, Si.mobil, Softnet, T-2, Telekom Slovenije, and Tušmobil. Operators submitted proposals for changing the part of the imposed measure related to call termination from non-EU countries.

Based on operators' proposals and notifications on the relevant markets from the past year, the Agency conducted an analysis and proposed changes to a part of the measure on the relevant wholesale markets Call termination in individual public telephone networks provided at a fixed location and Voice call termination on individual mobile networks. Currently the public discussion on changing a part of the measure on equal treatment obligation is in the final phase, with the Agency proposing that all voice calls be treated equally regardless of the country of origin, as long as the calls originate within the EEA<sup>11</sup>. The regulatory decision with the changed part of the measure on the equal treatment obligation will be issued in April 2016.

---

#### 1.2.3.2 MARKET 5

The Agency also started changing one part of the currently applied regulatory **measure in relevant market 5** (Wholesale broadband access market) in 2015, namely the obligation of price control and cost accounting. It analyzed the market, finding that the market conditions had changed and proposing that the obligation of pricing based on the "retail price minus" model be adjusted to the new market situation. After obtaining stakeholders' opinions and comments in the public discussion, the Agency notified the European Commission of the analysis and proposed partial changes to the measure, receiving no further comments from the EC. The Agency expects to issue its decision to the operator with significant market power Telekom Slovenije at the beginning of 2016.

---

#### 1.2.3.3 MARKET 7

Like in the relevant wholesale market 3 (Call termination on the public telephone network at a fixed location), the Agency also conducted an **analysis of the relevant wholesale market 7** (Voice call termination on individual mobile networks) in 2013, and issued decisions in July 2014 imposing several obligations: the wholesale access obligation, equal treatment obligation, transparency obligation (including the obligation to publish reference offers), and the obligation of price control and cost accounting.

Operators with significant market power Telekom Slovenije, Si.mobil, Tušmobil, and T-2 were obliged to adjust and cut wholesale prices of call termination in their mobile networks to €0.0114/minute. The Agency calculated this price using its own cost model based on the pure LRIC methodology and the bottom-up approach.

The Agency conducted an analysis in order to change a part of the measure in relevant wholesale markets Call termination in individual public telephone networks provided at a fixed location and Voice call termination on individual mobile networks. It put the analysis to public discussion at the end of the year. The Agency proposed that all voice calls be treated equally regardless of the country of origin, as long as the calls originate within the EEA. The regulatory decision with the changed part of the equal treatment obligation measure will be issued in April 2016.

---

#### 1.2.3.4 MARKET 18

The Agency started the analysis of **relevant market 18** (Wholesale broadcasting transmission services to deliver broadcast content to end users) in 2015. The analysis will be concluded after the implementation of the new Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to ex-ante regulation, from which market 18 was removed, so the Agency will carry out the three-criteria test to determine whether this market still meets the criteria for ex-ante regulation. If these criteria are not met, the Agency will deregulate the relevant market in the first half of 2016.

---

<sup>11</sup> EEA is the European free trade area that includes EU members, Norway, Iceland, and Liechtenstein.

#### 1.2.4 CALCULATING THE NET COST OF PROVIDING THE UNIVERSAL SERVICE

---

The universal service provider, selected with the Agency's decision, sent to the Agency within the statutory deadline a **request for refunding the net cost** of providing the universal service in 2014. The Agency examined the request and found it was incomplete, as it did not contain all the required accounting elements and information listed in Article 125 of ZEKom-1 and the General Act on the Net Cost Calculation Method for the Universal Service. The universal service provider did not respond to the Agency's call to supplement the request in compliance with the statutory requirements, so the Agency decided to reject the request for refunding the net cost of providing the universal service in 2014.

#### 1.2.5 COOPERATION WITH STATE INSTITUTIONS (BS, SURS, AVK)

---

The Agency collects data about the development of the electronic communications market throughout the year. It compiles and publishes **quarterly reports on the development of the electronic communications market** based on quarterly reports from active operators, presenting and summarizing the trends in the market, the Agency's activities in this segment, and the key events in the market for that period.

It also publishes certain data in its annual reports, depending on requirements. In the scope of its cooperation with state institutions, the Agency compiles quarterly reports and sends them to the Statistical Office of the Republic of Slovenia and the Bank of Slovenia. The Agency is also a member of the Information Society Statistics Advisory Committee and takes part in its meetings. When analyzing relevant markets and assessing significant market power, the Agency works with the Slovenian Competition Protection Agency. It also provides the Competition Protection Agency with support in proceedings that fall under AKOS's jurisdiction. The Agency regularly draws up the materials for the Electronic Communications Council meetings and participates in those meetings. It also works with operators and other stakeholders throughout the year.

#### 1.2.6 INTERNATIONAL COOPERATION (BEREC AND EUROPEAN COMMISSION)

---

The Agency works with the Body of European Regulators for Electronic Communications (**BEREC**) at several levels: it contributes to the policies and is involved in adopting guidelines, common positions, and other documents. The Agency is involved in these processes through a network of contacts who review the production of working groups and participate in drafting the documents, as well as at the plenary level, where heads of European regulators have a vote on whether documents are adopted or rejected. Agency's employees are actively involved in the work of working groups and participate in drawing up the documents.

In 2015, 9 expert working groups worked on 27 tasks, some of which are permanent, while others are adapted to the market regulation needs. In 2015, this work often coincided with or actively followed the process of adopting the Single European Telecommunications Market Regulation, which was later adopted as the Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union.

At the same time BEREC was preparing for the next **legal review of the European regulatory framework**, which the European Commission is preparing. The Agency actively followed the work of the committee and was, in collaboration with the government, actively involved in the discussion of the important issues, especially regarding changes arising from new European guidelines and directives. The Agency contributed to BEREC's annual work program for 2015, and was actively involved in creating the program of the Independent Regulators Group (**IRG**) for 2015. It is also worth mentioning that the Agency was involved in organizing a very successful IRG spectrum workshop, where the basics of the mobile broadband network, mechanisms for assigning the spectrum, and the current policy regarding assignment of spectrum in EU members were

presented. The workshop took place in Brussels, with over 70 representatives from different countries attending.

The Agency's representatives actively participated in the meetings of [European Commission's](#) Communications Committee, where most of the activities were focused on implementing the single market regulation, changing the regulatory framework, and implementing the cost reduction directive.

The Agency compiles and sends reports to national and international institutions in charge of electronic communications. For this purpose, the Agency fills out questionnaires about the situation in the Slovenian electronic communications market. When this requires using and sending confidential data, the Agency makes sure that their level of confidentiality is protected. These questionnaires are produced by the European Commission, BEREC, ITU, and OECD, and include the Digital Agenda Scoreboard – Questionnaire A, Broadband COCOM Questionnaire, Broadband Coverage in Europe, International Roaming BEREC Benchmark Data Report, BEREC Report on Transparency and Comparability of International Roaming Tariffs, TR Questionnaires, World Telecommunication/ICT Indicators Long Questionnaire, World Telecommunication/ICT Indicators Short Questionnaire, ITU ICT Price Basket Questionnaire, ITU Regulatory Survey, OECD Digital Economy Outlook, OECD Broadband Subscriptions Data Collection, Regulatory Accounting Report in practice, etc.





## 2 ELECTRONIC MEDIA

### 2.1 FRAMEWORK, GOALS, MARKETS

#### 2.1.1 LEGAL FRAMEWORK

---

The Agency exercises its powers over electronic media based on the Media Act (Official Gazette of the RS, no. 110/06 – official consolidated text 1, with all subsequent changes and amendments; hereinafter referred to as ZMed) and the Audiovisual Media Services Act (Official Gazette of the RS, no. 87/2011, with all subsequent changes and amendments; hereinafter referred to as ZAvMS).

The Agency's powers under ZMed comprise granting the status of special importance to radio stations and television channels and their monitoring (Articles 77–81), monitoring programming content shares (content of own production, Slovenian music and Slovenian audiovisual content) for radio stations and TV channels (Articles 85–92), monitoring compliance with advertising restrictions for radio stations (Articles 93–99), issuing licenses for radio and TV broadcasting (Articles 105–106), conducting public calls to tenders for assigning radio frequencies for analogue radio broadcasting (Article 104), conducting public calls for granting licenses for digital radio and TV broadcasting (104a), and creating development strategies for radio stations and TV channels in the Republic of Slovenia.

The Agency's main powers under ZAvMS include keeping the register of radio and TV broadcasting license holders and providers of on-demand media services (Article 37), and monitoring TV channels and on-demand audiovisual media services based on decisions on protecting children and minors from potentially harmful content (Articles 14–15), shares of European audiovisual content (Articles 16–18) and compliance with advertising restrictions (Articles 19–32).

The Agency also drafts and applies regulations and other acts based on ZMed and ZAvMS required for exercising its powers, such as General Act on Radio and Television Broadcasting License (Official Gazette of RS, no. 95/2006 and 25/2007), General Legal Act on the Protection of Children and Minors in Television Programming and Audiovisual Media Services On Demand (Official Gazette of RS, no. 84/2013), Audiovisual Media Services and Radio Program Monitoring Methodology (Official Gazette of RS, no. 31/2012), and others, which are all available at <http://www.akos-rs.si/podzakonski-akti>.

#### 2.1.2. ANNUAL GOALS

---

The Agency's main goal in electronic media in 2015 was **transparent and proactive enforcement of legislation** regulating mass media, audiovisual media services, electronic communications and digital broadcasting in order to help create appropriate conditions for the work of electronic media in Slovenia, as well as to protect the audience, especially its most vulnerable segments, from excessive advertising and potentially harmful content.

Its goals aimed at promoting further development of radio and TV broadcasting, primarily through conducting public calls for assigning licenses for analogue radio, and digital TV and radio broadcasting remained mostly **unaccomplished**. The Agency strove to carry out its planned activities, however it cannot remedy the obstacles that have been preventing their realization for years, especially regarding FM radio, on its own. The Agency works with the Broadcasting Council when conducting public calls for granting radio and TV broadcasting licenses.

In 2015, the Agency met its objectives aimed at establishing systematic monitoring of electronic media development in the Slovenian market, and at designing developing approaches. It established the practice of compiling and publishing **regular quarterly reports** on the Agency's work and situation in the electronic media market, and will continue to do so in the future. Its work on **developing regulatory approaches** comprised participation in developing legal mechanisms at the national and EU levels, following international legislative trends, and transferring best regulatory practices to Slovenia (e.g. Kijkwijzer/Gledoskop), while taking into account changing media practices, the manner in which audiences use the media, and social response to media phenomena.

At the request of the Ministry of Culture, the Agency, in May 2015, created the **Strategy for regulating electronic media within the Agency's powers in Slovenia**, covering the development of radio stations and TV channels in the Republic of Slovenia for the 2015–2020 period, which was based on the findings of its analyses and reference literature. This strategy, which specifies the Agency's objectives, principles, and vision, as well as activities planned for electronic media, is set to become part of the national strategy that is being drawn up by the Ministry of Culture in order to serve as the basis for comprehensive changes to the media legislation.

### 2.1.3 MARKET SITUATION

---

Data about the sale of advertising space in electronic media in 2014 collected in the Media IBO project and published in the first half of 2015 show that the **total gross value of sold advertising space** (based on media outlets' price lists, without discounts, free advertising, etc.) on/in television, print media, posters, internet, radio, cinema, mobile marketing, and other, amounted to over €786 million, which is a 4% increase compared to 2013. The gross value of advertising amounted to around €580 million on television alone, and to over €25 million on radio.

**Television** still makes up the biggest share of the advertising space, with a share of over 70%; **radio** got a 3% share, while 4% of the total gross advertising revenue went to **internet** media. Over one third of the TV advertising revenue went to the channel POP TV (all 5 Pro Plus's TV channels together held one half of the market), followed by Planet TV with a 17% share. Planet TV's advertising revenue increased by more than 50% compared to 2013. They were followed by Kanal A with a 15% share, TV3 medias with a 10% share, and Televizija Slovenija 1 with a 6% share (3 national TV Slovenija channels together took a 8% share). A significant share (about 10% in total) of revenue from TV advertising was earned by five channels registered in Romania – Fox Crime, Fox Life, Fox, National Geographic, and Sportklub, which are broadcast with Slovenian subtitles and exclusively Slovenian advertisements.

Data from the past few years collected by AGB Nielsen show that **Slovenian TV channels** are losing their ratings compared to all channels. **Increased ratings were recorded for thematic channels** (especially sports and entertainment), however this increase was not high enough to offset the decrease in the ratings of channels with national coverage. Ratings of local TV channels continue to drop, which is primarily caused by the availability of foreign thematic channels with Slovenian subtitles, as well as new Slovenian thematic and general channels.

The average Slovenian **watches television primarily** for news, films, sitcoms, comedies, sport events, action series, and reality and cook shows. Women prefer series, while sport is at the top among men. Young people favor films, while seniors most frequently watch news. AGB Nielsen observed a big discrepancy between what TV channels offered and what viewers actually watched. While series were at the top among the offered content, they were ranked third among viewed content. News makes up almost the smallest share of programming content, but come in a strong first when it comes to ratings. The most popular Slovenian channels



are POP TV, TV Slovenija 1, Kanal A, Planet TV, TV Slovenija 2, and TV3 medias, while the Discovery Channel, National Geographic, and Animal Planet are strongly in the lead among foreign channels, followed by HRT1, Eurosport, Fox Crime, and 24Kitchen.

According to Mediana RM, **radio stations have the highest listenership** between 7 and 8 AM, followed by the 10–11 AM period, 8–9 AM, and 11 AM–12 PM. Most people listen to the radio on weekdays, usually between 30 minutes and an hour, followed by those who listen to the radio less than half an hour a day, and those who listened to the radio between 1 hour and 90 minutes a day. The most popular radio stations in the observed period were the regional radio network Radio 1, stations Val 202, Prvi (Radio Slovenija), Radio Aktual, regional radio network Radio Center, and stations Radio City and Radio Ognjišče.

## 2.1.3.1 TELEVISION AND SIMILAR SERVICES

The register of television broadcasting holders reveals that 73 legal and natural persons held 91 valid television broadcasting licenses at the end of 2015. Seven of those hold more than one license and a total of 25 licenses, which represents one third of valid licenses. Furthermore, 24 have active rights for digital television broadcasting. The Agency revoked two licenses – for the channels RTS and Veseljak TV – due to inactivity, i.e. a failure to broadcast in the multiplex covering the territory of the Republic of Slovenia.

**TABLE 7: BROADCASTERS WITH AT LEAST TWO TELEVISION BROADCASTING LICENSES**

Holder	No. of licenses	Channel type
POP TV Ljubljana	7	all commercial
RTV SLOVENIJA	6	3 public national 2 public regional 1 public in a minority language
ASPN	3	all commercial
VMN E. MEDIA	3	all commercial
Antenna TV SL	2	1 commercial 1 of special importance
NET TV	2	both commercial
PINK SI	2	both commercial

In 2015, the Agency processed 20 administrative issues regarding television broadcasting licenses based on ZMed. Seven administrative proceedings were initiated by request, and 13 ex officio. The **growing trend of new television channels slightly subsided in 2014** compared to 2013, while the trend of TV channels ceasing to broadcast remained practically unchanged. The Agency noticed a considerable increase in the number of requests for changing television broadcasting licenses in 2015, which is probably the result of television channels adapting to the market situation.

Two new television broadcasting licenses were issued – to the broadcaster NTV24.si, d. d., for the channel NOVA 24 TV, and to the broadcaster ELEKTRO ISM, STUDIO ORMOŽ, Tadej IVANUŠA, s. p., for the channel STUDIO ORMOŽ; while two declaratory decisions were issued on the expiry of television broadcasting licenses for local TV channels TvM – zgornjesavinjski kanal and TV H2O. The Agency changed 11 television broadcasting licenses ex officio.

The [register of on-demand audiovisual service providers](#) in the Republic of Slovenia included 10 services, while DOMATES d. o. o. stopped providing [www.sponka.tv](http://www.sponka.tv).

## 2.1.3.2 RADIO

At the end of 2015, 57 legal and natural persons held 94 valid radio broadcasting licenses. More than 1 license was held by 9 of them, with almost one half or 46 licenses shared between these 9 broadcasters.

**TABLE 8: BROADCASTERS WITH AT LEAST TWO RADIO BROADCASTING LICENSES**

Holder	No. of licenses	Station type
RADIO PRO 1	13	commercial
RTV SLOVENIJA	8	3 public national 2 public regional 2 public in a minority language 1 public for foreign audience
RGL	6	commercial
ŠPRAH	3	commercial
RADIO CENTER	6	commercial
RC SAVINJSKA	2	commercial
RADIO MAKSI	2	commercial
RADIO ANTENA	2	commercial
MOJ RADIO	2	commercial
B.&B. BELNA	2	commercial

There are a total of 5 radio networks, which connect 33 radio stations of 15 broadcasters. The majority of these broadcasters are connected in accordance with Article 83 of ZMed into 4 radio networks (Radio 1, Radio Center, Radio Antena, regional radio network Radio 94), while two broadcasters are united in accordance with paragraph 2 of Article 79 of ZMed into a regional program i.e. regional radio network of local radio stations (Primorski val).

**TABLE 9: RADIO STATIONS IN RADIO NETWORKS OR THOSE BROADCASTING REGIONAL PROGRAM AT THE END OF 2015<sup>12</sup>**

Network	License holder	Radio stations
Primorski val <sup>13</sup>	RADIO CERKNO	RADIO ODMEV
	Radio Kobarid	Alpski val
Radio 1	Interteh	Radio 1 Krim; ENA VR
	MAHKOVEC Š & D	Radio Geoss
	RADIO PRO 1	Radio 1 Bela Krajina; ENA BK
		Radio 1 Celje; ENA CE
		Radio 1 Obala
		Radio 1 Dolenjska
		Radio 1 107,9
		Radio 1 Primorska
		Radio 1 Krvavec
		Radio 1 Portorož
		Radio 1 Štajerska
		Radio 1 Celjski val; ENA CEL
		Radio 1 Savinjska; ENA SAV
		Radio 1 Pomurje; ENA MS
		Radio 1 Ptuj; ENA PTUJ
	Radio Urban	Radio 1 Ribnica; ENA RIB
	Radio Radlje	Radio Radlje
	Radio Maksi	Radio Radio
Radio Antena	Radio Antena	Radio Antena Ljubljana
	ŠPRAH	Radio Antena Celje
		Radio Antena Maribor
		Radio Antena Velenje
	RADIO BELVI	Radio Antena Gorenjska
Radio Center	Nova Nova	RADIO CENTER PRIMORSKA
	RADIO CENTER	Radio Center Slovenija
		Radio Center Dolenjska
		RADIO CENTER ZASAVJE
	RC Savinjska	Radio Center Celje
Regionalna mreža Radio 94		Radio Center Koroška
	NTR	1TR (EN-TE-ER)
	RADIO 94	R94

In 2015, the Agency processed 33 administrative issues regarding radio broadcasting licenses based on ZMed, 16 of which were initiated at a request and 17 ex officio. When analyzing the data on issued radio broadcasting

<sup>12</sup> For better clarity, license holders are only listed with their short names without acronyms indicating their incorporation type (e.g. d.o.o., d.n.o., s.p.). Only short names allowing the identification of the station are listed.

<sup>13</sup> Radio network Primorski val includes two stations (Radio Odmev and Alpski val). Both have the status of local stations of special importance.

licenses from 2015, the Agency noticed a **slight drop in the number of requests for changing a license** (14), as broadcasters had made sure to adjust their licenses to the legal framework back in 2014, while the **number of requests for issuing licenses for new radio channels rose significantly**. In the administrative proceedings launched upon request, the Agency processed 11 requests for changing the radio broadcasting license in which the license holders wanted to change the basic programming requirements from their licenses, 1 request for transferring the radio broadcasting license, and 4 requests for issuing a license for a new radio station. The Agency issued a radio broadcasting license for 3 new radio stations (Pop Radio, Narodni Radio and Balkan Ekspres) to Radio Center, and for the station Novi Radio to the broadcaster Nova Hiša.

## 2.2 ACTIVITIES AIMED AT ACHIEVING GOALS

### 2.2.1 PUBLIC TENDERS

---

#### 2.2.1.1 RIGHTS TO DIGITAL TELEVISION BROADCASTING

---

The Agency continued to examine the situation on television multiplexes in 2015 with the intention of holding one or more public tenders for granting digital television broadcasting rights in the event of available capacities and sufficient interest among broadcasters. At the last public tender, where four digital television broadcasting rights for the territory of the Republic of Slovenia were available and which closed at the beginning of 2014, the Agency granted rights to three broadcasters, **revoking the rights of two broadcasters due their failure to employ them** at the beginning of 2015. The Agency received proposals to hold another public tender for granting digital television broadcasting rights from three broadcasters. Considering the available capacities on the multiplex C operated by RTV Slovenija, and the expressed interest of broadcasters, the Agency started intensively working on a new public tender for digital television broadcasting rights. In order for the Broadcasting Council to approve the public tender requirements and criteria, the Agency worked closely with the council in the phase of reconciling them between July and November, when **the public tender for granting six digital television broadcasting rights for the territory of the Republic of Slovenia** was launched. Deadline for submitting bids was set in mid-December, and the Agency received four complete bids for four television channels from four broadcasters. The public tender should be completed in the first quarter of 2016.

#### 2.2.1.2 RIGHTS TO USE RADIO FREQUENCIES FOR ANALOGUE RADIO BROADCASTING

---

The Agency strove to carry out all three phases of the public tender for assigning available radio frequencies for analogue radio broadcasting, which was already identified as one of the key tasks in 2014. It worked intensively on the first phase – a tender for FM frequencies for local radio stations – which it was planning to carry out already in 2014. However, despite all the human resources and time spent on the project, the Agency **failed to complete** the tender for the same reasons as in 2014. The Agency managed to get on the same page with the Broadcasting Council regarding the requirements and criteria for the tender for local radio stations; however the first as well as the following two phases (for specialized radio stations and for commercial radio stations) were not carried out due to the unclear line between the council and agency's powers in specifying public tender requirements and criteria, and in conducting the public tender.

#### 2.2.1.3 RIGHT TO DIGITAL RADIO BROADCASTING

---

The Agency's activities aimed at establishing a platform for terrestrial digital radio broadcasting in 2015 comprised verifying the interest of digital radio among broadcasters, specifying public tender requirements, designing and publishing **premises for the public tender for assigning 14 right to digital radio broadcasting** in the territory of the Republic of Slovenia in April, and inviting the stakeholders to send their comments and proposals. These premises were to be used in the public tender for granting digital radio broadcasting right. When drawing up the premises for the public tender, the Agency found some flaws in the relevant legislation, which were also identified and pointed out by the stakeholders. The Agency called for eliminating these flaws.



### 2.2.2 STANDARDIZING AUDIOVISUAL CONTENT CLASSIFICATION AND LABELING

---

The Agency worked with the providers of audiovisual media services and the Netherlands Institute for the Classification of Audiovisual Media (NICAM) in its continuing effort for **develop and implement** an IT-supported system for classifying and labeling content that is potentially harmful for children and minors in linear and non-linear media services. It continued the project of modifying the Dutch tool Kijkwijzer (the Slovenian version is called Gledoskop), which began in 2014. The Agency will use the tool when exercising its powers from ZAvMS related to protecting children and minors, e.g. to verify whether audiovisual content is properly rated and scheduled.

It also conducted **training for testing coders**, who will be authorized to classify the content. In addition to the Agency's employees, coders will also comprise employees of Slovenian audiovisual media services providers, who will classify the programming content on behalf of their organization. The training was attended by representatives of all major television broadcasters. The Agency also collaborated with NICAM in several phases of **testing the reliability of the questionnaire** for classifying content. Testing revealed some deficiencies that resulted from modifying the tool to bring it into compliance with Slovenian legislation concerning the protection of children and minors from potentially harmful content. The Agency remedied this by thoroughly revamping the questionnaire and making some modifications to the tool. It minimized the chance of proper use yielding improper results by refining the definitions and selecting examples of rated elements. After consultation and reconciliation with NICAM, changes were integrated in the tool, which coders access through a website.

RTV Slovenija's graphic designer created **descriptors** for Gledoskop, which help coders make more informed decisions when classifying content by depicting potentially harmful elements as defined in the General Act On the Protection of Children and Minors in Television Programs and Audiovisual Media Services on Demand. These descriptors are already presented on the website integrated in the tool. The testing of the tool continued through the end of 2015. The Agency also started activities aimed at **launching a website for users** by translating certain sections and designing the site's visual appearance. It created a number of posts for the website in order to inform viewers about the meaning of symbols, characteristics of individual content classification categories, and appropriate time for broadcasting, as well as about more general topics, such as responsible and active media use.

### 2.2.3 MEDIA WORKSHOPS

---

In February 2015, the Agency held a **workshop on product placement and sponsoring** in original domestic production in collaboration with the Bavarian regulatory authority for new media BLM, which was also attended by representatives of the Slovenian media industry. It also teamed up with the Belgian regulator to organize training for its employees on **regulating non-linear audiovisual services** in order to upgrade their existing knowledge about technical features and business models.

### 2.2.4 INTERNATIONAL COOPERATION: ERGA, EPRA, AND CERF

---

The major part of Agency's international activities was conducted in the framework of the **European Regulators Group for Audiovisual Media Services (ERGA)**, which was established by the European Commission as an advisory authority in 2014. The Agency participated in one plenary session, and in meetings of several working groups that were working on regulators' recommendations for key areas that are included in the discussions on the ongoing revision of the European Audiovisual Media Services Directive.

The Agency contributed information and positions for the **report** on material jurisdiction in converged environment, reports on the protection of minors in converged environment, report on independence of national regulatory authorities, and the coming report on territorial jurisdiction. The last report deals with an

issue of great **strategical importance** for Slovenia that will essentially affect individual countries' future options for creating reasonable and effective media policies and protecting the national media from unfair competition by providers from countries with less strict regulation.

ERGA also issued two **statements** on the independence of regulators in the audiovisual industry and freedom of expression. In 2016, the Agency will upgrade its active participation in creating ERGA's work program by chairing the sub-group for creating Digital European Toolkit (DET) for efficient and flexible regulation. This year will be crucial for audiovisual media and digital services, since **reforms** will be made in their regulation. The results of the Regulatory Fitness and Performance (REFIT) exercise and impact assessment for the Audiovisual Media Services Directive, and the proposed changes to the directive should be presented in May. The Agency participated in the **REFIT exercise** by collecting and synthesizing inputs from Slovenian stakeholders, and it also responded to the European Commission's call to participate in studies commissioned to contractors as part of the directive revision.

The biggest challenge in the complex environment that combines various areas of politics and legal frameworks is how to achieve a **regulatory balance** that would promote open the audiovisual media services market, while at the same time allow member states to impose specific requirements compliant with national media policies on providers without putting them in a disadvantaged position compared to providers from other countries.

The Agency also continued to engage in the work of the less formal European Platform of Regulatory Authorities (EPRA), which is the biggest association of media regulators and covers a territory much larger than the EU. It coordinated the work of the working group preparing the paper on **Research and Regulation**, which analyzes regulators' research practices, and the importance of research-based regulatory decisions. The analysis is available on EPRA's website, and contains a list of regulators' research projects with links, as well as the list of sources most frequently used by regulators.

At the end of the year, the Agency successfully hosted the **Central European Regulatory Forum (CERF)**, which brings together regulators from Hungary, Czech Republic, Slovakia, Romania, Poland, Serbia, Croatia, and Slovenia. The meeting was an occasion for sharing experience and views on regulation aimed at protecting children and minors from potentially harmful content in audiovisual services, different practices of restricting ownership consolidation in media, advertising of medical services, drugs and dietary supplements, and advertising restrictions for foods and drinks that are harmful to children.

### 3 POSTAL SERVICES:

#### 3.1 FRAMEWORKS, OBJECTIVES, MARKETS

##### 3.1.1 LEGAL FRAMEWORKS

---

Directives:

- Directive 2008/6/EC of the European Parliament and the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services
- Directive 2002/39/ec of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services
- Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service.



## Acts:

- Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/09, 77/10, 40/14 – ZIN-B and 81/15).
- Executive acts:
- The General Act on the Quality of the Universal Postal Service Provision (Official Gazette of the Republic of Slovenia, no. 47/2010)
- The General Act on the Relay Procedure Among Participants in the Postal Activity (Official Gazette of the Republic of Slovenia, no. 55/2010)
- The General Act on the Exceptions in the Provision of the Universal Postal Service (Official Gazette of the Republic of Slovenia, no. 22/2010, 58/2013)
- The General Act on the Sticker Prohibiting Mail Delivery into the Mailbox (Official Gazette of the Republic of Slovenia, no. 22/2010, 65/14)
- The General Act on Separate Accounts and Prohibition of Subsidies (Official Gazette of the Republic of Slovenia, no. 29/2010)
- The General Act on the Accounting Information and the Calculation of the Net Cost of the Universal Postal Service Obligation (Official Gazette of the Republic of Slovenia, no. 47/2010)
- Rules on the accounting method for the payment of postal services (Official Gazette of the Republic of Slovenia 109/2009)
- Rules on the official ID card of an authorized person of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia no. 11/15)
- Instruction on handling postal shipments with prohibited content (Official Gazette of the Republic of Slovenia, no. 47/2010).

## 1.2 ANNUAL OBJECTIVES

---

In 2015 the Agency completed the following significant objectives in the regulation and supervision of the postal services market:

- Verification of compliance of the universal service provider's separate accounting with legislation
- Verification of the efficiency of the universal service provider
- Revamping the methodology used to collect data and design a statistical database of the postal services market
- Ensuring the permanent, regular, and uninterrupted provision of postal services at the proscribed level of quality and at affordable prices

The Agency completed the assessment of the methodology of separate accounting records of Pošta Slovenije, which took place in accordance with the International Standard on Assurance Engagements (ISAE) 3000, and obtained acceptable assurance that Pošta Slovenije had established a cost model that is in accordance with the provisions of the ZPSto-2 and the General Act on Separate Accounts and Prohibition of Subsidies (more in chapter 3.2.4).

With the assistance of an external contractor the Agency completed an analysis of the efficiency of the provider of the universal service in which it verified its efficiency, and in parts where inefficiencies were discovered it prepared recommendations for their remedies (chapter 3.2.4).

It reviewed and amended the methodology for data collection and designed a statistical database of the postal services market, and prepared the annual analysis for 2014. The database will be a useful tool for conducting the annual analysis for future years and performing other tasks in the Agency's authority (chapter 3.2.3).

In 2015 inhabitants of Slovenia had permanent, regular, and uninterrupted postal services at the defined level of quality across the whole territory of the country, at prices accessible to all users of postal services, for which



the Agency conducted verifications of the quality of transport, approved a change of pricing, and conducted several supervisions, namely regarding exceptions and the quality of the provision of universal service (chapter 3.2.1 and the chapter Supervision).

Along with that the Agency provided written and oral explanations from the scope of activities under its jurisdiction in postal services to the general and business public and its colleagues abroad. It removed three postal service providers from the record of postal providers, namely Cetus, Cetus Direkt, and Alojz Črnač. It delivered 36,000 stickers on the prohibition of delivery to mailboxes for sale by consignment. It reported on its work and issues related to its work to the competent ministry and the Inspection Council, and had contacts with a range of Slovenian bodies and institutions. At the end of the year it drafted an opinion regarding the proposed amendments to the Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/09, 77/10, 40/14 – ZIN-B and 81/15, hereinafter: ZPSto-2).

### 1.3 CURRENT STATE OF THE MARKET

The postal services market once again showed **positive trends** in the total amounts of shipments and revenues, which is especially the result of growth in parcels and express mail. The total amounts in the letter market also increased, and they still make up the core of all postal services. Net revenues from sales have been declining for the universal service provider Pošta Slovenije since 2011, while with all the other postal service providers they are growing.

**FIGURE 10: COMPARISON OF REVENUES FROM THE SALE OF POSTAL SERVICES BETWEEN POŠTA SLOVENIJE AND OTHER PROVIDERS**

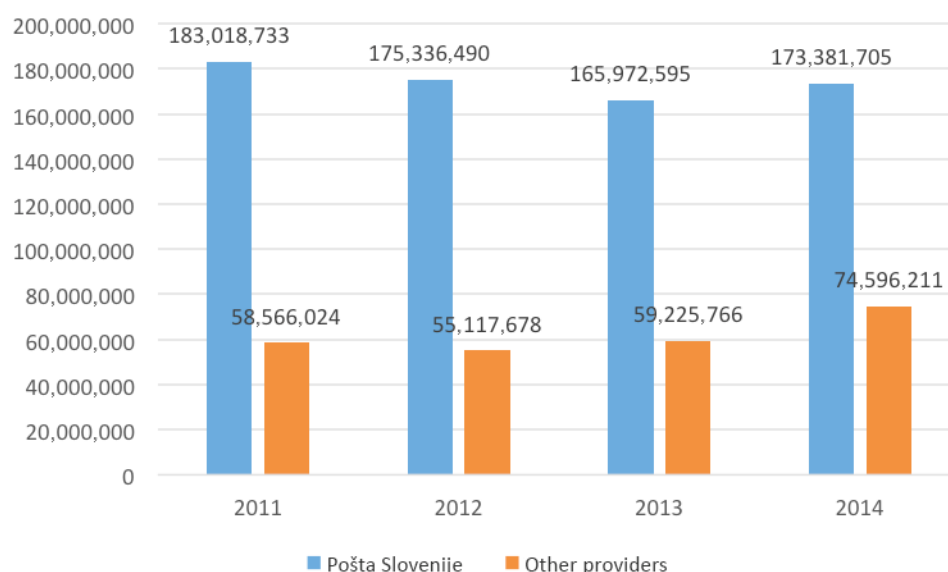




FIGURE 11: SHARES OF LETTER, PARCEL, AND EXPRESS MAIL MARKETS BY AMOUNTS AND REVENUES

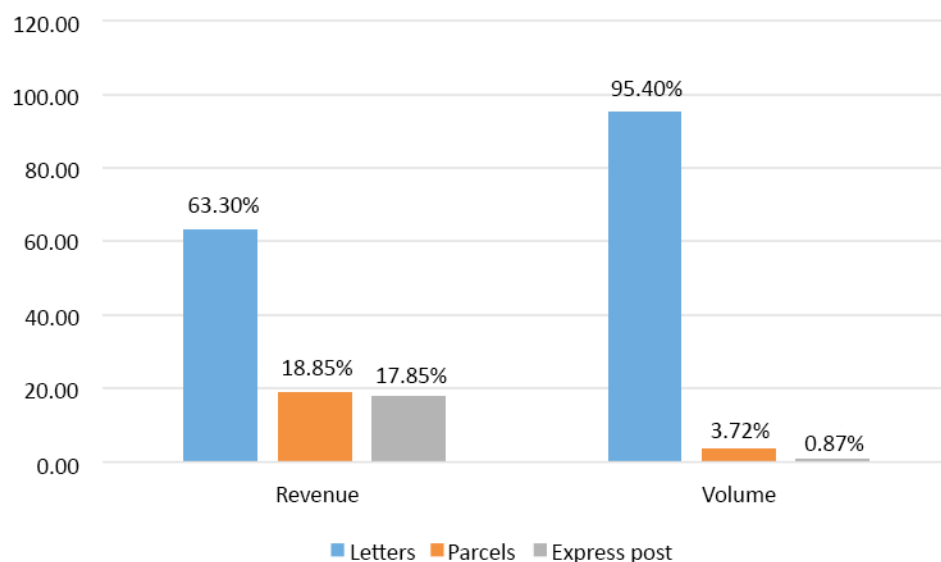
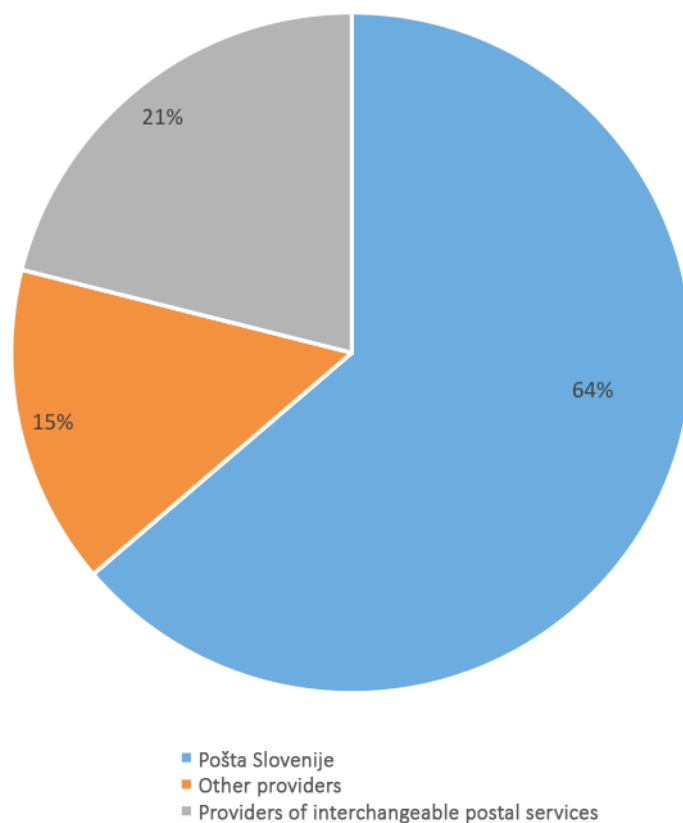
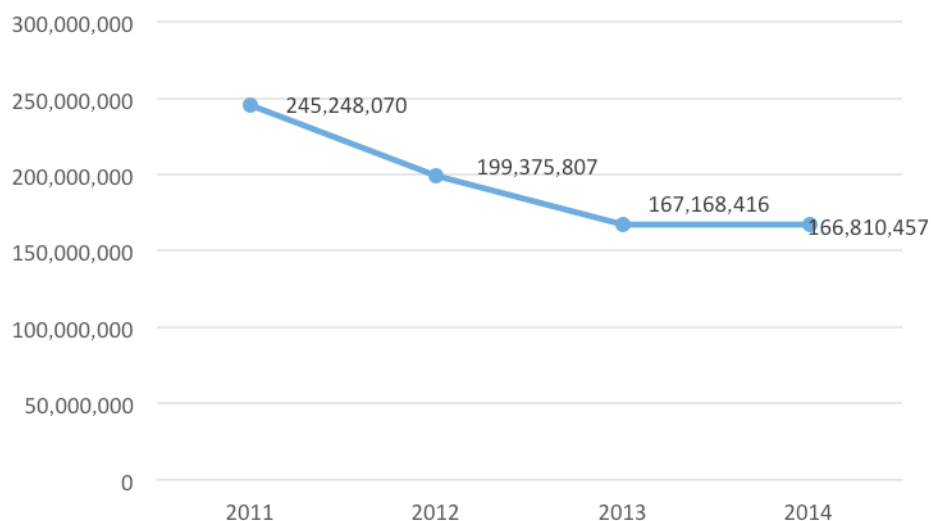


FIGURE 12: SHARE OF TOTAL EXPENDITURES OF ALL THE PROVIDERS IN THE POSTAL SERVICES MARKET



**FIGURE 13: NUMBER OF TOTAL AMOUNTS OF STANDARD AND REGULAR LETTERS AND POSTCARDS.**

Through the [survey on user satisfaction with contract post offices](#) that was conducted with the assistance of Episcenter the Agency verified whether users of contract post offices that have been in operation for at least one year are appropriately aware of their operations, and especially whether the quality and employee behavior of these contract post offices are appropriate. Just like last year the results once again showed an exceptionally high level of user satisfaction (above 90%). Users are bothered only by the inadequate premises, and the service of claiming undelivered mail, but the level of dissatisfaction is extremely low.

## 3.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

### 3.2.1 REGULATION OF THE PERFORMANCE OF THE UNIVERSAL SERVICE

In 2015 the Agency realized its objectives in regulating the universal service provision, achieving the expected results, as inhabitants of the Republic Slovenia had permanent, regular, and [uninterrupted postal services at the defined level of quality](#) across the whole territory of the country, at prices accessible to all users of postal services. The Agency monitored how the measurements of the deadlines for transferring letter mail Pošta Slovenije, taking into account the requirements of the SIST EN 13850:2013 standard, and together with the external contractor SIQ conducted an assessment of the measurement results for 2014. The assessment found that the results for 2014 are authentic and achieve the requirements regarding the quality of shipping, namely:

- 97.4% of all letter mail was delivered in one day from the date of delivery (D+1)<sup>14</sup> (requirement: D+1 at least 95%),
- 99.6% of all letter mail was delivered in two business days from the date of delivery (D+2) (requirement: D+2 at least 99,5%), and
- in three business days from the date of delivery (D+3) 99.9% of all letter mail was delivered (requirement: D+3 100%).

**TABLE 10: PRESCRIBED AND ACHIEVED DELIVERY TIMES FOR LETTER MAIL**

Deadline	Prescribed quality	Achieved quality 2012	Achieved quality 2013*	Achieved quality 2014
----------	--------------------	-----------------------	------------------------	-----------------------

<sup>14</sup> Date of delivery (D+n) is the date when the shipment was submitted at a certain point of access to the postal network, if that took place before the final time for accepting postal shipments at this point of access for that day. If the postal shipment was submitted later, the date of delivery is the next day when postal shipments can be accepted at this point of access.

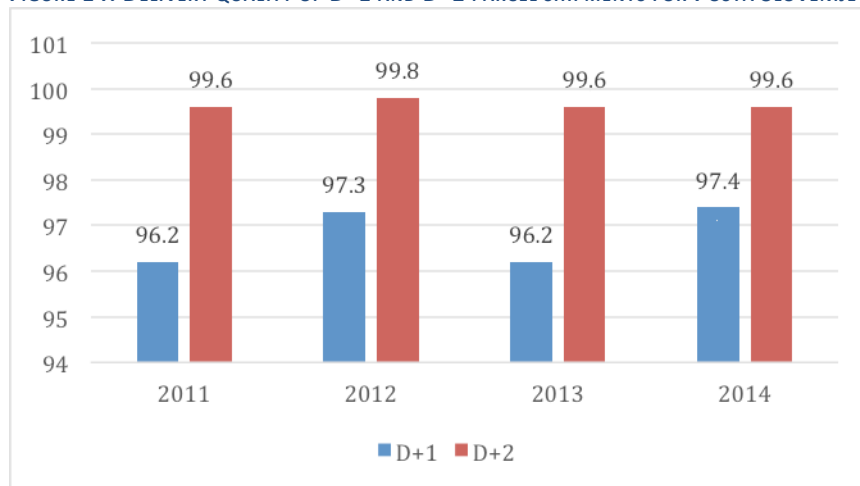




D+1	95.0%	97.3%	96.2%	97.4%
D+2	99.5%	99.8%	99.6%	99.6%
D+3	100%	100%	99.9%	99.9%

\* March-December

**FIGURE 14: DELIVERY QUALITY OF D+1 AND D+2 PARCEL SHIPMENTS FOR POŠTA SLOVENIJE 2011-2014**



Together with SIQ the Agency conducted a verification of the results of measuring the delivery of parcel shipments of Pošta Slovenije, taking into account the technical recommendation SIST-TP CEN – T R 15472:2007 and the proscribed delivery deadlines D+2 80% and D+3 95%. The revised results of the quality of delivery for parcels the domestic traffic of Pošta Slovenije for 2014 were as follows:

- 99.8% of all parcels were delivered in two business days from the date of delivery (D+2);
- 100% of all parcels were delivered in three business days from the date of delivery (D+3).

**TABLE 11: PRESCRIBED AND ACHIEVED DELIVERY TIMES FOR PARCELS**

Deadline	Prescribed quality	Achieved quality 2012	Achieved quality 2013	Achieved quality 2014
D+2	80%	99.9%	100%	99.8%
D+3	95%	99.9%	100%	100%

The Agency was actively striving to improve the quality of postal service provision. In collaboration with Pošta Slovenije it for the first time provided monthly reports on the quality of the delivery of letter mail in cross-border traffic in the EU countries from the UNEX system. Between July 2014 and July 2015 the following results were achieved:

- 87% of all shipments are dispatched from Slovenia within three business days (D+3), and 85% of those arriving are delivered
- 97.4% of all shipments are dispatched from Slovenia within five business days (D+5), and 97% of those arriving are delivered

The prescribed quality for D+3 is 85% and for D+5 it is 97%.

Major changes also occurred in the network of the provider of the universal service. The Agency issued 29 decisions for **turning post offices into contract post offices** and 3 decisions for closing down post offices: 1128 Ljubljana, 2365 Vuhred, and 9206 Križevci. At the end of the year there were 111 contract post offices.

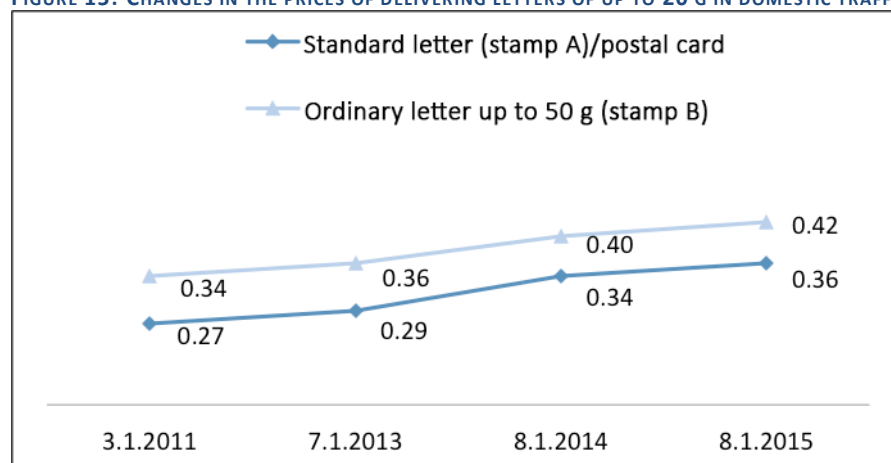
In 2015 the Agency examined one application from Pošta Slovenije for raising prices of the universal service which pertained to the prices for the standard letter, regular letter, printed materials, and postcards in domestic traffic. It established that the **proposed prices** for services from the range of the universal postal service are formed in accordance with the principle of transparency, as they are based on verifiable data. Because the proposed prices affect all users equally the principle of non-discrimination was also adhered to, and the proposed prices were not in opposition with the principle of ensuring competition. The Agency also found that the proposed prices are accessible and make it possible for all users to have access to these services. The proposed prices are also cost-oriented, as they ensure better coverage of the price of proposed products and their costs. At the same time they encourage the efficient provision of universal service, as they are equal across the whole territory of the Republic of Slovenia, which shows that the requirements from Article 35 of ZPSTo-2 are fulfilled.

**TABLE 12: CHANGES TO RETAIL PRICES ON 1 AUGUST 2015**

Type of service in domestic postal traffic	in € excl. VAT
Standard letter	0.36
Regular letter up to 50 g	0.42
Regular letter from 50 g to 100 g	0.47
Postcard	0.42
Printed material up to 100 g	0.30
Printed material from 100 g to 250 g	0.65
Printed material from 250 g to 500 g	1.20
Printed material from 500 g to 1000 g	2.26
Printed material from 1000 g to 2000 g	4.36

The figure below shows changes in prices (VAT excluded) for the two most important services included in universal postal service in domestic traffic from 2011 to 2015.

**FIGURE 15: CHANGES IN THE PRICES OF DELIVERING LETTERS OF UP TO 20 G IN DOMESTIC TRAFFIC 2011-2015, VAT EXCLUDED\***



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

For a few months the Agency kept an up-to-date list on its website of all the exceptions from the provision of the universal service to residencies. It removed the list at the end of the year because of some doubts regarding some of the data which could comprise personal data.

### 3.2.2 ENCOURAGING COMPETITION

---

For encouraging competition the Agency realized all its objectives, as it successfully completed the **analysis of access to the network of the universal service provider**. In its analysis the Agency discovered that, regarding access to the network, Slovenia has more access points to the network than is usual in other EU countries; general terms and conditions for access to the network strictly follow the provisions of ZPSto-2 (provider status is a precondition for access); actual service provision is limited to the preparation of shipments; the option for redefining the levels and conditions for access to the network; access provides for greater technological capacity utilization; competition development in the letter mail market has not led to an end-to-end competitor who would conduct the service entirely within its own network. Considering the successful verification of compliance of the model for separate accounts of Pošta Slovenije with legislation another analysis was conducted for prices of network access.

The Agency updated the **VAT analysis**, which it prepared in 2014 and which relates to the effect of excluding VAT payments from the postal services market. Pošta Slovenije charges its customers for universal postal service without VAT, while the providers of interchangeable services must charge their users VAT. The corrections did not change the conclusion of the analysis that at this moment in Slovenia the exclusion of VAT for the universal postal service does not significantly impact the market of postal services, as in spite of Pošta Slovenije's dominant position the providers of interchangeable services are still increasing their revenues from postal services. This means that the level of competition development in the market for postal services with customers who charge VAT (input and output) is at a satisfactory level.

The Agency **removed 3 providers** from the register of postal service providers, which is the result of consolidation on the postal services market and the closure of their activities. The decisions on the closure of providing interchangeable services were issued to Cetis and Cetis Direkt. The provider Aloojz Černač s.p. was merely removed from the record, as he was not a provider based on a declaratory decision.

### 3.2.3 MARKET ANALYSIS AND USER SATISFACTION

---

The Agency fulfilled all of its objectives regarding market analysis and user satisfaction. It reviewed and amended the methodology for data collection and designed a statistical database of the postal services market, and based on these conducted its annual analysis for 2014. A comparative analysis of the prices and quality of postal service providers; a survey of the user satisfaction with postal services, and a survey of user satisfaction with contract post offices.

The changed analysis of the postal services market for 2014 made it possible to compare the data from 2011 when the postal services market in the Republic of Slovenia was liberalized. For the first time an analysis was conducted of revenues by individual service categories, along with a list of costs of postal service providers, which means that a qualitative analysis was added to the quantitative one. The analysis lists and compares the data for market segments, namely letter mail, parcel, express mail, and other postal services and unaddressed mail.

With a comparative analysis of prices and delivery deadlines it was established that the **lowest prices** for delivery of documents and parcels in Slovenia, Europe, and the world is offered by Pošta Slovenije, while for

other destinations the providers with the lowest prices differ by destination. The **fastest courier** for documents in Slovenia is Kurirček, and globally DHL, while for delivery speeds in Slovenia providers differ by destination.

In the survey on **satisfaction of the general and business public** with postal services the Agency found that the standard letter is the most common type of shipment for enterprises and small businesses, most of the respondents find that the opening hours of post offices are adequate, e-mail and other digital methods of sending notifications continue to cause a decline of postal services, users still find the price for delivering a standard letter acceptable, most of the business and general public believes that the mail letters should be delivered within one day after it is submitted (D+1), that they want to receive letters 5 days per week, and that the share of users who are satisfied with Pošta Slovenije has been increasing since 2012.

For the first time a survey on the satisfaction of the general public with postal services also established the user satisfaction index for the universal postal service. It was established that a very high value of this index (79.5) points to a **high level of trust and satisfaction of users** of the universal postal service, provided by Pošta Slovenije.

#### 3.2.4 REGULATION OF SEPARATE ACCOUNTING

---

In 2015 the Agency completed the assessment of the new methodology of keeping separate accounting records, thereby achieving its most significant objective in the regulation of the postal market, namely **separate accounting records**, which ensure cost-oriented prices from the range of universal service. The Agency also conducted an analysis of the efficiency of the universal service provider.

The Agency conducted an assessment with the assistance of the auditor KPMG Slovenija. The assessment was made in compliance with the International Standard on Assurance Engagements (ISAE) 3000. This standard that required ethical requirements be met, as well as the planning and execution of procedures for acquiring acceptable assurance that the management of Pošta Slovenije had established a cost model that is in accordance with the decisions of ZPSto-2 and the General act on separate accounts and prohibition of subsidies. The procedures used to obtain evidence were: review of demands of ZPSto-2 and the General act, review of the methodological concept and the accounting part of the cost model of Pošta Slovenije, a review of publicly accessible data related to the subject of the review, interviews with employees representing the company and other representatives with the aim of obtaining additional explanations, establishing any derogations of Pošta Slovenije's cost model from the relevant legislation.

According to the auditor, Pošta Slovenije's cost model is in all the important aspects:

- in accordance with the decisions of ZPSto-2 and the General act on separate accounts and prohibition of subsidies
- in the description part it is appropriately detailed and in all aspects follows its accounting part
- appropriate from the aspect of ensuring the prevention of subsidizing other services with the universal service
- appropriate data source for calculating the net cost
- appropriate from the aspect of cost-orientation of universal service prices
- appropriate basis for dividing the costs to permanent and variable
- appropriate basis for calculating the price for access to the network
- appropriate basis for calculating the discounts and special tariffs

In spite of the model's compliance with all of the regulator's demands the **auditor gave a recommendation** to the Agency that in the event of classifying mass mail as a universal service or a service that is not included in the universal service, it should first study all the consequences. Every time it uses the model the Agency must also verify the compliance of the list of cost elements in the model with the range of services according to the

general terms and conditions in Pošta Slovenije's price list. In order for the cost allocation by cost elements to be as exact as possible the Agency must in accordance with the auditor's recommendations, together with Pošta Slovenije, ensure the consistency of data for individual years to be used in this model.

With the assistance of this same contractor (KPMG) the Agency also **analyzed the efficiency of the provider of universal service**, namely of Pošta Slovenije. It examined whether the universal service provider in Slovenia is efficient, and, in the event it is inefficient, how this inefficiency is shown and what the recommendations are for corrective measures. Based on the comparison, in which the data from the Universal Postal Union (UPU) database were used as much as possible, the auditor concluded that the level of Pošta Slovenije's achieved efficiency is comparable to the interval of average values of selected foreign postal operators, but that the results of the Slovenian universal service provider are also below average according to most of the criteria examined.

### 3.2.5 INTERNATIONAL COOPERATION: POSTAL DIRECTIVE AND THE ERGP

---

The Agency actively participated in international associations **ERGP** (European Regulators Group for Postal Services), **CERP** (European Committee for Postal Regulation), and **UPU** (Universal Postal Union) and maintained contact with **European regulators** and the **European Commission**. In ERGP the Agency participated in the management board and working groups for cross-border postal traffic, regulative accounting and pricing regulation, net costs for providing the universal postal service, and measuring the satisfaction of end users and activities on the market. The Agency's work in the working group for measuring the satisfaction of end users is worth highlighting, as the Agency hosted a meeting of this working group at its premises on 15 and 16 September 2015.

In the scope of CERP-related activities the Agency attended the meetings of the UPU working group in Rome and Oslo, and the plenary session in Sofia. It also began with intensive work and preparations for the UPU Congress Istanbul 2016 and in the scope of UPU attended the session of the Council of Administrations and the Strategic Conference in Geneva. For statistical purposes the Agency reported to the European Commission, which since 2014 has had the authority to collect and process the data on the postal services market. It held bilateral meetings with the representatives of the Albanian and Croatian regulator.

## 4 RAILWAY TRAFFIC

### 4.1 FRAMEWORKS, OBJECTIVES, MARKETS

#### 4.1.1 LEGAL FRAMEWORKS

---

The legal framework for the regulator's work on this market is the Railway Transport Act – UPB8 (Official Gazette of the Republic of Slovenia no. 99/15 – official consolidated text) and the executive acts based on it, such as the Decree on train route allocation, infrastructure charges and the performance regime in the public railway infrastructure (Official Gazette of the Republic of Slovenia no. 113/09 and 73/12), and the Decree on preparing the timetable for the networks of the public railway infrastructure (Official Gazette of the Republic of Slovenia no. 73/12). The legal framework is also the directly executable legislative acts of the EU, for example Regulation (EU) no. 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight (Official Journal of the European Union 267, 20 October 2010, p. 22), Commission Implementing Regulation (EU) no. 869/2014 of 11 August 2014 on new rail passenger services (OJ L 239, 12 August 2014, p. 1), Commission Implementing Regulation (EU) 2015/909 of 12 June 2015 on the modalities for the calculation of the cost that is directly incurred as a result of operating the train service (OJ L 148, 13 June 2015, p. 17), Commission Implementing Regulation (EU) 2015/10 of 6 January 2015 on the

criteria for applicants for rail infrastructure capacity and repealing implementing Regulation (EU) no. 870/2015 (OJ L 3, 7 January 2015, p. 34).

#### 4.1.2 ANNUAL OBJECTIVES

---

Through consistent regular monitoring of allocation of infrastructure capacities and verifying that usage fees are correctly charged the Agency followed its defined objective of ensuring equal or non-discriminatory treatment of all the carriers or applicants for infrastructure capacities. Because the Agency did not have to take any measures regarding this issue, it can be concluded that the goal was achieved.

With regard to passenger protection in railway traffic the timely resolution of a single complaint of a passenger against a carrier's decision means that the objective was achieved. The passenger's complaint related to exercising rights as defined in the Regulation (EC) 1370/2007 on the rights and obligations of passengers in railway transport, but it was unfounded and as such rejected.

With regard to the implementation of the Regulation (EU) no. 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight the Agency signed an agreement on cooperation with other regulatory bodies in the Baltic-Adriatic corridor route. The corridor began operating in November 2015. In the Mediterranean corridor the Agency cooperated with other regulators in monitoring the operations of the bodies managing the corridor.

It also actively participated in drafting changes and amendments to the Railway Transport Act. The basic objective of the amendment was to transpose the Directive 2012/31/EU on establishing a single European railway area into the legal order of the Republic of Slovenia. With the amendment of the act, which was adopted at the end of October 2015 and came into force on 21 November 2015, the regulator also received new tasks. The most significant of these pertain to the Agency's economic role – the audit of financial operations of the administrator of the railway infrastructure and the administrator of facilities for conducting railway services in the case of organizationally related companies.

#### 4.1.3 CURRENT STATE OF THE MARKET

---

There were no major changes in the market of railway transport services in 2015 in comparison to 2014, and the regulator did not have to implement any measures.

During the year repairs continued due to the consequences of the damage to the railway infrastructure from glaze ice in February 2014. Only in September 2015 was normal railway traffic on both rails with the ability of providing electric train haulage established on the route between Borovnica and Logatec. Until then a special freight train transport regime was in force, while passenger transport was stopped or provided in a very limited scope. Carriers in railway transport traffic set up a special regime for train hauling during the period of transport limitations.

Taking into account the fact that in 2015 carriers did not issue any complaints against the decisions on allocating infrastructure capacities and regarding providing access to premises for conducting railway services, and that the Agency did not detect any irregularities in monitoring this scope, it can be concluded that all the carriers were treated equally in allocating infrastructure capabilities and in access to premises for providing railroad activities.

In 2015 carriers paid usage fee for using the public railway infrastructure in accordance with the valid regulation and methodology. The Agency did not conduct its planned review of the usage fee's cost-basis. The European Commission in its Commission Implementing Regulation (EU) 2015/909 of 12 June 2015 on the modalities for



the calculation of the cost that is directly incurred as a result of operating the train service (OJ L 148, 13 June 2015, p. 17) set the method for calculating the costs incurred directly in conducting the railway transport services, for setting the usage fee for the minimum plan of access services, and for access to infrastructure that connects the premises for conducting railway services. In spite of this the Agency did not opt to review the cost-basis for the amount of the usage fee, because the authority for setting the amount of the usage fee was transferred from the assigning body (JAŽP) to the administrator of the public railway infrastructure (SŽ-Infrastruktura) with the Act on changes and amendments to the Act on railway transport – ZZelP-J (Official Gazette of the Republic of Slovenia, no. 84/15), and it is expected that it will define a new methodology.

A method of ensuring efficiency, aimed at encouraging carriers and the administrator of the railway infrastructure to reduce interruptions in the rail network, as well as to improve the quality of the transportation services, has only been in effect with an actual calculation of payment since September 2015. In the short period since its implementation no issues have been detected that would require the Agency to act.

## 4.2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

### 4.2.1 MONITORING THE SERVICES IN RAILWAY PASSENGER TRANSPORT

Passenger transport in domestic and international railway traffic on public railway infrastructure of the Republic of Slovenia is provided only by the national carrier SŽ – Potniški promet, even though the market for international passenger transport has been open to competitive carriers since 2010. Because of the aforementioned reason – the limitation of passenger traffic along the Primorska route – the **scope of the work provided** (completed passenger km) did increase by 2% in 2015 when compared to 2014, but it is still 6.6% lower than it was in 2013.

**TABLE 13: TRANSPORTED PASSENGERS AND THE SCOPE OF PROVIDED WORK IN THE AREA OF THE PUBLIC RAILWAY INFRASTRUCTURE OF THE REPUBLIC OF SLOVENIA IN 2015**

	Number of passengers	Scope of work [pkm]
	SŽ – Potniški promet	
International traffic	766,083	115,434,253
Domestic and cross-border regional traffic	13,792,381	593,846,163
<b>Total</b>	<b>14,558,464</b>	<b>709,280,416</b>

### 4.2.2 MONITORING THE FREIGHT TRANSPORTATION MARKET

In 2015, 18.4 million tons of freight was transported on the public railway infrastructure of the Republic of Slovenia, and carriers made a total of 4.33 billion net ton-kilometers.

**TABLE 14: FREIGHT TRANSPORTED IN THE AREA OF THE PUBLIC RAILWAY INFRASTRUCTURE OF THE REPUBLIC OF SLOVENIA (IN TONNES) FOR 2014 AND 2015**

	Volume of transported freight in JŽI RS [tonnes]		
	2014	2015	2015/2014
International traffic	17,704,152	17,797,842	+ 0,53%
Domestic traffic	735,897	607,296	-17.48%
<b>Total</b>	<b>18,440,049</b>	<b>18,405,138</b>	<b>-0.19%</b>



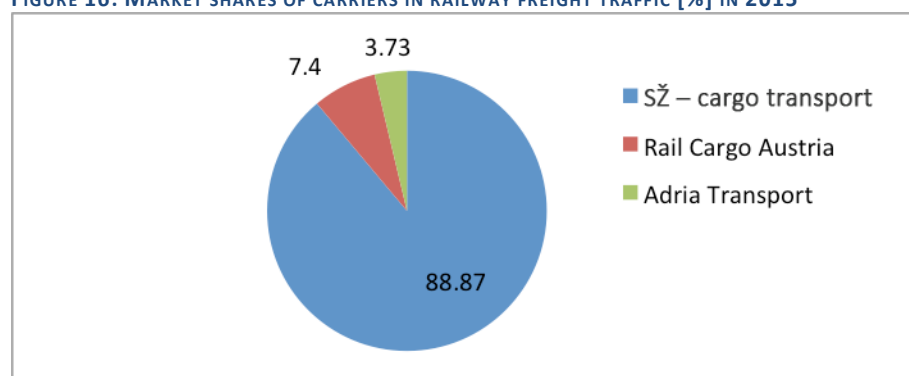


**TABLE 15: WORK CONDUCTED IN THE AREA OF THE PUBLIC RAILWAY INFRASTRUCTURE OF THE REPUBLIC OF SLOVENIA (IN NET TON KM) FOR 2014 AND 2015**

	Work conducted on the public railway infrastructure in 2014 [ntkm]		
	2014	2015	2015/2014
International traffic	4,159,481,265	4,246,739,581	+ 2.10%
Domestic traffic	112,249,750	89,678,588	-20.11%
<b>Total</b>	<b>4,271,730,835</b>	<b>4,336,418,169</b>	<b>+1.51%</b>

Freight transport on the public railway infrastructure of the Republic of Slovenia is provided by three carriers: SŽ-Tovorni promet, Rail Cargo Austria, and Adria Transport. The **market shares of the carriers** by scope of work provided did not change significantly in 2015. The market share of the carrier SŽ-Tovorni promet declined by approximately 1 percentage point. The market share of the carrier Rail Cargo Austria grew by 1 percentage point compared to 2014.

**FIGURE 16: MARKET SHARES OF CARRIERS IN RAILWAY FREIGHT TRAFFIC [%] IN 2015**



#### 4.2.3 REALIZATION OF ALLOCATED TRAIN SLOTS BY CARRIERS IN FREIGHT TRAFFIC

In the scope of its tasks of monitoring competition on the railway transport services market the Agency also regularly monitors the realization of allocated train slots on the public railway infrastructure. The Agency analyses the realization of allocated train slots by individual carriers based on monthly reports submitted by the public railway infrastructure administrator.

Analyses of railway freight transport have shown that in the past a large share of allocated train slots went unrealized or canceled (even above 50%), which means that carriers in the railway freight transport requested more train slots than they actually required through the routine procedure. It is the Agency's belief that this showed an **unrealistically high utilization of available infrastructural capacities**, especially on the main and busiest routes. This seemingly reduced the number of available (catalogued) routes that would be available to existing or potential carriers for allocation by ad-hoc procedure (allocation of routes for specific purposes). As a consequence, the public railway infrastructure administrator became less competitive in attracting new potential carriers by offering actually available infrastructural capacities.

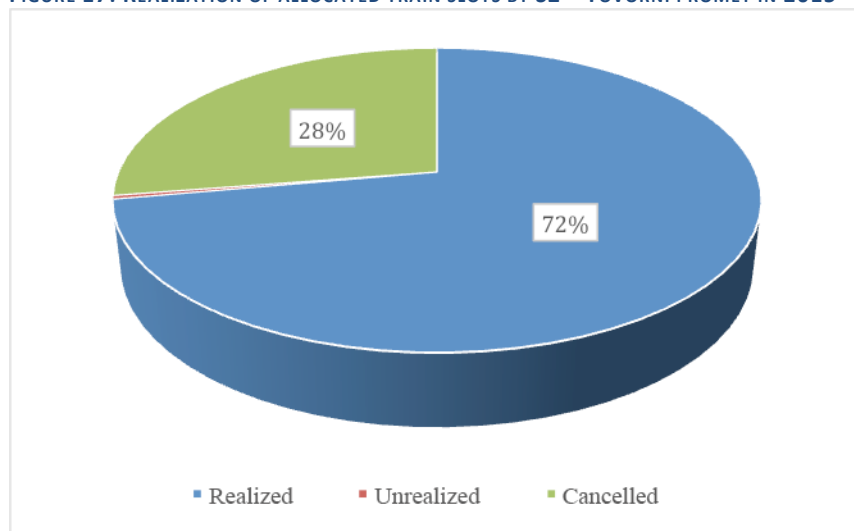
In 2015 the Agency again found a **large share of canceled train slots**, while at the same time a large share of train slots are such that were allocated to carriers through ad-hoc procedures.



## 4.2.3.1 SŽ – TOVORNI PROMET

The carrier SŽ – Tovorni promet was allocated 75,067 train paths in 2015. The carrier actually completed 54,151 transports, 284 transports were not realized, and 20,632 (i.e. 27.48%) transports were canceled.

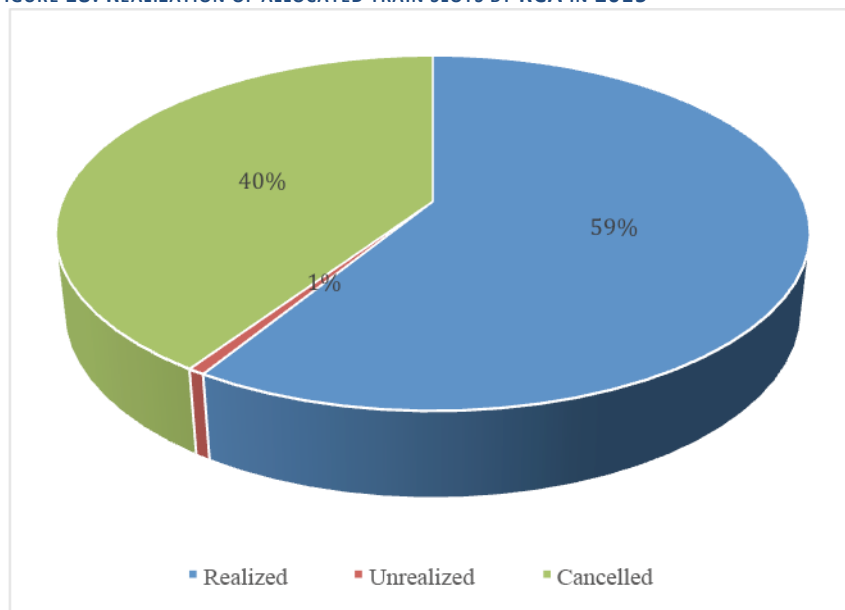
FIGURE 17: REALIZATION OF ALLOCATED TRAIN SLOTS BY SŽ – TOVORNI PROMET IN 2015



## 4.2.3.2 RAIL CARGO AUSTRIA AG

The carrier Rail Cargo Austria AG (hereinafter referred to as RCA) was allocated a total of 4,498 train paths in 2015. Its number of unrealized or canceled train slots is approximately 30% of all train slots allocated to this carrier.

FIGURE 18: REALIZATION OF ALLOCATED TRAIN SLOTS BY RCA IN 2015

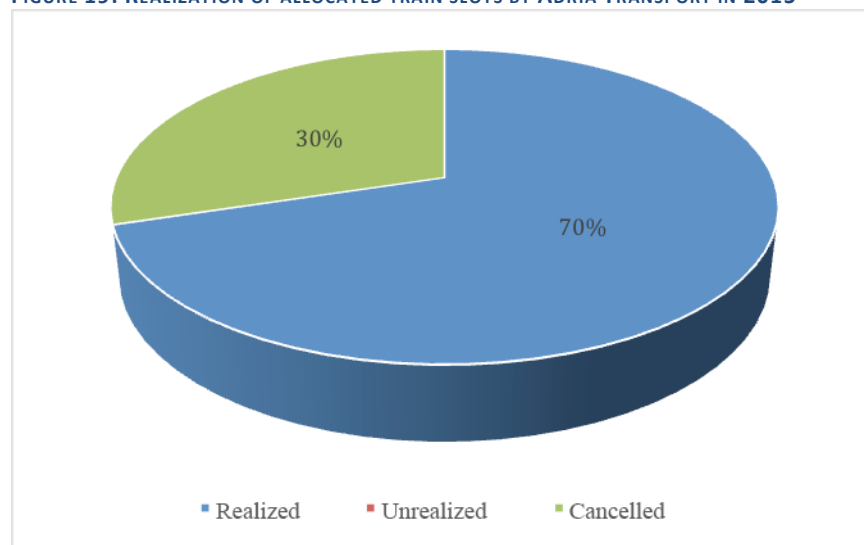


## 4.2.3.3 ADRIA TRANSPORT

Adria Transport was allocated a total of 1,577 train slots in 2015. It completed 927 transports in 2015. The analysis of the allocated train slot realization for 2015 still shows a large number of canceled train slots.



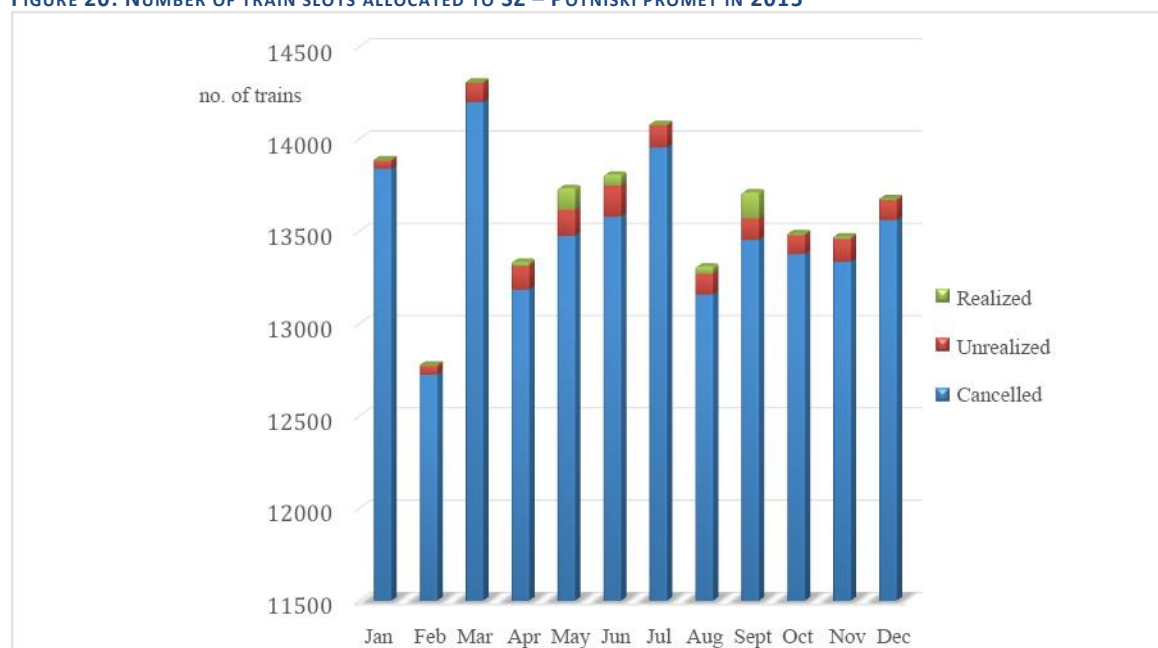
**FIGURE 19: REALIZATION OF ALLOCATED TRAIN SLOTS BY ADRIA TRANSPORT IN 2015**



## 4.2.2 REALIZATION OF ALLOCATED TRAIN SLOTS BY THE PASSENGER TRANSPORT CARRIER

In contrast to freight transport, where there is a large share of canceled and unrealized train slots, analysis of allocated train slot realization in passenger transport continues to show a near **100-percent realization of allocated train slots** in 2015. Passenger transport services are for the most part provided as part of its public service obligation of providing passenger transport in domestic and cross-border regional railway traffic. Slovenske železnice – Potniški promet was allocated a total of 163,575 train slots in 2015. Of these, a total of 1,723 (i.e. 1.05%) train slots were not realized or canceled.

**FIGURE 20: NUMBER OF TRAIN SLOTS ALLOCATED TO SŽ – POTNIŠKI PROMET IN 2015**



## 4.2.5 INTERNATIONAL COOPERATION EK DG MOVE AND IRG-RAIL

In 2015, the Agency was also actively involved working groups **EK DG MOVE**. The focus of the Agency's activities was in the network of European Network of Railway Regulating Bodies (ENRRB), with regular reporting on its



work, exchanging best practices with other regulators, in preparation of the regulator's positions to legislative acts of the Fourth Railway Directive, and in the preparation of positions on the proposals for executive acts of the European Commission to the Directive 2012/34/EU of the European Parliament and Council of 21 November 2012 on establishing a single railway network. The Agency also took part in meetings of the SERAC and RMMS working groups. Most of the Agency's international activities were related to the working groups of the association of independent railway regulating authorities – **IRG-Rail**, namely: (1) monitoring legislation, (2) usage fee and subgroup: usage fee for additional services, (3) access to infrastructure and subgroup: access to additional services, and (4) monitoring the market. In the working groups the regulators prepared their positions on the proposals for the legislative and executive acts of EU bodies, collected information on national arrangements of the railroad market in other member countries, statistical data on the development of the market in other member countries, and developed best practices.



## VIII SUPERVISION

### 1 SUPERVISION OF TELECOMMUNICATIONS

The Agency conducts supervision of the provisions of the Electronic Communications Act, and based on the issued regulations and general acts in accordance with Article 221 of ZEKom-1. Exceptions are cases that fall under the jurisdiction of the Information Commissioner based on Articles 155 and 157 of this Act. The Agency also supervises the implementation of all individual acts or measures that it adopts pursuant to this Act and regulations and general acts issued pursuant thereto. In the territory of the Republic of Slovenia it also supervises the execution of those provisions of EU regulations in electronic communications that have a direct impact on the legal order of the Republic of Slovenia, and that are also by definition supervised by national regulating authorities for electronic communications, as well as sanctioned by member states.

In 2015 the Agency conducted 473 supervisory and 106 small offence procedures in telecommunications. Below are detailed some of the most significant ones.

#### 1.1 INTERNET NEUTRALITY

Article 203 of ZEKom-1, which defines internet neutrality, was breached several times in 2015. The Agency conducted **5 supervisory and 4 minor offence procedures**. The decisions issued in the inspection supervision procedures are being reviewed by the Administrative Court of the Republic of Slovenia, while with four out of the five minor offence decisions a request for judicial protection was issued. By January 2016 the Agency had yet to receive a decision from the courts. The license holders have adjusted their business policies to the Agency's decisions. Operators are also introducing new practices so that before launching new services onto the market they consult with the Agency regarding any potential discrepancies with legal provisions. The Agency is working together with operators in preparing to implement the new European regulation that will regulate this field at the EU level. The Slovenian national regulation is not significantly different from what the new EU regulation brings; however, certain changes are possible, as the regulation is directly implementable. One important document for its implementation will be the guidelines for implementing the resolution to be prepared by BEREC and the European Commission by the end of August 2016.

#### 1.2 COMPETITION PROTECTION

The Agency conducted 32 supervisory procedures over 12 license holders ex officio in **markets 3 and 7** (Call termination in fixed networks and Call termination in mobile networks). In 16 procedures it verified price obligations, especially compliance with charging operator services with the measures imposed in regulatory decisions. In the other 16 procedures, where the supervision procedures were not related to pricing, it verified the compliance of operator reference offers with the requirements from regulatory decisions.

The objective of all these supervisory procedures was to verify whether license holders, i.e. operators with significant market power in these two regulated market, are adhering the obligations imposed through regulatory decisions. The basic finding was that most operators began making their reference offers compliant with the decisions once the supervisory procedures were launched, when they were called upon to correct the breaches. In one case the license holder was issued a decision to resolve the issues, while in all other cases the license holders managed to resolve them before such a decision was issued, and there was no need for the Agency to take action by issuing a supervisory decision.





In **market 4** (Access to network infrastructure at a fixed location) the Agency conducted an ex officio supervision over pricing obligations with an operator with significant market power in market 4. It verified the correctness of charging for prices of electricity and forming the cost of allowance per kilometer traveled. In supervising the price of electricity it did not find any irregularities, while it covered minor breaches regarding the cost of allowance per kilometer. It issued the license holder a decision with control measures, which the holder adhered to within the set deadline.

Among the major inspection supervision procedures the Agency held was the verification of **fulfillment of the measure to resolve issues with the operator with significant market power in market 4 in a timely manner**. In order to ensure higher reliability of input data the Agency cross-referenced the operator's data on deadlines for resolving issues with the operators who use its services. The process of entering the input data took longer than planned, as the license holder corrected them while they were already in entry, so the Agency cross-referenced also the corrected data. The method for collecting the entry data proved to be a good one, as it made it possible to locate existing issues also affecting operators who use the services. Along with focusing on the subject of the supervision when meeting with the license holder and other operators the Agency also recommended that they attempt to resolving two other related issues alongside this one: namely the issue of access to planned dates for resolving errors, access to the subscribers' cabinets or resolving errors jointly, improving the catalogue of typical responses for extended deadlines for resolving errors, improving the definitions of a major or a minor error, etc. The license holder and the other operators welcomed the Agency's recommendation, so the Agency began organizing a workshop. The inspection supervision procedure process was concluded with a decision in which the Agency imposed the license holder with control measures of an organizational and/or technical nature, which will shorten the deadlines for resolving errors. The Agency also verified the effectiveness of these measures on a monthly basis for the period of the second half of 2015, and will continue doing so into 2016 when the workshops are to be held. In the event these measures do not prove to be effective enough, the Agency will impose new measures within regulatory requirements in a new inspection supervision.

In the beginning of 2015 the Agency also received a few complaints from the administrator of the number portability database. Some operators do not adhere to legislative requirements regarding **the management of numbering space**. Consequently the Agency conducted 4 inspection supervision procedures in which it imposed 3 operators with the obligation of concluding agreements with the administrator of the number portability database. The first operator complied with the imposed obligation and concluded the agreement with the number portability database administrator, while the second one returned the numbers and requested a removal from the official registry of operators, and the third one's assigned numbers were revoked ex officio.

Because of the reports on the use of **numbering space** without any legal grounds, namely a decision on assigning numbers, the Agency conducted 3 supervisory procedures and issue fines to two operators.

In 2015 the Agency launched 27 inspection supervision procedures because of non-fulfillment of the legal **obligation of submitting the data on market development**, issuing 15 decisions with corrective measures. Seven operators were fined for failing to comply the obligation in spite of the supervisory decision. Since the Agency has been treating this legal obligation with such severity, the discipline of license holders has improved significantly. The required data is namely of essential significance for regular monitoring of the state of the development of the electronic communications market, conducting the regulative role and other obligations it has according to ZEKom-1.

In 2015 the Agency conducted 11 minor offence procedures against operators who did not submit their [data on 2015 revenues](#). The six operators who submitted the required data late were issued with warnings, while four operators were issued with a fine, and the procedure against one of the operators was stopped, because it was established that it did submit the data to the Agency.

### 1.3 USERS' RIGHTS

Together with the Information Commissioner of the Republic of Slovenia (IPRS) the Agency detected the issue of the incorrect interpretation of the legal provisions of the [legal recording of phone conversations](#). It received several reports and has accordingly prepared Guidelines for interpreting Article 147 of ZEKom-1. The Guidelines were published in April 2015 and point to successful co-operation between the Agency and the IPPRS, and are an example of a best practice of collaboration between state bodies. The Guidelines explain in detail the legislative framework for recording communications and storing the recording, and provide recommendations for concrete cases of use. The Guidelines helped the Agency provide clarity regarding some ambiguous provisions of Article 147 of ZEKom-1 and to come a step towards users, and this contributed towards the correct application of legal frameworks for recording conversations in practice. Following that it began to ex officio systematically conduct inspection supervision procedures with major companies in Slovenia, a practice it will continue into 2016. It issued one decision with measures for resolving the established irregularities in the inspection supervision procedure that is currently being reviewed by the Administrative Court of the Republic of Slovenia. Most of the procedures were concluded with a decision on stopping the supervisory procedure, as the license holders had already resolved the issues before the supervisory decision about the issues was issued.

Care for end users has been among the Agency's highest priorities for a number of years. In 2015 it detected two breaches of the provisions of [limiting access to operator's services](#) during the procedure of resolving a dispute that a user lodged with an operator. As this is a gross breach of an end user's right as ensured by law, the Agency in both cases issued a fine to the license holders in a minor offence procedure. Operators are becoming more careful in such measures, inter alia because of the strict sanctions the Agency has imposed on those breaching them, as the two cases mentioned above were the only ones in 2015.

#### 1.4 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES

As a minor offence body the Agency also handles offences relating to the **abuse of emergency numbers**. In 2015 it received 8 complaints of abuse of emergency numbers. In most cases it turned out that the alleged infringer (caller) was not correctly alerted to the fact that they are abusing the emergency number, so the Agency did not have any basis for lodging a minor offence procedure. The Agency notified those reporting them (the police stations) in writing regarding the new legal frameworks for launching the procedure and informed them about the correct procedure in the event of abuse of an emergency number. It can be expected that this will contribute to the way the Agency exercises its jurisdictions according to ZEKom-1, and that the bodies that receive emergency calls will follow the procedures properly. Blocking a number abusing an emergency number is legally impermissible, so any work towards resolving this issue must deal with certain limitations.

On the basis of Article 141 of ZEKom-1 the Agency also receives notifications from operators on planned and non-planned **interferences or network outages**, as well as on incidents covered under Article 81 of ZEKom-1. Operators are obligated to notify the Agency and the public using mass media about any limitations or interruptions resulting from construction, upgrades, or maintenance at least one day before the incident, and must inform the Agency and users immediately regarding any major limitations or interruptions resulting from errors or glitches. In 2015 the Agency received from operators 349 notifications on limitations or interruptions, which is 17% less than in the previous year. These events included 116 service outages resulting from power outages.

Operators must also immediately report incidents, unexpected events in which service provision was interrupted (for at least 1 hour, if at least 15% of users of services are impacted), and instances of malicious activities. In 2015 operators reported on one malicious act of user password theft, and 9 cases of significant service outages in the mobile network; in most cases the cause was a system error. The longest outage lasted 6 hours, with 300,000 mobile telephone communications users impacted, along with 130,000 users of data services. This year's analysis of incidents once again shows that from the perspective of vulnerability the mobile network is the most critical, as even a small error can result in a large number of affected users or a long outage throughout a broad area of Slovenia.

The Agency finds that not all the operators are fulfilling their legal obligations regarding reporting of planned and unplanned interruptions or network outages and incidents, and that users are not sufficiently informed. In the scope of the renovation of the complete system for data collection in 2016 the Agency will also strive to revamp the reporting system, notify the operators on the obligation to inform about outages and incidents, and at the same time strengthen its own role in the process of informing the public.

The Agency prepared a report on incidents between 1 January 2013 and 1 May 2015, as well as on all the inspection supervision procedures and measures the Agency conducted and issued in this period for the Committee for Supervision of Intelligence and Security Services.

The operators of public telephone services in the fixed and mobile networks must in accordance with the rules on the quality of service of calls to 112 submit data on the **quality of calls made to the 112 emergency number** by 1 April each year. For this purpose the Agency once again in 2015 drafted a questionnaire for operators, through which it analyzed the received data in April and submitted it to the Ministry for Education, Science and Sport (MIZŠ) and the Administration of the Republic of Slovenia for Protection and Disaster Relief (URSZR). The analysis showed that most operators meet the required quality parameters. Despite all these measures operators do sometimes derogate, which means that it is possible that there is a problem with the methodology or incorrect interpretation of individual terms and parameters as defined by the Rules on the quality of service for emergency calls to 112. The Agency also found that not all the operators of voice telephony services have



set up automatic data exchange on caller location with the URSZR, so it assesses that a protocol for data exchange should be established as soon as possible, with defined interfaces, types, and kinds of data and encryption.

The Agency prepared in cooperation with the Ministry of Defence and the Ministry of Internal Affairs **changes to the General act the security of networks and services**, which has already gone into public discussion. The reason for these changes is the practice that has shown that the legal provisions regarding the emergency measures were written in very general terms, and that this required additional explanations in the form of a general act. After the deadline for implementing the changes, the Agency with the support of a contractor selected through a public tender began conducting inspection supervision procedures. The Agency reviewed how the five biggest operators implemented the systems for data protection and uninterrupted operations (SDP/SUO) and how they are using them. The supervisory procedures were announced several months in advance, as it was the Agency's intent to have the operators review the systems by themselves and fix any potential issues. The general assessment was that operators have systems for data protection management that operate in accordance with the SIST ISO/IEC 27001 standard, and they are in the process of upgrading to the 2013 version of the standard. During the supervisory procedure the Agency found with all the operators that their SDP/SUP, which were the subject of the inspection supervision, were not fully compliant with the requirements of the ISO/IEC 27001:2013 standard. These established derogations from the standard were, however, not a breach of ZEKom-1 or the General act on the security of networks and services, but could in certain circumstances pose a risk for the compliance of the operator's operations in ensuring customers' privacy. All the operators agreed to take into account the findings of the assessment of their SUD/SUP systems.

Authorized persons spend a lot of attention and available time focused on the **issue of unsolicited communications**, as detailed in Article 158 of ZEKom-1. In 2015 the Agency processed approximately 230 complaints of unsolicited communications (unsolicited email, text messages and telephone calls). In the case where it turned out that this is a probable breach of Article 158 of ZEKom-1, it launched a supervisory procedure and in some cases, especially for unsolicited voice calls, also a minor offence procedure. In the supervisory procedures it issued 3 decisions with corrective measures and about 30 written warnings. It launched 18 minor offence procedures, in which it issued warning in 13 cases, and a fine in one. Appeals for legal protection were issued against two of the decisions. The Agency finds that the number of complaints is decreasing compared to last year, and it attributes this to its more active role and strict warnings and fining of those breaching the provisions. The most frequent breach is still sending unsolicited email without the recipient's approval, a poor system for unsubscribing from receiving unsolicited email with marketing content, and disregarding the opt out option for using phone numbers for commercial and surveying purposes that subscribers mark in the Phone Directory of Slovenia.

Regarding the obligation of **providing universal directory service** in the scope of providing the universal service the Agency launched an inspection supervision procedure because of the price hike for the service of providing information in international traffic to the number 1180 and the first and second minute of the call to the universal directory service 1188 to verify if the provider of this service was fulfilling the obligation of price control over the universal service of directory service and providing information on subscribers. The procedure will be concluded in early 2016 and a decision will be issued.

The operators are well familiar with the **obligation of providing data on the position and type of communication networks**. In 2015 the Agency also began with informal verifications of the accuracy of entering network connection points by obtaining access to the data on network connection points entered into the consolidated cadaster. **The obligation of providing the data on the condition and capabilities of network connection points** only came into force in 2014. Based on the analysis of the data collected the Agency will also

conduct some supervisory procedures in 2016 to impose corrective measures. The accuracy of the data on the condition and capabilities of network connection points is exceptionally significant for conducting effective regulation of new markets, which will take place in 2016, as well as for defining the white spots where state assistance in infrastructure construction would be required and permitted.

The Agency also implemented a **new system for administrating the minor offence register** in accordance with the Minor Offences Act. By guiding the user through the process, announcing deadlines, and offering included templates, and with the inclusion of preset reminders, the app helps users manage minor offence procedures better.

At the end of 2015 the Agency also conducted an inspection supervision procedure regarding the fulfillment of an **obligation of constructing a broadband network as a result of a demonstrated market interest**, in which no irregularities were found with the operation of the party who demonstrated market interest in a certain area. The Agency also launched an inspection supervision procedure regarding the openness of a broadband network in a certain area, where it verified whether the electronic communications services were being provided to end users, namely whether all the interested new subscribers were able to connect to the network.

For the year 2015 the Agency planned more inspection supervision procedures launched at its own initiative than in previous years, and it managed to completely fulfill its plans. It was shown that it opted for procedures that will result in positive changes in the market, and will also show any potential needs for changes to the regulation while new regulative measures are being drafted. The Agency has noticed that license holders on the market are becoming more disciplined. The Agency's reorganization and new hirings in the telecommunications supervision also contributed to this, as this provides for better consistency in fulfilling the goal of making sure that all the stakeholders on the market consistently implement the most important legal obligations.

**FIGURE 21: SUPERVISORY PROCEDURES IN TELECOMMUNICATIONS IN 2015:**

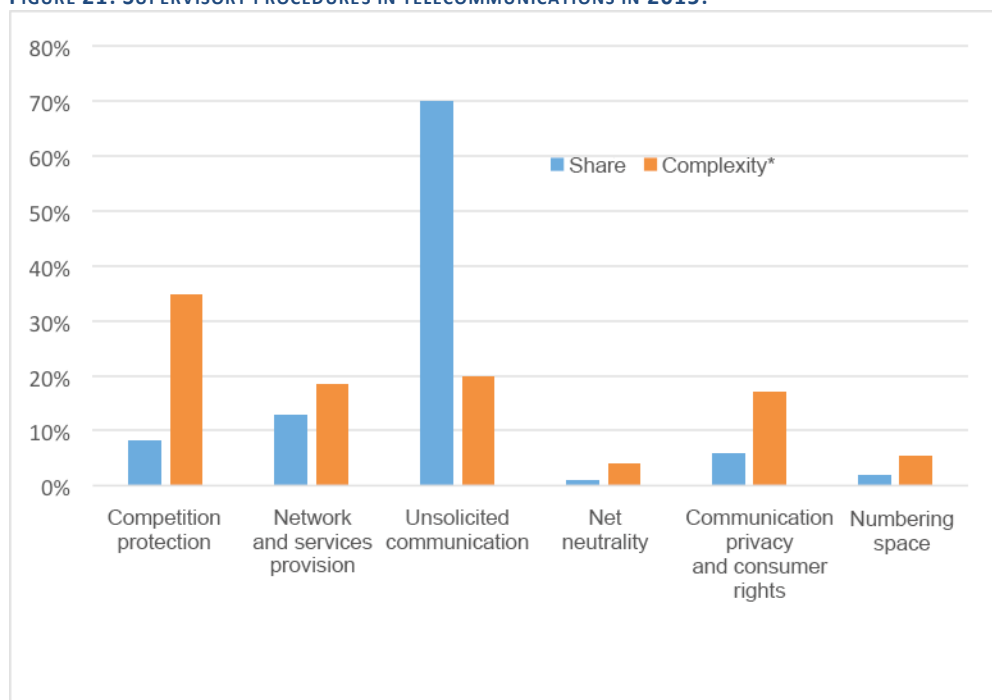
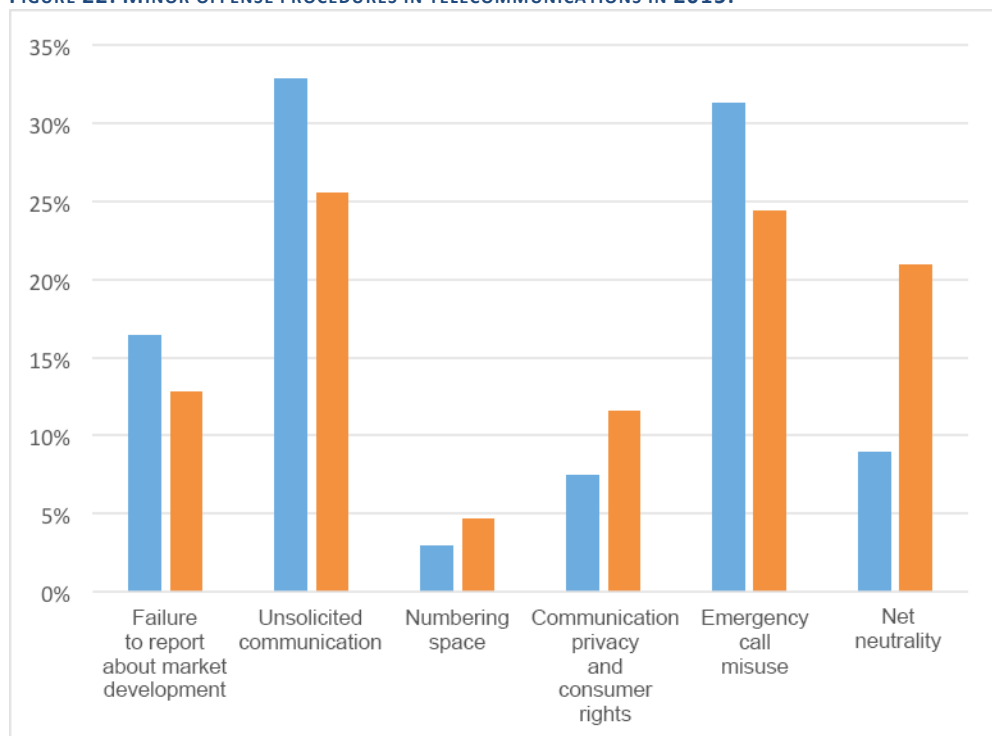




FIGURE 22: MINOR OFFENSE PROCEDURES IN TELECOMMUNICATIONS IN 2015:



\* Note: The parameter “difficulty” is a new assessment category of a procedure with regard to how tasking it is and how much time and other resources it requires.

## 2 SUPERVISION OF RADIO FREQUENCY SPECTRUM

The Agency ensures uninterrupted use of the radio frequency spectrum for all users of radio services, i.e. all holders of decisions on assigning radio frequencies (DARF), through taking regular measurements throughout the whole territory of the Republic of Slovenia and through inspection measures in cases where irregularities are discovered, as provided in Article 61 of ZEKom-1 (Official Gazette of the Republic of Slovenia 109/12, 110/13, 40/14-ZIN-B and 81/15). In 2015 it investigated and established the causes for all the reports it received from DARF holders. The Agency supervises the radio frequency spectrum systematically on the basis of its annual plans, based on internal orders for special spectrum measurements, for example for the requirements related to radio frequency spectrum management, and 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 (Official Gazette of the RS no. 43/07-UPB1, 40/14; v hereinafter: ZIN) appropriately; they can act with the power a minor offence authority if they establish during the supervision procedure that the severity of the offence requires them to take action in accordance with the Minor Offences Act (Official Gazette of the RS, no. 29/11-UPB8, 21/13, 111/13, 74/14 – Constitutional Court ruling and 92/14 – Constitutional Court ruling; hereinafter: ZP-1), and, as experts in the field, they assist radio station owners by advising them on how to resolve various technical issues.

### 2.1 MEASUREMENTS OF THE SPECTRUM AND ELIMINATING INTERFERENCE



In 2015 the Agency in the scope of its radio supervision and measurements department (SMD) investigated **43 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 assigning radio frequencies. Approximately one third of the cases pertained to interference of mobile operators' transmissions (GSM and UMTS) by natural or legal persons using GSM repeaters that were not properly installed or configured, faulty DECT devices and other devices which were not operating correctly. The Agency also focused a lot of its time on resolving interference impacting the weather radar because of RLAN connections, and regular measurements to monitor the activities alongside the border with Italy, where the **Italian radio stations** continue to disregard international agreements and cause interference for our stations, including those on digital terrestrial radio broadcasting (DVB-T). With regard to the established irregularities the Agency sent several dozens of reports to the Italian administration. A lot of focus was also on the supervision of adhering to the requirements from the DARFs for analog broadcasting radio stations regarding **RDS and sound identifications**.

In the scope of systematic radio frequency spectrum supervision, the Agency conducted **57 inspections** to investigate radio interference and based on reports. It processed infractions of the law (transmitting without a DARF, breaching said decisions, and other), and in 10 cases conducted minor offence proceedings. It conducted 15 recordings of the radio frequency (FM) and television frequency spectrum at various locations around Slovenia. The results were the basis for international coordination between radio broadcasting stations, for new technologies on these bands, as well as for issuing DARFs. It conducted several measurements because of reports of interference from DARF holders, as well as for the requirements of supervision and support for radio services in the management of the radio frequency spectrum. It continued with **systematic daily measurements of the radio broadcasting spectrum**, where the data from all the radio monitoring stations (RMS) are archived in numerical format by conducting systematic monthly spectrum measurements, whose data is also archived in graphic format, and with **systematic semi-annual spectrum measurements**, after which the identification data of each radio broadcasting transmitter is archived alongside spectrum characteristics. It also conducted measurements of GSM, UMTS, LTE and MMDS coverage.

## 2.2 UPGRADES AND MAINTENANCE OF THE MEASUREMENT SYSTEM

In order to perform its tasks related to supervising the radio frequency spectrum, the Agency is constructing and upgrading the **Radio supervision and measurement system of the Republic of Slovenia (RSMS)**, as provided in Article 61 of ZEKom-1. The Radio Frequency Spectrum Measurements and Supervision Sector 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 (RSMS), and three are specialized measurement vehicles operated as mobile RSSs. All this fixed and mobile equipment is connected to the RSMS network that the employees use for remotely supervising the radio spectrum. The Agency upgrades key components of the RSMS in the scope of the resources it has available.

In 2015 the Agency significantly renovated the RSMS with new measurement receptors and new software, achieving the set goals, and RSMS became one of the most cutting edge such systems in Europe. Additionally it purchased some more equipment at the end of the year for setting up a time difference of arrival (TDOA) system for determining the source of a signal. It also obtained additional equipment for supervising radio frequency spectrum, which will make it possible to conduct measurements of up to 40 GHz and constructed a new antenna tower with a direction finder (DF) antenna at one of the locations. A new measurement vehicle will be primarily used for monitoring coverage with public mobile services. The Agency may only conduct measurements and supervision using special professional-grade equipment of an appropriate quality, which it



must regularly maintain and upgrade as needed, and it must also use highly-qualified staff; however, considering to the scope of the work there are not enough such staff members available.

## 2.3 MONITORING THE QUALITY OF SERVICE OF FIXED AND MOBILE BROADBAND NETWORKS

Establishing a system for **monitoring the quality of service for fixed data services in broadband networks (QoS BB)** was one of the Agency's key tasks for 2015. A suitable quality of service, in this case represented by ensuring broadband speeds, is a precondition for good operation of NGA networks and establishing the suitability of an operator's performance in regard to network neutrality. European Commission and BEREC also encourage monitoring QoS BB. The Agency has authority over monitoring the quality of service of mobile and fixed data services in broadband access based on the provisions of ZEKom-1, which allows it to impose upon operators a minimum level of service provision for broadband access, and it can take measures in the event of derogations from the defined levels. In 2015 the Agency accepted and activated the system for measuring the quality of service of broadband connections, **AKOS Test Net** (<http://www.akostest.net>) which makes it possible for end users to get an informative verification of key parameters of fixed and mobile broadband connections. The system is operating very reliably and has fully met the expectations. The Agency received quite a few requests from other European regulators to share its experience in setting up the AKOS Test Net. Based on the experience obtained the Agency is preparing an upgrade and expansion of the system.

## 3 SUPERVISION OF ELECTRONIC MEDIA

In supervisory procedures in 2015 the Agency followed the main objectives in electronic media, namely protecting rights and viewers, listeners, and other users of audiovisual services, ensuring equal conditions for operation for all the players on the market, and ensuring the implementation of the public cultural objectives in electronic media. The Agency handled supervisory procedures based on the Media Act (ZMed) and the Audiovisual Media Services Act (ZAVMS), and minor offence procedures based on ZAVMS.

In 2015 the Agency completed its systemic supervision of the required shares of Slovenian music in radio programming, which began in 2014, conducted its regular annual analysis of the reports on achieved shares of audiovisual works in the yearly broadcasting time in television programming, conducted a systemic supervisory review of the limitations on the scope of advertising per hour in television programming (including those licensed from abroad) and on interruptions of main news shows in television programming, continued the systemic monitoring of product, service, and brand placement in the previous year's television programming, regular monitoring of program changes in radio program networks and other radio channels that changed their licenses for conducting radio activities or their ownership structure, and based on reports received conducted a few procedures relating to the protection of children and minors from potentially harmful content.

In 2015 66 inspection procedures were concluded, of which 15 were minor offence procedures and 51 were administrative; 32 of the latter were expert supervision procedures. 45 procedures were concluded against publishers of television programs, and 21 against publishers of radio programs. The Agency issued 13 decision with fines (for a total of €70,000 in fines), 2 decisions with warnings in minor offence procedures, 11 administrative decisions to television programs, and 2 decisions with a temporary suspension of licenses for conducting television activities; it rejected one application for publishing a local television station of special importance, conducted one program analysis for obtaining the status of a not-for-profit television program, and in all other procedures it did not establish any irregularities. Five proposals for implementing minor offence procedures were handed over to the Inspectorate of the Republic of Slovenia for Culture and Media, which has in a certain part of ZMed the authority for issuing fines when the Agency establishes a violation. Nine open supervision cases were carried over to 2016, with all of them focusing on expert supervision procedures of

licenses for conducting radio activities in which the radio stations' programming obligations are being verified, including their programming shares.

An overview of the number of completed supervision procedures by areas of work shows that the majority of all the procedures were about limitations on advertising in TV programming (3 procedures on product placement, 2 on surreptitious advertising, 2 (+18 analyses of foreign TV programs) regarding the limitations of the scope of advertising, and 5 regarding the limitations in interruptions with advertising), followed by the shares of audiovisual works with reporting (15 procedures), shares of Slovenian music (15), publication of appropriate identifications in radio programming (6), and the protection of children and minors from potentially harmful content (4 procedures). The number of procedures relating to the protection of children and minors from potentially harmful content does not reflect the actual activities the Agency has been conducting relating to this issue. In 2015 the Agency's supervisory part actively collaborated in the implementation of the system for classification and rating content that is harmful for children and minors (Gledoskop) with the objective of clearing up any uncertainties and doubt surrounding its use, and to consolidate the interpretation of the legislative framework based on a shared dialog with all the stakeholders before the systemic supervision is implemented. For this purpose a systemic supervision of measures to protect children from potentially harmful content will be conducted next year. With the aim of improving transparency the Agency has been preparing quarterly reports on its work in electronic media, which also include short reports on the market conditions.

### 3.1 TELEVISION ADVERTISING

In 2015 the Agency continued with systemic analyses of the limitations of the scope of advertising per hour in foreign television programs, namely in two intervals. During the former it established breaches by the programs SK1 and SK3, while in the latter it analyzed 16 foreign TV programs in July, finding breaches in TLC and again in SK1 and SK3. The EU regulators with jurisdictions regarding these channels were notified. The regulator with jurisdiction over SK1 and SK3 reported regarding the first notification that it had fined the publisher of both programs, and after the second one it informed the Agency that said programs had moved to another EU country, which may point to the publisher's intentional avoidance of supervision. The Agency has continued the systemic inspection supervision of adherence to the provisions regarding product placement. Certain issues in the use of this type of advertising can still be detected, but they are mostly unintentional, and the publishers fulfill the imposed corrective measures, so the Agency has not yet issued any fines in this area. In two shows the Agency also detected surreptitious advertising, when certain products, services or brands are being advertised without the viewer being able to recognize such advertising or be informed of it. In general most fines regarding breaches of provisions regarding advertising are still issued to publishers of local television programs. Last year there were a total of €19,800 in fines issued because of offences relating to prohibited interruptions of news shows with advertising, €13,200 in fines for exceeding the total permitted scope of advertising per hour, and €2,000 in fines for disregard of the Agency's decisions, which is a total of €35,000 fines issued in relation to television advertising.

### 3.2 SHARES OF AUDIOVISUAL WORKS

The Agency handled 15 procedures in the scope of the regular annual reports on achieved shares of audiovisual works during the broadcast time in the previous year, of which most were started in order to obtain required data. It issued fines to those publishers that did not achieve the required shares (a total of €33,000), while the publishers of TV 3 medias and Tele M had justified objective reasons for not achieving the shares of European audiovisual works: TV 3 medias was in compulsory settlement in 2014, while Tele M also broadcasts a program for the Hungarian national community, which is one of the exceptions in the obligation of achieving the appropriate share of European audiovisual works from independent producers. Two television programs



temporarily had their licenses for performing television activities revoked because they were failing to achieve the appropriate shares of Slovenian audiovisual works, while four proposals for launching minor offence procedures because of failing to achieve the shares of Slovenian audiovisual works were forwarded to the Media Inspector. The achieved average annual shares of European audiovisual works among Slovenian television programs show a growth trend, from 53% in 2009 to 72% in 2014, with the trends for independent European production looking similar (from 20% in 2009 to 35% in 2013, with only 2014 slipping somewhat to 22%). The average annual shares of newer European audiovisual works of independent production for the past five years are between 60% and 75%, while the shares of Slovenian audiovisual works are between 30% and 40% of the yearly broadcast time.

**TABLE 16: ACHIEVED SHARES OF AUDIOVISUAL WORKS IN 2014**

Program	Publisher	Share of EU AV works	Share of indep. prod. EU AV works	Share of indep. prod. EU AV works < 5 years	Share of SLO AV works	Share of indep. prod. SLO AV works
<i>Golica TV</i>	ČARLI TV	100.00%	17.83%	85.68%	100.00%	/
<i>Kanal A</i>	Kanal A	60.00%	27.00%	50.00%	21.00%	/
<i>POP BRIO</i>	POP TV	70.00%	43.00%	50.00%	25.00%	/
<i>POP KINO</i>	POP TV	64.00%	12.00%	53.00%	2.10%	/
<i>POP OTO</i>	POP TV	52.00%	19.00%	51.00%	2.40%	/
<i>POP TV</i>	POP TV	62.00%	40.00%	50.00%	23.00%	/
<i>Planet TV</i>	Antenna TV SL	51.34%	14.80%	78.74%	33.28%	/
<i>Televizija Slovenija 1 /SLO 1/</i>	RTV SLOVENIJA	94.20%	19.50%	68.30%	24.50%	35.10%
<i>Televizija Slovenija 2 /SLO 2/</i>	RTV SLOVENIJA	92.20%	35.50%	80.30%		
<i>Televizija Slovenija 3 /SLO 3/</i>	RTV SLOVENIJA	100.00%	/	/	/	/
<i>Televizija Maribor - TELE M</i>	RTV SLOVENIJA	61.90%	5.40%	93.80%	37.40%	/
<i>TV VESELJAK</i>	VESELJAK TV	90.00%	24.00%	55.00%	90.00%	/
<i>TV 3 medias</i>	PINK SI	35.99%	0.00%	0.00%	1.63%	/

### 3.3 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT

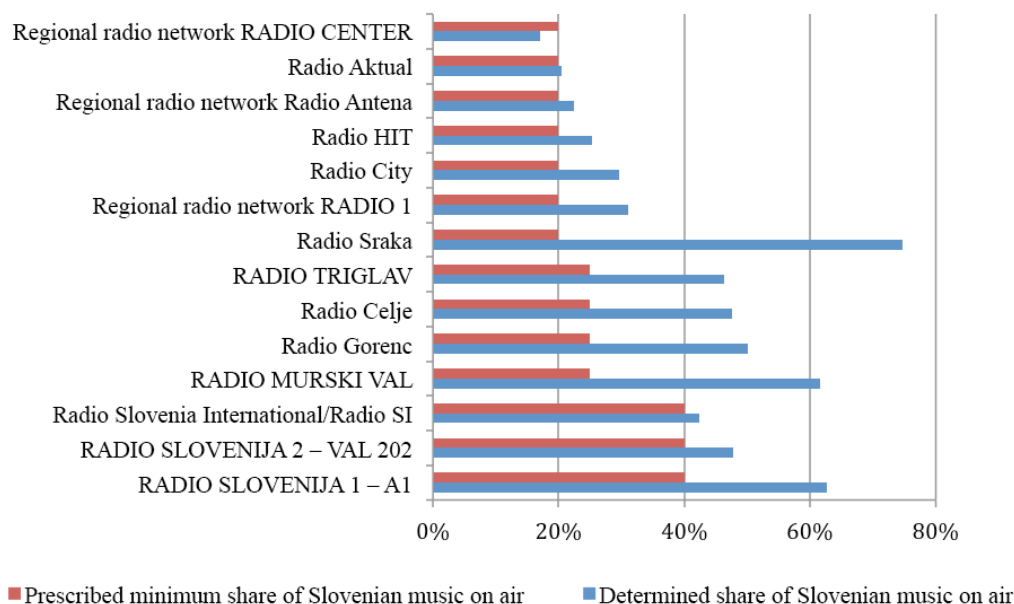
During the process of supervising the implementation of appropriate protection of children during media reports on the **contentious footage** of an intimate relationship between a principal and a teacher at a grammar school the Agency found that two television programs (Planet TV and Kanal A) did not publish appropriate warnings regarding content that could be potentially harmful for children when reporting on this event. In the process of supervising the programming content “**Swingers**” it was established that the publisher of the program Kanal A should appropriately label the programming with a warning on recommended parental guidance because of allusions to sexual activities and mildly inappropriate language. The Agency imposed upon Telemach the need to immediately ensure that its users have appropriate technical equipment so that they can

employ the **technical protection** that limits the access children and minors have to television programming with adult content.

### 3.4 OTHER PROGRAMMING REQUIREMENTS AND LIMITATIONS

In the beginning of 2015 the Agency concluded the systemic supervision of adherence to the provisions on obligatory inclusion of a **daily share of Slovenian music** on radio programs. In 13 procedures it was established that the played shares were appropriate; only for the programs connected to the regional radio network RADIO CENTER was it determined that the share was too low. This irregularity was remedied during the next phase of supervising this obligation. In three cases the publishers of radio programs (namely Radio Aktual Obala, Radio Aktual Studio D, and Radio Radio) adhered to the Agency's decision for temporary suspension of their licenses for radio activities and resolved the issues relating to **inappropriate identifications**. Publishers of regional **radio networks** Radio Center and Radio 1 were instructed to broadcast the same programming content on all their radio frequencies simultaneously during network broadcast, and in the procedures of supervising whether this breach was remedied it was established that it was. Consequently the Agency in 2015 mainly resolved the conditions regarding appropriate identification and simultaneous broadcasting of radio networks; however frequent changes in the ownership of radio programs nearly always result in **changes to programming** and this requires that the Agency to constantly supervise activities throughout the year. For this purpose the Agency has launched systemic supervision of program licenses of the most popular radio programs in Slovenia, which will conclude in 2016 and will provide a deeper insight into the fulfillment of programming obligations by radio programs with the most listeners.

**FIGURE 23: SHARES OF SLOVENIAN MUSIC IN RADIO PROGRAMS**



## 4 SUPERVISION OF POSTAL SERVICES

The Agency has fully achieved the supervising goals it set for 2015. This is confirmed by the finding that the universal postal service was conducted permanently, regularly, without interruptions and at an appropriate level of quality for all users throughout the territory of the Republic of Slovenia. In order to achieve these objectives the Agency conducts preventive measures according to predetermined priorities, and based on findings in regulative procedures or reports.

In 2015 the Agency conducted three preventive supervision procedures regarding the implementation of the provisions of the General act on exceptions in the implementation of the universal service, and verified the permissibility of derogations from serving and delivering mail at the post offices Bučka, Griže and Sevnica. On the basis of the General act on the quality of providing the universal service the Agency verified the appropriateness of installed mailboxes in the area of post offices Radovljica, Moravče and Griže. Because of the intensive levels of the transformations in the networks of the universal service provider the Agency also conducted preventive supervision procedures at six contract post offices: Laporje, Ptujška Gora, Marjeta na Dravskem polju, Šmartno v Rožni dolini, Tabor, and Rimske Toplice.

Based on reports or because of findings in regulative procedures the Agency conducted supervision procedures over delivering and serving mail in the area of Podlehnik, Cerklje, and Ptuj, and a supervision of the prices for databases in the access and a supervision of the clarity of General terms and conditions for providing the universal service.

## IX MONITORING INFRASTRUCTURE INVESTMENTS

In mid-2014 the Center for Monitoring Investments was established and along with the changes to the Agency's Articles of Association its name was changed into Division for Monitoring Infrastructure Investments. The Division performs tasks related to shared construction and shared use of public utility infrastructure, and expropriation and restrictions to ownership rights for the requirements of constructing public telecommunications networks for high-speed broadband services with the goal of lowering the costs of their construction and fulfilling the digital agenda.

In its inspection supervision procedures the Division supervises adherence to the requirements of those articles of ZEKom-1 related to shared construction and shared use of public utility infrastructure, and compliance of easement agreements with the requirements of the Act, and it is also a minor offence body.

Because of limited human resources – until December 2015 the Division had only 2 employees, and from then on 3 – the priority task was to prepare adequate conditions for the Division's operations.

### 1 FRAMEWORKS, OBJECTIVES, MARKETS

#### 1.1 LEGAL FRAMEWORKS

The legal framework for the operation of the Division for Monitoring Infrastructure Investments was in chapters III and IV of ZEKom-1.

#### 1.2 ANNUAL OBJECTIVES

Besides ensuring minimum financial and human resource conditions for the Division's operations the Agency's goals relating to this for 2015 were as follows:

1. Establish co-operation with local communities, especially for preparing spatial planning documents
2. Inform investors in public utility infrastructure (PUI), especially major companies and local communities, of the obligations imposed by the Electronic Communications Act
3. Increase the interest of operators of electronic communication networks in shared construction by increasing the number of notifications on construction on the Agency's website
4. Ensuring consistent adherence to legal provisions relating to the subject of easement agreements
5. Prepare appropriate frameworks and analyses for the calculations of required investments in the construction of broadband TC networks through shared use of different types of PUIs

#### 1.3 CURRENT STATE OF THE MARKET

The Digital Agenda for Europe demands that by 2020 all citizens have broadband access of at least 30 Mbps, where half of them have contracts for at least 100 Mbps. Considering the estimate that approximately 65% of households have broadband access speeds >30 Mbps (the data from owners of electronic communications networks and other related infrastructure from the register of network connection points), a lot more effort and especially resources will need to be invested in achieving the Digital Agenda's goals.

Because the biggest cost of the construction of a broadband network is construction work (according to the analysis of the European Commission the figure is more than 70%), the currently valid Electronic Communications Act already imposes the obligation on all investors in public utility infrastructure (PUI) to report their intent to construct so that other investors in the construction of broadband networks may express their interest in shared construction. Under certain conditions investors in the construction of broadband networks may also demand that the owners of other PUIs make their existing PUIs available for shared use.

In 2014 the European Commission adopted Directive 2014/61/EU, which imposes upon countries obligations related to making the construction of broadband networks less expensive. The Directive should be transposed into Slovenian legislation by 1 January 2016, and come into force on 1 July 2016.

## 2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

In order to **establish cooperation with local communities**, especially in the preparation of spatial planning documents, the Agency prepared Guidelines for preparing spatial planning documents for electronic communications, which will be submitted to the Ministry of the Environment and Spatial Planning in early 2016, so that they can be given to all those individuals working on the preparation of spatial planning documents. The Agency also provides expert support to local communities preparing spatial planning documents when they ask it to. In 2015 such assistance was provided in 9 cases.

The Agency conducted the following activities to inform investors into PUIs, especially the major companies and local communities, as imposed by the Electronic Communications Act:

- at working meetings it informed 16 major corporations that had invested in other PUIs (power utility companies, gas distribution companies, DARS, Slovenian Railways, etc.) of the obligations imposed by ZEKom-1
- at working meetings it informed all 11 town/city municipalities of the obligations imposed by ZEKom-1
- held 11 coordination meetings with development agencies and in agreement with them completed 5 half-day workshops at which it informed 36 municipalities of the obligations imposed by ZEKom-1
- in collaboration with the Engineering Chamber of Slovenia it published an article on their website on how project engineers can contribute towards the digitalization of Slovenia, and recorded and published a video on this topic
- it conducted 38 supervisory inspections of constructions works

As a result of the activities aimed at **increasing the interest of operators of electronic communication networks in shared construction** by increasing the number of notifications on construction on the Agency's website, it noted compared to 2014:

- a 60% increased number of construction notifications (from 94 to 151), which included:
- 6x more construction work (from 902 to 5,480), and
- a 56% increase in the number of applications for shared construction (from 25 to 39)

In order to ensure **consistent adherence to legal provisions** relating to the subject of easement agreements, the Agency reviewed 1,580 easement agreements in supervisory procedures.

In order to achieve the objective of **preparing appropriate frameworks and analyses for the calculations of required investments** in the construction of broadband TC networks through shared use of different types of PUIs the Agency prepared a draft Analysis of the effects of the Directive on measures to reduce the cost of deploying high-speed electronic communications networks (Directive 2014/61/EU) – implementation and effects. The analysis was submitted to the Directorate of Information Society at the Ministry of Education, Science and Sports, and will continue to work on the analysis in 2016.

All of the key activities of the Division for Monitoring Investments planned for 2015 were completed. The reason that not all of the goals were fully completed was the lack of human resources. This condition was partially improved with the additional colleague who joined at the end of the year.





# AKOS

The key consequence of the fact that the objectives were not achieved is the delayed completion of all the processes, which contributes to poorer information of infrastructure operators and local communities, and thereby fewer notifications of construction. This naturally does not provide enough of a cost reduction for broadband network construction. It also means that it takes longer to prepare analyses and measures that could affect their faster and lower priced construction.

In order for the Division to become more effective it needs more staff, especially if the transposition of the Directive 2014/61/EU into local legislation further increases the scope of the tasks in this area.



## X DISPUTE RESOLUTION

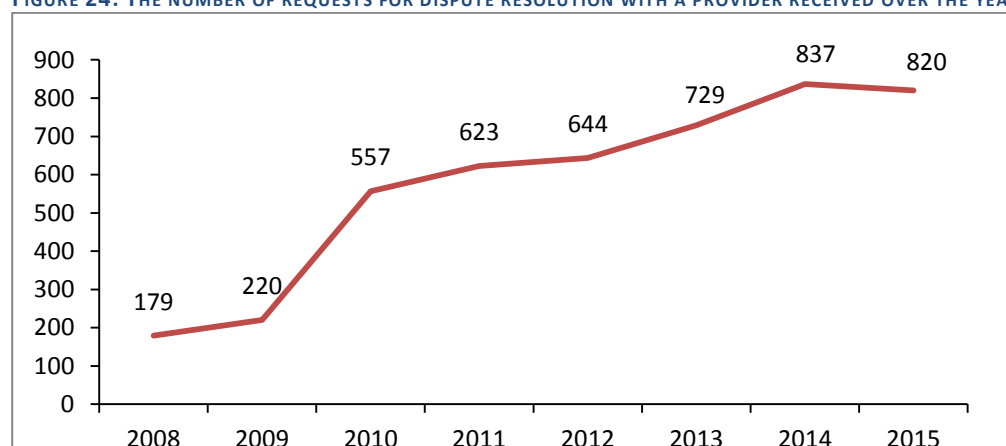
On the basis of the Electronic Communications Act (ZEKom-1) and the Postal Services Act (ZPSto-2) the Agency is competent to resolve disputes regarding electronic communications and postal services in the Republic of Slovenia. This includes two types of disputes:

- disputes that arise between end users of electronic communications and/or postal services, and providers of such services (user disputes)
- disputes that arise between providers or entities that provide services or who benefit from the obligation of providing access or network interconnection (inter-operator disputes)

### 1 USER DISPUTES RELATED TO ELECTRONIC COMMUNICATIONS

In 2015 the Agency received a total of 820 requests from end users for dispute resolution with a provider, which exceeded the expected amount based on AKOS' 2015 Operational and Financial Plan, in which the Agency forecast it would receive up to 750 requests for dispute resolution from end users.

FIGURE 24: THE NUMBER OF REQUESTS FOR DISPUTE RESOLUTION WITH A PROVIDER RECEIVED OVER THE YEARS



The graph shows a **slight decrease in the number of cases** from 2014, which is partly due to the positive results that the Agency achieved in terms of ensuring that end users were protected. Inter alia these activities include encouraging providers to be self-regulatory to the benefit of end users, providing expert assistance to providers in ensuring responsible practices in their relations with end users, and providing immediate information and advice to end users about how to act in the event of a dispute that they have with a provider.

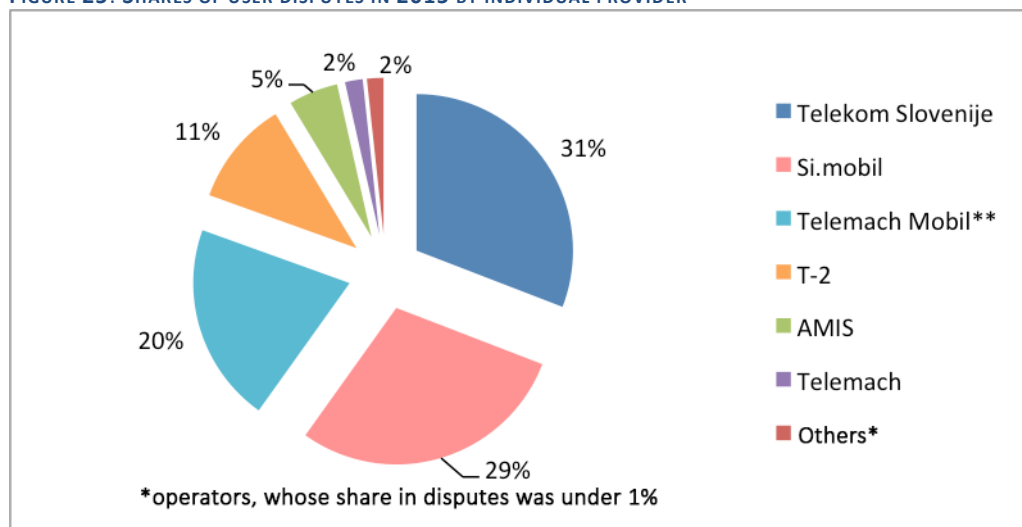
In addition to the 820 newly received disputes, the Agency continued with its resolution of 258 disputes that were lodged in 2014 and carried over to 2015. The total number of user disputes that the Agency handled in 2015 was therefore 1078. Of these, 899 were resolved by the end of 2015, and the Agency will continue with the remaining 179 disputes in 2016.

In 2015 the Agency mostly resolved disputes between end users and the following electronic communications providers: Telekom Slovenije, Si.mobil, Telemach Mobil, T-2, AMIS, Telemach.<sup>15</sup>

<sup>15</sup> As of 14 September 2015, Tušmobil, d.o.o. was renamed Telemach Mobil, d.o.o.



**FIGURE 25: SHARES OF USER DISPUTES IN 2015 BY INDIVIDUAL PROVIDER**



The above figure shows the share of disputes by individual provider in absolute numbers (i.e. regardless of the number of users that the provider has). The figure below shows the share of disputes an individual provider had in terms of its total number of end users (mobile services) or in terms of their number of connections (fixed services). The number at the top of a particular column represents the per mille of the provider's users who had requests for resolution filed against them before the Agency.

The data are shown separately for the fixed services and mobile services markets.

**FIGURE 26: SHARE OF USERS OF MOBILE SERVICES WHO FILED A DISPUTE BEFORE THE AGENCY (IN ‰)**

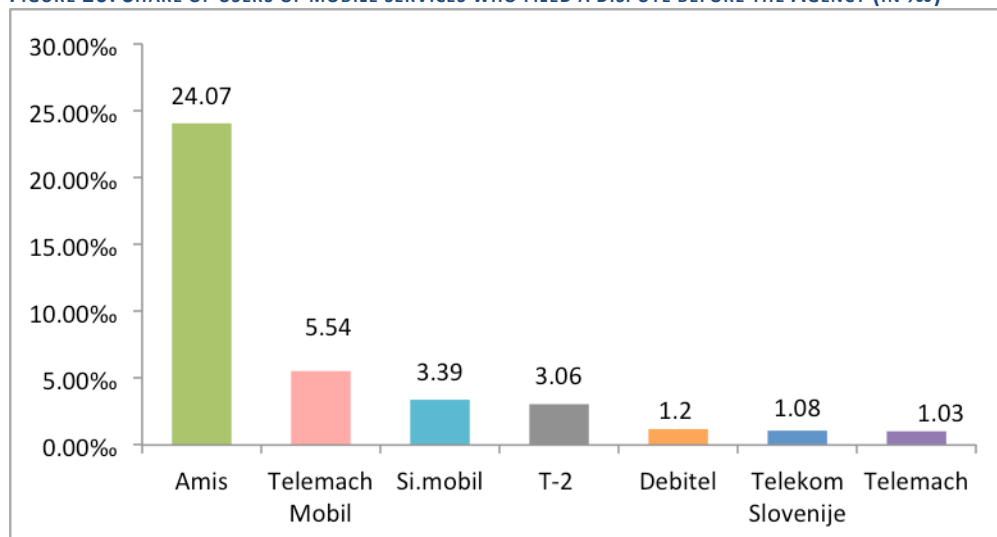
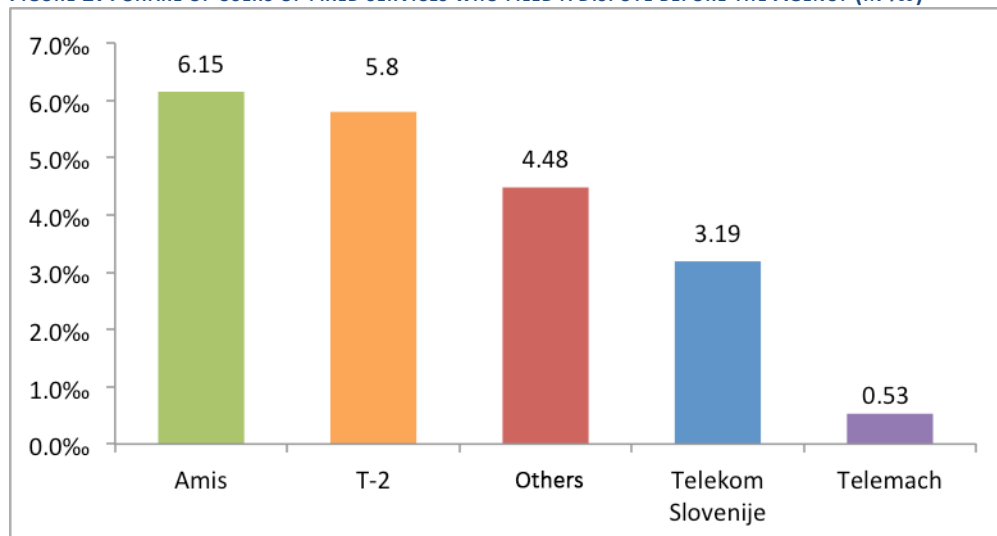


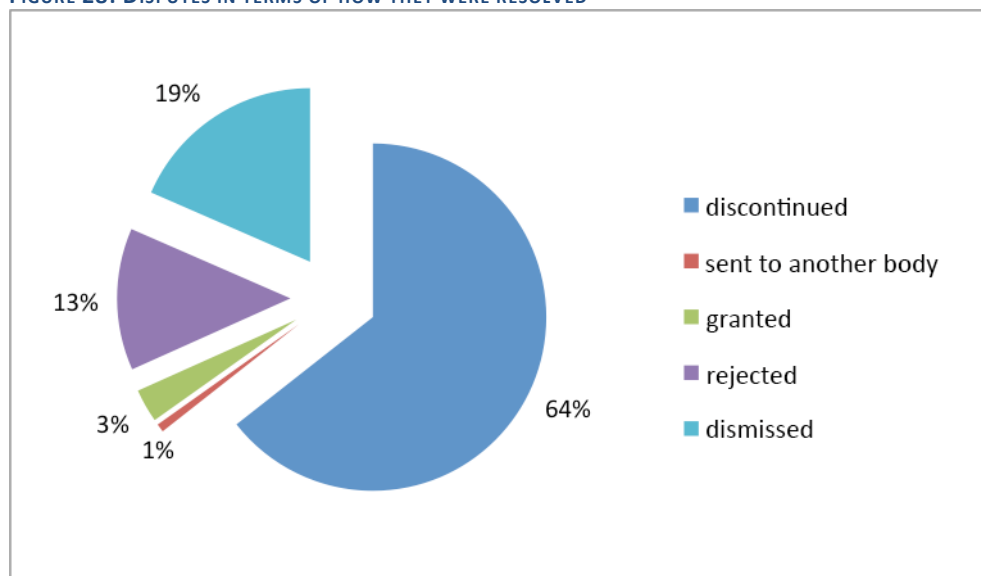


FIGURE 27: SHARE OF USERS OF FIXED SERVICES WHO FILED A DISPUTE BEFORE THE AGENCY (IN ‰)



In resolving user disputes the Agency has been **very successful** as a mediator, resolving 64.4% of disputes in such a way that the provider and end user reached an amicable agreement about the dispute resolution, which was followed by a decision to stop the procedure (586 cases). Thus the objective set in 2015 of using a mediation procedure for successfully resolving half of all disputes in an amicable manner was achieved. In other cases the Agency, in accordance with paragraph 3 of Article 218 of ZEKom-1, issued a decision either recognizing the end user's claim (28 cases), rejecting it (119 cases), or deemed it too late or otherwise inadmissible (166 cases).

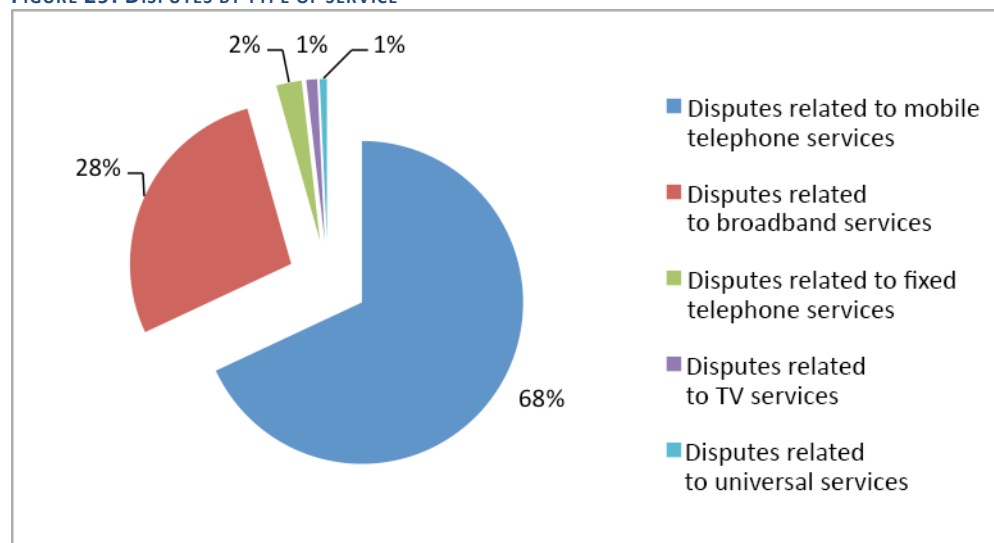
FIGURE 28: DISPUTES IN TERMS OF HOW THEY WERE RESOLVED



In terms of the subject of the dispute, 2015 was dominated by **disputes related to mobile services** (68%). These were followed by disputes related to broadband services (28%), while the share of other disputes (fixed phone services, television services, universal services) did not exceed 3% each.

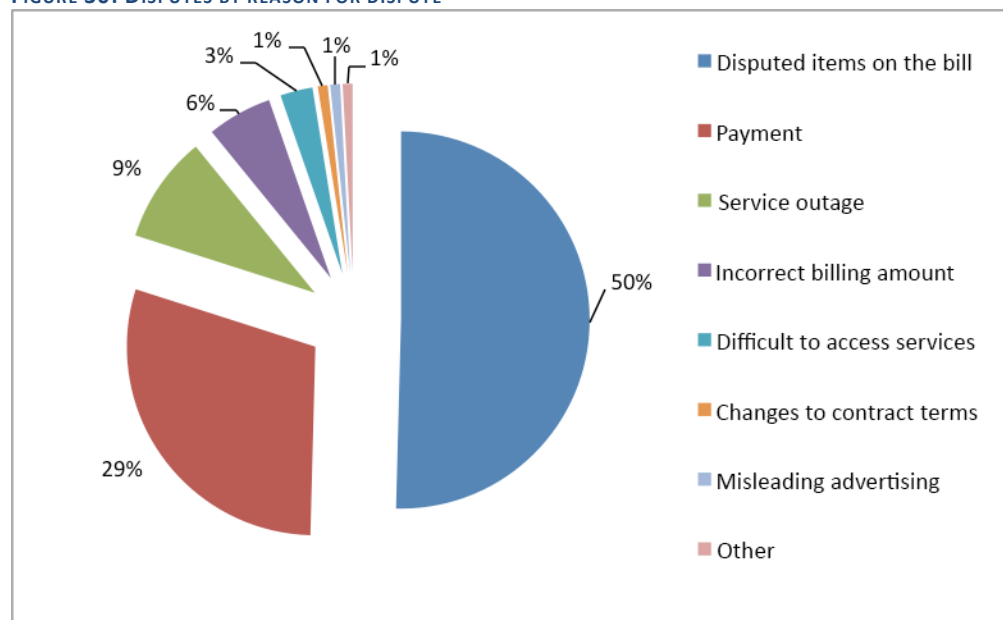


FIGURE 29: DISPUTES BY TYPE OF SERVICE



The Agency finds that the **most common reason for disputes is the presumed incorrect issue of an invoice** (50% of all disputes). A large share of disputes are based on the **amount paid for services**, when providers charged users for costs or **contractual damages** resulting from terminating or otherwise canceling a subscription agreement (29%). These were followed by disputes related to **service outages** (9%), and disputes related to **incorrect invoices** (6%).

FIGURE 30: DISPUTES BY REASON FOR DISPUTE



In 2015, 76% of disputes were resolved **within the recommended deadline for resolving them**, while 24% of cases exceeded it. This indicates that the Agency was not successful in completely following the objective it set (i.e. resolve 90% of all disputes in the recommended time). The Agency attributes this to the continuing trend of an increased amount of cases, as the same number of employees worked on resolving disputes as in 2013, when significantly fewer cases were received.



## 2 INTER-OPERATOR DISPUTES

In 2015 the Agency received **two calls to resolve an inter-operator dispute**, specifically in relation to joint network construction (in accordance with Article 10 of ZEKom-1) and in relation to determine a network administrator. In the first case the Agency called upon the filing party to supplement the request; since it failed to receive such supplementation, it dismissed the case as incomplete. The second case, which dealt with determining the network administrator, is currently in the mediation phase, and the provider filing the dispute has also been asked to supplement the request due to the complexity of the issue.

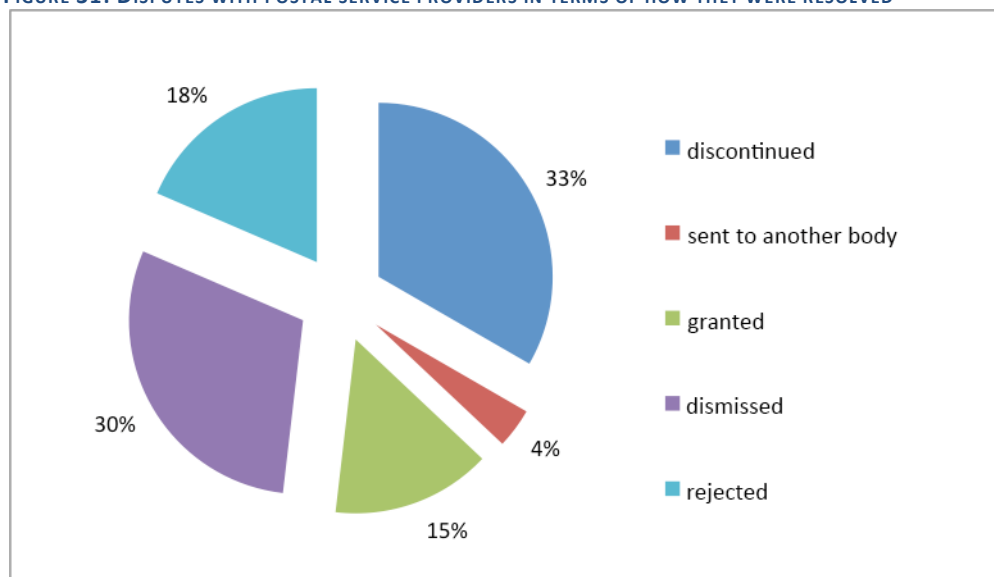
In 2014 the Agency carried over one inter-operator dispute, which was related to the joint construction of a network between an investor in communications networks and an interested co-investor, or, more precisely, to a refusal to engage in joint construction of public utility infrastructure. After holding 7 meetings for mediation in 2014, the two parties reached and concluded an agreement in 2015 on co-financing the costs of joint construction, meaning that the parties resolved one part of the filer's request. The filer withdrew the second part of the request for dispute resolution, so the Agency halted the dispute resolution procedure in this part.

## 3 USER CONFLICTS RELATED TO POSTAL SERVICES

In 2015 the Agency received 24 requests for dispute resolution with a provider of postal services from users of postal services.

In addition to the newly received disputes, the Agency continued with its resolution of 5 disputes that were begun at the end of 2014. The total number of user disputes regarding providers of postal services that the Agency resolved in 2015 was therefore 29. Of these, 27 were resolved by the end of 2015 and the Agency will continue 2 disputes in 2016.

**FIGURE 31: DISPUTES WITH POSTAL SERVICE PROVIDERS IN TERMS OF HOW THEY WERE RESOLVED**



As the chart above shows, the Agency reached the conclusion in 9 cases received that the **Agency helped the user and provider of postal services reach an agreement**, which was followed by a decision halting the procedure (33%). In other cases the Agency, in accordance with paragraph 3 of Article 62 of ZPSto-2, issued a decision either recognizing the end user's claim (4 cases), rejecting it (5 cases), or deemed it outside of the Agency's competencies (8 cases).



# AKOS

Users of postal services most commonly contacted the Agency due to **undelivered shipments** (12 cases), as well as with claims for compensation due to **damaged** or **destroyed shipments** (12 cases). Of the 27 disputes the Agency resolved in 2015, 88.89% of them were resolved within a 4-month deadline, while 11.11% exceeded the deadline.

#### 4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICES

In 2015 the Agency did not receive **any request** for dispute resolution.





## XI CARE FOR END USERS

### 1 INFORMING AND PROTECTING END USERS

In 2015 the Agency continued to care for end users. In doing so it publishes notices and instructions for end users on its website regarding potential dangers or options for resolving problems that arise, and keeps current its list of frequently asked questions (FAQ). To this end it also holds consultations with providers, representatives of consumer organizations, and with state bodies competent for consumer protection.

#### 1.1 CONSULTATION WITH OPERATORS AND CONSUMER ORGANIZATIONS

In November and December the Agency held consultations with providers, the Slovene Consumers Association, and the Slovenian Committee for Electronic Communication about **the high price of administrative costs** and questions concerning the (non-)transparency of the offer, the operating conditions, and price lists. The consumer organizations and the Agency warned during the consultation that prices for implementing individual administrative services would be unjustifiably high for providers, while at the same time the prices are often presented to users with insufficient clarity.

The Agency will use the results of findings after consultations and a cost analysis that the Agency conducted on the amount of the calculated administrative costs of Slovenian providers as a basis for drafting and issuing specific recommendations to telecommunications services providers.

#### 1.2 PORTAL WITH PROVIDER INFORMATION

In 2015 the Agency concluded the redesign of its **komuniciraj.eu** portal, which was launched at the beginning of December 2015. The redesigned portal provides end users of electronic communications services with information on all the subscription and prepaid plans that operators offer in one place (both fixed and mobile). By choosing specific search parameters, users can look for the plans and packages that are right for them. The portal's goal is for users to be able to get as much basic information about **provider plans and packages**; the portal also provides links to providers' websites so users can get more information. To make it easier to decide on the right plan or package the redesigned portal also has a **data allowance calculator**, providing a calculation of the recommended monthly data allowance.

#### 1.3 CALL CENTER

The Agency also set up a call center **at the toll-free number 0802735**, which operates every day between 9 AM and 1 PM. The call center's main purpose is to provide professional consultation and basic information on dispute resolution procedures before the Agency, and end users can also get general clarifications and explanations regarding all the Agency's areas of expertise, as well as answers to general questions within the Agency's competencies. In this respect the call center also has a preventive role, as by clarifying a problem that has arisen they reduce the need for end users to file complaints with their provider or a request for resolution before the Agency. The Agency received 1,002 calls in 2015, answering them with brief explanations.

#### 1.4 CLARIFICATIONS FOR END USERS

To prevent disputes from arising the Agency allows end users to contact it for advice about what to do when they encounter problems with their provider. In such cases the Agency responds to the user in writing, usually within 15 days.

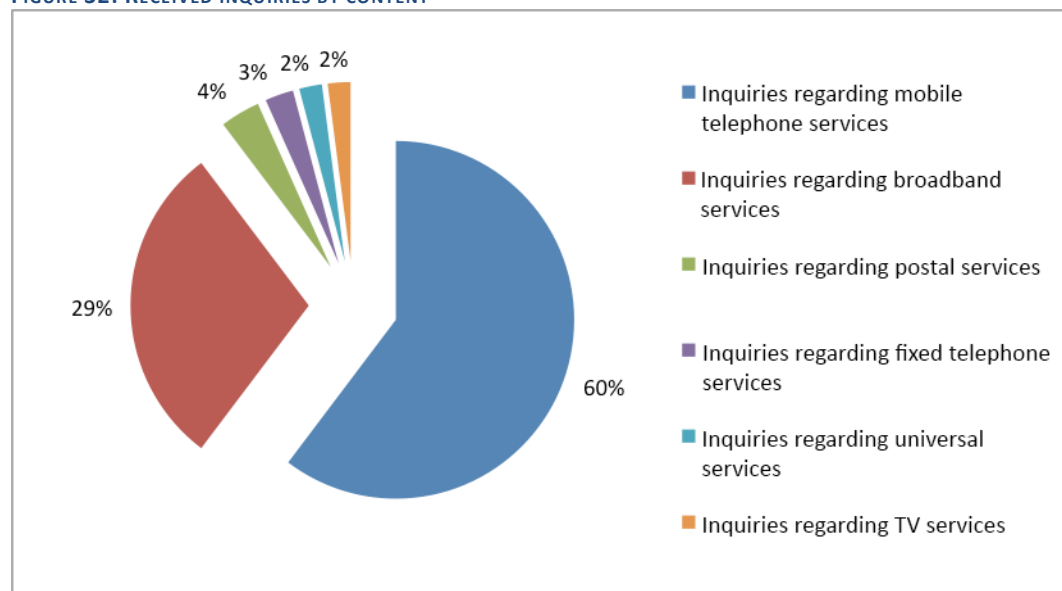
In 2015 the Agency received **203 requests** from users for the clarification of a given situation, or for advice about a given problem, which is in line with the Agency's expectations in its 2015 Operational and Financial



Plan (up to 200 requests were expected). The Agency wrote **200 written explanations** and answers; of these 20 (10%) were not drafted within the deadline of 15 days. In doing so the Agency did not follow the objectives it set in its 2015 Operational and Financial Plan (the objective was to respond to all received requests for explanation within 15 days). Most often the deadline was missed because of the complexity of the end user's question, requiring of the Agency an in-depth explanation; it was also necessary several times for several of the Agency's departments to consult among themselves which – in hopes of finding the optimum solution for the end user – resulted in a longer wait for an answer to be drafted.

In terms of the type of service that the user wanted an explanation about, 2015 was dominated by **questions related to mobile services** (60%). Followed by this were questions about broadband services (29%), postal services (4%), and fixed telephone services (3%).

**FIGURE 32: RECEIVED INQUIRIES BY CONTENT**



The average time the Agency needed to draft a response was 10.08 days, which is within the expected 15-day deadline.



## 1.5 PUBLISHING DOCUMENTS AND INFORMING USERS THROUGH WEBSITES

In 2015 the Agency used its website to form a closer relationship with its users. In doing so it set up a [FAQ](#) on its “End Users” tab, along with useful tips, various warnings, notifications, and descriptions of the dispute resolution process.

Now end users have a collection of frequent questions, which is divided up into areas of interest (e.g. provider relations, the internet, online safety, television) to make it easier to find answers. This is a collection of answers to questions that end users often have about technical or legal matters. In order for end users to get as much information as possible from the Agency’s website, these FAQs are regularly updated with new questions that the Agency receives from said users.

In 2015 the Agency also began publishing [select explanations](#) that it sends to end users as answers to their questions (see above). The public is thus informed about the Agency’s standpoints about a given question. This way end users can get certain information by themselves before reporting a dispute and they can determine whether the provider was acting inappropriately or not. In this sense such explanations on the website also help disputes from even arising. If the Agency notices new developments in the market during a dispute resolution procedure or as the result of its proactive operations that could harm end users, it immediately informs them of such on its website.

The Agency has also begun publishing [practical tips for using services safely and appropriately](#). The Agency accordingly in 2015 published a brochure with tips about concluding a subscription agreement, as well as an overview of various blocks or limits on services that providers of mobile communications services offer their end users with the intent of making it easier to monitor the use of services and prevent excessive costs.



## XII LEGISLATION AND JUDICIAL PROCEDURES

### 1 REPRESENTING THE AGENCY BEFORE THE COURT

In accordance with ZEKom-1 the Agency's decisions or individual acts in administrative procedures are considered final; an administrative dispute may be filed against them before the Administrative Court of the Republic of Slovenia, which exercises supervision over the legality of the Agency's decisions. The Agency's objective here is for as many of its decisions and other acts as possible to successfully pass through administrative and judicial oversight and become *res iudicatae*.

In 2015 there were **23 lawsuits and 6 proposals for the issue of a temporary injunction** filed against the Agency's final decisions before the Administrative Court of the Republic of Slovenia, which was within the Agency's expectations. In 2015 the Administrative Court of the Republic of Slovenia issued 24 decisions (i.e. rulings and resolutions) regarding administrative disputes filed against the Agency in 2015 or in years past. It upheld 4 suits, rejected 10, dismissed 2, and stopped 1 administrative dispute procedure. In addition to the aforementioned the Administrative Court also decided on requests for 7 temporary injunctions, approving 1 and rejecting 6.

There were 3 regular legal remedies (i.e. appeals) filed against the decisions of the Administrative Court of the Republic of Slovenia, and 2 exceptional legal remedies (i.e. appeals on the point of law). The Supreme Court ruled on 4 appeals and 3 appeals on the point of law, upholding 3 appeals and rejecting one, and rejecting 2 appeals on the point of law and upholding 1. On the basis of the data reported the Agency concludes that the objective set in the work plan, namely that at least 85% of the Agency's contested decisions would successfully pass through judicial oversight, was set somewhat too high. Of the total 17 administrative disputes in 2015 **13 of the Agency's decisions passed judicial examination before the Administrative Court** (10 rejected, 2 dismissed, and 1 halted). Thus the success rate was 76,5%.

### 2 NORMATIVE ACTIVITY

In 2015 the Agency participated in amending ZEKom-1, ZMed, and ZAVMS. Participating in the amendment to **ZEKom-1** required coordination with the provisions of the Out-of-Court Resolution of Consumer Disputes Act, which brought into Slovenian legal order Directive 2013/11 EU, on alternative means of resolving consumer disputes. Upon the invitation for contributions from interested publics from the Ministry of Education, Science and Sport, the Agency also submitted its comments and recommendations for the amendments to ZEKom-1 to the Ministry, which was to transpose Directive 2014/61/EU on lowering the costs of constructing high-speed electronic communications networks into Slovenian legislation.

The Ministry of Culture drafted partial amendments to the Audiovisual Media Services Act (**ZAvMS**) and the Media Act (**ZMed**) in the middle of 2015. The Agency was invited to participate in compiling a draft of amendments to the Audiovisual Media Services Act and it also took part in the public debate that followed with its recommendations and comments. The Agency only saw the first draft of ZMed when the Ministry of Culture published it for public discussion. As the comments and recommendations the Agency put forth in regards to the areas it is competent for were ignored, the Agency filed in December 2015 a proposal for an amendment to Article 109, which regulates the Agency's competencies in supervisory procedures. The proposal for the amendment was approved, but at the time of this report's writing it was still unclear as to whether the amendment to the Act will be enforced or not.

The Agency drafted a proposal for amending the **general act on establishing a method for determining population coverage** in the territory of the Republic of Slovenia with analogue terrestrial radio programs

disseminated through radio frequencies for analogue broadcasting. The public discussion of the Act was held in the second half of December 2015, and had not yet been adopted by the end of the year. The proposed method of calculating coverage adheres to the explanation according to which item 2 of paragraph 3 of Article 58 of the Media Act requires calculation of the coverage of a group of programs based on the coverage with the union of the coverage areas of all the programs. This explanation sets conditions in advance such that the Ministry of Culture can withhold its consent to a takeover or merger of radio stations.

The Agency also held a public procurement procedure for a study of Slovenian legislation and a proposal for optimum implementation of Directive 2014/61 EU. The purpose of the study was primarily to review the relevant valid regulations in the Republic of Slovenia that the Directive would affect, as it does not just pertain to electronic communications providers, but also contains requirements for companies that provide other types of public utility infrastructure.

## XIII INSTITUTIONAL ADMINISTRATION

The chapter on institutional administration shows the Agency's organizational structure and human resource management plan; measures that ensure the transparency of the Agency's work with a short report on user opinions about such work; major projects in IT support; financial, accounting, and internal audit activities; and the support that the Agency provides for the Electronic Communications Council and the Broadcasting Council.

The Agency's **mission** is to ensure the effective development of communications networks and services that benefit Slovenian residents and businesses, to encourage competition, provide conditions for the equitable operation of the operators of electronic communications network and services, postal service providers, and transport services providers in the railway system, to manage the radio spectrum and numbering space, to regulate audiovisual media services and radio programming, and to protect user rights. The Agency's **strategic objectives** include creating conditions for a range of services tailored to user needs, for an efficient single European market, for equal rights for all citizens of the European Union, and for encouraging diversity in the culture, language, and content provided by electronic media. The Agency strives to achieve these objectives with its ongoing activities, permanent and regular tasks, and special projects. The Agency's **long-term commitment** is to pursue the objectives of the Digital Agenda for Europe, one of the seven leading initiatives of the Europe 2020 strategy. The effective and sustainable development of an information society is bound to advances in education, health, security, supply, the rational use of energy, environmental protection, establishing an e-state, and ensuring the long-term competitiveness of the Republic of Slovenia and its citizens.

The Agency pursues its mission as an **independent regulator** that regulates and supervises the electronic communications market, manages and supervises the radio frequency spectrum in Slovenia, performs tasks for the public good related to audiovisual media services and radio, and regulates and supervises postal services and railway traffic in Slovenia. Access to suitable human and financial resources is one of the critical conditions to the Agency's independence, as required by both domestic and European acts, as well as timely, effective, and professional pursuit of the tasks the Agency is responsible for.

### 1 THE AGENCY'S ORGANIZATION AND NUMBER OF EMPLOYEES

The Agency performs its work through **11 organizational units** and, since 2014, through 2 bodies, namely the Director and the Council (see the organization chart in chapter VI).

The **Agency's Director** is responsible for the Agency's management. The Director represents the Agency, leads its operations and organizes work, and operates independently in performing regulatory and professional activities in accordance with pertinent valid legislation. Currently Franc Dolenc is serving as the Agency's Director.

**The Council of the Agency**, which exists in addition to the Director in accordance with Article 173 of ZEKom-1, is made up of members appointed by the Republic of Slovenia, namely Aleš Pavlin, Andrej Kos, Dušan Caf, Marko Mišmaš, and Jože Kreševič.<sup>16</sup> Council President: Dušan Caf.

The Council of the Agency's competencies are laid out in Article 177 of ZEKom-1. The Council is to adopt its own rules, comment on the work and financial plans, comment on the annual report, gives consent to the Articles of Association which is adopted by the Agency's Director, proposes the appointment or dismissal of the Agency's Director, recommends a temporary prohibition on the Director performing tasks, and proposes

<sup>16</sup> Council member Jože Kreševič submitted his resignation in December 2015.



early dismissal of members of the Council of the Agency. In the scope of its authority the Council may review books of account, as defined by Slovenian Accounting Standards, and the Agency's bookkeeping documents; it can demand a report on the Agency's business results and other operations it requires for performing its authority, and recommend that the Director improve the Agency's operations or alert them to any potential irregularities in the Agency's operations.

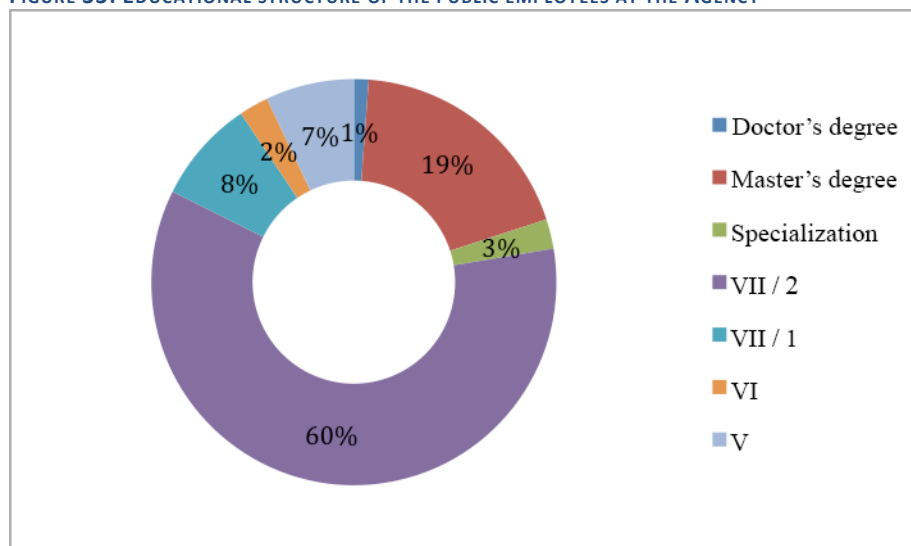
In 2015 the Council of the Agency met at 5 regular and 5 extraordinary meetings, and conducted 4 correspondence meetings. In line with its legal authority it discussed the Agency's 2014 Annual Report and issued a negative opinion to it at its 5th correspondence meeting, submitting it to the Ministry of Education, Science and Sport. After additional explanations from the expert services and the Agency's Director the Council changed this decision at its 10th extraordinary meeting, thereby issuing a positive opinion to the 2014 Annual Report. The Council also discussed the Agency's amended Articles of Association and issued its approval of them at its 9th regular meeting. At its 6th correspondence meeting the Council issued a positive opinion to the Agency's 2016 Operational and Financial Plan based on previously submitted written and oral explanations from the representative of the Agency. Besides this the Council submitted several proposals for improving the Agency's operations in 2015.

The Agency is not part of the staffing plan for entities governed by public law. As at 31 December 2015, **83 public employees** were employed with the Agency for an indefinite period. **Two employment agreements for definitive periods** were also concluded, namely one for the duration of maternity leave, and the other one for an internship, and these two are not included in the total number of Agency employees. The Agency employs one public servant entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia. In 2015 the Agency also concluded 4 agreements on part-time work and from October 2015 also one work contract.

## 2 FOCUSED EMPLOYEE DEVELOPMENT

In spite of the Agency's high level of education among employees (nearly three quarters have at least a university degree) the Agency strives towards the constant education and development of its employees, as an appropriately professional regulator must be well-supported in terms of human resources, must intensively work on development, and must constantly add expert and specialist education and training to obtain soft know-how.

FIGURE 33: EDUCATIONAL STRUCTURE OF THE PUBLIC EMPLOYEES AT THE AGENCY





**Focused employee development** was assured in 2015 through individual and group training modules, prepared in cooperation with renowned external experts and organizations. Because the Agency obtained new authority with each change of relevant legislation, and at the same time experts with specialist know-how and skills left due to uncompetitive salaries, it focused a lot of resources on expert and specialist training modules for its current experts in order to fill the human resource gaps. It held several trainings which were often also open to the public. A special program was prepared for employees in senior management positions who have dual roles as experts for a certain field and also manage various resources.

Because of the conditions requiring the Agency and its employees to adapt to changes and new developments with an ever faster tempo, the Agency focused its employee development program on providing the know-how, skills, and abilities that make it possible for employees to be appropriately responsive and support team and project work. These training sessions included study guides and required that the attendees take a test. By selecting qualified trainers and ensuring the employee participation it was guaranteed that the resources invested in the organization and provision of these training modules were optimally used. The total average amount of training and education organized was **13 days per employee**, and below is a short summary.

**Preparation for annual reviews:** the Agency places special focus on this topic, as it is a tool for monitoring the work and the career of employees, ensuring their development and performance. This is a type of planned work with colleagues that ensures the effectiveness of the public administration through appropriately qualified and effective employees. It also provides useful feedback on employees for more effective human resource management. The goal is to make the best assessments of employees' potential, engage them fully, and provide them with the development they require so that they can help achieve the Agency's objectives and operational plans.

**Effective communication and profiling of AKOS' employees:** With the objective of establishing a working environment to encourage and optimize collaboration, trust, and communication among employees, which would in turn usher in higher productivity and even more successful goal accomplishment, the Agency, in partnership with an external provider, held a course focused on behavioral aspects that are key for interpersonal communication and building mutual trust.

As a conclusion to the educational process in 2015 the Agency organized a course for staff members with the goal of establishing key differences between a leader, a manager, and an expert, in order to point out their key tasks and formulate a **pyramid of key leadership competencies**. The focus was on the power of having a mission and a vision in relation to key values and the benefits they bring.

**A training course on the Microsoft Office environment:** Most of the Agency's employees regularly operate with demanding analyses and the preparation of challenging text documents and presentations, so the Agency provided employees courses on Microsoft Word, Microsoft Excel, and Microsoft PowerPoint. The main goal in organizing this kind of training was to ensure that employees would be able to make documents in the Microsoft Office program environment more easily, quickly, and at a higher level of quality.

**Group expert training courses** related to individual fields of the Agency's jurisdiction, which were conducted at the Agency with the assistance of local and foreign experts, were often also open to players on the markets that the Agency regulates and the stakeholders. **Group and individual expert training courses** related to individual fields of the Agency's operations that were held outside of the Agency, in Slovenia or abroad, were attended by employees from the relevant fields.



# AKOS

The full scope of the training courses was realized in a somewhat smaller scope than that which was set in the 2015 Operational and Financial Plan, especially because the employees' time was already burdened too much with priority tasks and because of the partial or late human resource additions, and the consequential inability to conduct all the planned courses for employees. Nonetheless the Agency estimates that in order to keep up with the fast developing and changing industry it is essential to maintain the employee training and development program at an appropriate level.

For **preserving employees' health** in accordance with legislation on work safety and health the Agency maintains regular temporary or goal-oriented periodical medical check-ups and training courses on work safety with the help of an authorized doctor and an external authorized expert on work safety.

### 3 NEW hirings AT THE AGENCY

In the scope of new hirings announced and approved in the AKOS 2015 Operational and Financial Plan the Agency completed job opening procedures for the requirement of hiring new employees, qualified and motivated experts in regulation and supervision of telecommunications and the radio frequency spectrum, monitoring broadband quality of service, supervision infrastructure investments, regulation and supervision of the postal services market, regulative accounting, and work with archives.

With the aim of ensuring the high quality of the selection process the Agency adopted the **Selection process methodology**, which has 5 phases and through which it defined the tasks of the Human Resource and General Affairs Department, the heads of individual divisions, and other employees, as well as the whole selection procedure, namely the appointment of a committee, the human resource team and the individuals who take part in the process, review the candidates' applications, conduct tests, and recommend the selection.

Considering that the employment process was one of the Agency's most important processes in 2015, management wanted to make sure that it employs the best candidates and also sought assistance with selection from competent external experts who contributed with their know-how and experience to the realization of the goal. External experts conducted psychological tests of the candidates in the 5-phase employment procedure and directly collaborated in the selection interviews, using their know-how and experience to significantly contribute towards an optimum selection and consequently also the employment of the best candidates.

The Agency **had 16 job openings in 2015**, with an average of 50 candidates applying for each of them. In spite of a large number of applicants for the new openings, **only 6 new employees were hired** after the completion of the selection processes, which only confirms the assessment that the financial conditions the Agency can offer on the labor market make it difficult to compete against financially much stronger players who thus have a major advantage over the Agency in hiring experts from the Agency's operational fields.

All of the above additionally encourages the Agency to continue investing into the development of its existing human resources by organizing individual and group expert training courses and courses on obtaining new competencies and skills, and to plan enough resources for this purpose.

In December 2015 the Agency began a **new round of job opening procedures**, through which it aims to use rigorous selection procedures in order to have a total of 94 employees, as the Government of the Republic of Slovenia and the AKOS 2015 Operational and Financial Plan have approved.

### 4 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE

In 2015 the Agency ensured that it regularly updated the content on its website [www.akos-rs.si](http://www.akos-rs.si). The number of posts increased by 1.3 times compared to last year, from 359 to 469. Of this, the number of electronic news increased by 1.25-times. Using this communication tool the Agency submitted 34 notifications on significant events and decisions to the stakeholders and the public in 2015.

It held **proactive public relations** and responded to journalist's questions immediately or at least in the legally-proscribed 7-day deadline. In 2015 the Agency received 158 requests from journalists, which is 1.34-times more than in the year before. It responded to all of them within the legal deadline. It organized several formal and informal events to support its proposals (public discussions, press conferences, etc.). It also held workshops aimed at educating experts and educating the public.

When **adopting general acts** recommendations and measures that impact the market the Agency made sure the public had an influence. It published document drafts on its website before they were adopted, making it possible for the stakeholders and the public to submit written comments and opinions, and then took a position towards such contributions and published them, explaining how they will impact the Agency's work.

Through the mechanism the Agency has for receiving **opinions from users on its work** it did not receive any recommendation in 2015.

## 5 ACCESS TO PUBLIC INFORMATION

In accordance with the Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 – official consolidated text, 117/06 – ZDavP-2, 23/14, 50/14 and 19/15 – Constitutional Court decision; hereinafter referred to as: ZDIJZ) the Agency makes it possible for natural and legal persons to exercise their **constitutional right** to obtain public information. The Agency is obligated to handle public information in the same manner as other public administration bodies.

In 2015 the Agency received a total of **99 requests** for access to public information, which is 25% more than in 2014. The above number of received requests **surpasses the forecast number** according to the AKOS 2015 Operational and Financial Plan, as the Agency expected to receive 90 requests in 2015.

In addition to the 99 newly received requests, the Agency continued with its resolution of 2 requests that were carried over from 2014 to 2015. The total number of requests for access to public information that the Agency handled in 2015 was therefore 101. Of these, 97 were resolved by the end of 2015, and the Agency will continue with the remaining 4 requests in 2016.

In 76 cases the Agency approved the request and submitted the desired data, while in 14 cases it rejected them. The main **reasons for rejection** were the existence of trade secrets (item 2 of paragraph 1 of Article 6 of ZDIJZ), incomplete procedures (items 7 and 9 of paragraph 1 of Article 6 of ZDIJZ), or the fact that request pertained to the internal operations of the Agency (item 11 of paragraph 1 of Article 6 of ZDIJZ). In 6 cases the Agency handed them over to other bodies, because they were related to their documents, and it overruled one case.

The number of requests in which the requesting party sets a **very broad request** (these are requests that included the complete documentation of e.g. public tenders) has increased significantly in 2015, so the Agency found it difficult to adhere to the recommended time of 20 business days for resolving a request. Because of such broad requests the Agency had to extend the deadline in 4 cases in accordance with Article 34 of ZDIJZ. All other requests received were resolved within the recommended deadline of 20 business days, which means that the Agency was partly successful in meeting the set goal of responding to every request for providing public information within 20 business days.

## 6 INFORMATION SUPPORT

In 2015 the Agency **improved its IT infrastructure** by upgrading and replacing the equipment for ensuring modern information and communication technology (ICT). With this the Agency ensured functional connection of devices in the local network, the ability to transfer large amounts of data using 10 GbE backbone network, simplify the device diagnostics and administration, and thereby lowering the costs for administration and maintenance, upgraded software and introduced additional features.

The Agency also set up a **new mail-application server** which hosts the document system. This gave the users the additional option of accessing business email from their Android devices. The Agency renovated its servers

and bought a new tape drive for **secure backups**, but the procedure has not yet been concluded due to a complication with the obtained license in the public procurement. In 2015 the Agency successfully completed the public procurement and completed a framework agreement for computers and computer equipment on the basis of which it will replace the worn out workstations in 2016.

Besides the revamp of the IT system the IT department also worked on **software development**. The main focus was especially on the development of the new online portal [www.komuniciraj.eu](http://www.komuniciraj.eu), which is aimed at users of electronic communication services, and provides them with information on all the subscription and prepaid plans that operators offer in one place (both fixed and mobile), so they can compare them. The Agency also developed an intranet site for employees, which includes an internal directory, notifications, and a portal for booking meeting rooms and computer equipment, archives, library, rules, as well as instructions, employee absences, and many other modules for providing employees with information. The development of the Agency's intranet site, which began in 2014, continued in 2015. Modules are added with regards to the Agency's needs.

In the beginning of the year the Agency **implemented the algorithm for calculating fees based on media licenses**. The eAPEK business information system was upgraded with the automatic import of decisions on assessment of payment into the document management system, making work more efficient. The Agency also upgraded the integration of the eAPEK business information system with the financial application. Issuing fees for frequencies and number blocks was upgraded with the option of issuing summary decisions on the assessment of payment makes for a more operator-friendly service.

## 7 FINANCE, ACCOUNTING AND INTERNAL AUDITING

The accounting work of the Finance and Accounting Department comprises collecting, sorting and processing data about assets, liabilities, revenue and expenses in the relevant monetary unit, as well as compiling, presenting and assessing the information regarding these assets, liabilities, revenue, and expenses related to past or predicted future business events in the relevant monetary unit. This includes bookkeeping, budgeting, accounting supervision, and accounting analysis, as well as financial reporting, which can be based on any of these elements. The department's responsibilities regarding finance comprise cash management, financing, investments (Single Treasury Account), and managing solvency. This part of the department's work is very limited compared to real economy, since the Agency's operations do not follow the principle of the freedom of economic initiative, and the Agency is obliged to comply with the legislation on financing.

At the end of 2014, the competent person from the Finance and Accounting Department, together with the Legal Affairs Division, ex officio reopened administrative proceedings against four operators obliged to pay an annual fee to the Agency with the purpose of **determining whether the annual fee was determined correctly** based on the notification for the year 2014. The proceedings were closed in 2015, establishing that the fee was determined correctly for three operators, while one operator filed an administrative appeal against the decision on reopening the proceedings. The case was taken over by the Legal Affairs Division.

In May 2015, the Agency participated in the **inspection of its compliance with the Public Finance Act and regulations**. The Finance and Accounting Department provided all the required accounting information pertaining to the examined areas (electronic communications, postal and railways services). Based on the collected documents, it was established that the decisions determining the fee amounts were issued based on regulations in force at the time, and that the Agency's accounts and books allow it to record expenses incurred and payments made in carrying out the tasks from separate areas.



The department also worked with the Radiocommunications Department and Legal Affairs Division to issue internal instructions for revoking decisions on assigning radio frequencies and decisions on assigning numbering elements ex officio due to the holders' failure to pay, as the applicable law states that the Agency may revoke the assigned frequencies and numbers if operators fail to pay their fees. The purpose of these instructions is to **specify a standard procedure for revoking decisions on assigning radio frequencies and numbering elements**.

**Internal audits** at the Agency are commissioned to a contractor in accordance with Articles 10 and 12 of the Rules Laying Down the Policies for the Coordinated Function of the Public Internal Financial Control System and the public procurement regulations. The Agency set the following **objectives** in 2015:

- to verify that internal controls are in place, and that these controls are effective in the various areas of the Agency's work, to identify any flaws or irregularities or their reasons, and to propose measures for improvements;
- to verify whether laws and regulations, standards and policies, and internal rules governing the Agency's work were obeyed in individual areas;
- to verify whether risks in individual areas of work are under control;
- to verify whether financial information (financial statements, internal/external reports) and information used in decision-making are correct, complete, reliable, and timely;
- to propose measures and recommendations for improvements based on audit findings;
- to check whether recommendations from the preceding audit are being implemented.

The Agency met all its objectives concerning internal auditing in 2015 and conducted several **activities** as part of the financial management audit, and it also monitored the progress following the audit of the Agency's inspection procedures from 2014.

The **financial management audit** identified certain flaws regarding the existence and modus operandi of internal controls and procedures, which specify the main elements of financial management (creating the financial plan, monitoring its implementation, accounting and reporting).

Received **recommendations** were focused on complementing and improving the internal controls system, and called for:

- overhauling internal planning and reporting rules to include detailed definitions of separate methodologies;
- a comprehensive and clear definition of long-term (strategic) and general objectives and goals together with KPIs, as well as setting priorities;
- supplementing or creating suitable bases for planning and reporting;
- providing a suitable and clear delimitation between responsibilities for everyone involved in the process of planning, monitoring and reporting;
- providing appropriate software support for the process of planning, monitoring, and reporting;
- providing appropriate coordination and supervision in the process of planning, monitoring, and reporting;

The **final report** on the internal audit was issued in January 2016. Activities related to planning and implementing the measures aimed at remedying the situation are scheduled to start in the first quarter of 2016. In order to follow up on the internal audit of inspection procedures from 2014, the relevant persons created the **activities plan** for eliminating the identified flaws in internal controls and introducing improvements, which was implemented to some extent by the end of 2015.



# AKOS

## 8 SUPPORT FOR THE SLOVENIAN COMMITTEE FOR ELECTRONIC COMMUNICATION AND THE BROADCASTING COUNCIL

The Agency provides support for the operation of two councils: The Slovenian Committee for Electronic Communications (SEK) and the Broadcasting Council (SRDF), and strives to constructively cooperate with them within its jurisdiction.

The Agency provides financial resources and administrative support to the **Slovenian Committee for Electronic Communications** which has the function of a consulting body. SEK provides opinions, recommendations, and proposals regarding electronic communications issues, including the protection of consumers, persons with disabilities and users with special social needs in this area.

In 2015 the Agency participated in the organization of SEK's 11 regular meetings and 2 correspondence meetings.

The Agency provides technical, expert, financial and administrative support to the **Broadcasting Council** the independent, expert body for the field of broadcasting. In the scope of technical support it provides the Council with meeting rooms for its meetings, preparatory meetings, and assistance in holding public events, as well as the complete infrastructure: mail room, access to the register, a phone for the Council's Secretary, a notebook computer, office space for working, internet access. In the scope of financial support it pays Council members fees for their work and travel expenses, in accordance with the Decision on the establishment of the SRDF. The Agency provides administrative and expert support by financing the Council's Secretary who was selected by the Council and is its external contributor. Additional expert support is provided through providing existing data and/or analyses and studies the Agency has conducted when the Council requests them.

The Agency's representatives have attended all of SRDF's 12 regular and 1 extraordinary meetings.



## XIV IMPLEMENTATION OF THE FINANCIAL PLAN

In times of rapid technological, social, and legislative changes, the Agency strove to realize the planned activities and financial targets from its work program and financial plan for 2015 in the areas it regulates. Its financial operations were affected by certain extraordinary events related to revenue and expenditure, which are detailed in the following chapters and summarized here.

The Agency generated **96%** of the **planned revenue** (also due to more effective collection procedures), while the discrepancy between the plan and realization was higher when it comes to **expenditure**, with spending amounting to **73.6%** of the plan.

The mere partial realization of the revenue plan was the result of the following events:

- **unissued decisions determining fees** for the provision of audiovisual media services, and in two cases from notifications on the provision of telecommunication services;
- the Agency granting the option to **pay in installments** to parties that said that a one-time payment of their fees would be too much of a financial burden and liquidity risk for them.

The Agency identified a relatively high risk of failing to report or misreporting revenue among certain telecommunications operators and audiovisual media services providers, whose estimated revenue comprises a significant share of total industry revenue. In order to manage this risk, the Agency exercised its powers and initiated audits and administrative proceedings aimed at determining the true and fair value of revenue. Since the Agency could not issue decisions determining the fees until the audits were final, it only estimated the revenue and recognized it in its financial statement; it has not yet however received the payment.

Discrepancies in expenses were the result of:

- **unforeseen events** in carrying out certain planned activities (e.g. new statutory instruments, various governmental strategic policies, no need for implementing a planned measure, etc.);
- **complexity of public procurement procedures** and greater diligence in preparing and conducting them (an overhauled, centralized public procurement management system);
- **failure to meet the hiring plan** due to the complexity of recruitment and selection procedures, as well as poor interest among potential employees arising from lower compensation compared to other jobs in the industry.

**Certain expensive projects were not carried out or were carried out later than originally planned** (e.g. public tender 700+, the access and distribution point, segmentation, use of the radio frequency spectrum for BWA, cost-orientation in the railway services market, NGA BU model, Digital Agenda for Europe, economic replicability model, QoSBB monitoring, etc.) due to unforeseen events that delayed or eliminated the need for a certain activity. On the other hand, some tasks and associated costs were postponed to 2016 due to the complexity of public procurement procedures or due to delays in hiring.

In 2015, the Agency completely revamped its **public procurement** procedures, which have been divided into three phases – the preliminary phase or preparations, the public call, and the post-public tender or contractual phase – since new internal rules were adopted and a new centralized public procurement system was introduced at the end of the year. The Agency also appointed a public procurements coordinator, and special

attention was given to identifying and explaining the need for a particular item of public procurement (defining the reasons for the public procurement, requirements or expectations regarding serviceability and quality, the extent or volume of goods, services or construction, possible variations in the size of the procurement, risks, etc.), prior market research (defining possible variations of the service/goods procured, competition in the market i.e. potential providers, checking after sale services, etc.), and to estimating the value of the potential public procurement. The public call phase begins with the adopting of a resolution on initiating a public procurement procedure. In this phase, the expert commission compiles tender documentation, publishes the public call, evaluates the received bids, selects the provider, and concludes the contract with them. The public call phase usually takes one to two months (if the call is published on the national portal) or over two months (if the call is published in the EU Official Journal). The third phase follows the acceptance of obligations arising from the public procurement and consists of monitoring or supervising the delivery of procured services/goods.

The rather extensive [hiring](#) plan for 2015 was not completely implemented, which resulted in some other planned expenses not being realized. This was partly the result of the complexity of the recruitment process, and a lack of qualified candidates. The Agency would like to point to the issue of compensations in the public sector, since it would require several highly qualified and experienced experts for several positions, but is unable to compete with salaries in the private sector. The public sector compensation system is extremely restrictive and considerably impacts the possibility of recruiting highly qualified experts.

The Agency provided explanatory notes to separate revenue and expense items together with an analysis and comparison to 2014 already in the presentation and disclosure of the Revenue and Expenditure Account, where it also explained the major differences between the two accounts (cf. Section 3.2 Revenue and Expenditure Account). In the next part of the presentation of the Revenue and Expenditure Account for specific users compiled on cash basis, the Agency focuses on reporting about meeting the financial goals set in its financial statement, and explaining its work program and financial plan for 2015. The Work Program and Financial Plan for 2015, as well as tariffs for individual types of annual fees were approved in December 2014. In 2015 the Agency charged the fees based on these documents, and spent its financial resources following the principles of economy and efficiency, and observing the scope and purpose for which the Agency was established.

**TABLE 17: REVENUE AND EXPENDITURE ACCOUNT FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015, PART ONE**

GROUP OF ACCOUNTS	TITLE OF THE GROUP OF ACCOUNTS	ADP Code	AMOUNT			Index Current year/FP 2015
			Current year	Previous year	2015 FP	
1	2	3	4	5	6	7=4/6
	<b>I. TOTAL REVENUE (402+431)</b>	<b>401</b>	<b>7.047.126</b>	<b>8.185.860</b>	<b>7.345.192</b>	<b>95,9</b>
	<b>1. REVENUE FOR PROVIDING PUBLIC SERVICES (403+420)</b>	<b>402</b>	<b>7.047.126</b>	<b>8.185.860</b>	<b>7.345.192</b>	<b>95,9</b>
	<b>A. Revenue from public funds (404+407+410+413+418+419)</b>	<b>403</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>a. Funds received from the government budget (405+406)</b>	<b>404</b>	<b>0</b>	<b>0</b>	<b>0</b>	
part of 400	Funds received from the government budget for current expenditure	405	0	0	0	
part of 400	Funds received from the government budget for investments	406	0	0	0	
	<b>b. Funds received from the municipal budgets (408+409)</b>	<b>407</b>	<b>0</b>	<b>0</b>	<b>0</b>	
part of 401	Funds received from municipal budgets for current expenditure	408	0	0	0	
part of 401	Funds received from municipal budgets for investments	409	0	0	0	
	<b>c. Funds received from social insurance funds (411+412)</b>	<b>410</b>	<b>0</b>	<b>0</b>	<b>0</b>	
part of 402	Funds received from social insurance funds for current expenditure	411	0	0	0	
part of 402	Funds received from social insurance funds for investments	412	0	0	0	
	<b>d. Funds received from public funds and agencies (414+415+416+417)</b>	<b>413</b>	<b>0</b>	<b>0</b>	<b>0</b>	
part of 403	Funds received from public funds for current expenditure	414	0	0	0	
part of 403	Funds received from public funds for investments	415	0	0	0	
part of 404	Funds received from public agencies for current expenditure	416	0	0	0	
part of 404	Funds received from public agencies for investments	417	0	0	0	
part of 40	<b>e. Funds received from budgets associated with foreign grants</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>0</b>	
741	<b>f. Funds received from the government budget financed from EU budget</b>	<b>419</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>B) Other revenue for providing public services (421+422+423+424+425+426+427+428+429+430)</b>	<b>420</b>	<b>7.047.126</b>	<b>8.185.860</b>	<b>7.345.192</b>	<b>95,9</b>
part of 130	Revenue from the sale of goods and services as part of providing public services	421	6.994.030	8.122.813	7.302.192	95,8
part of 102	Interest received	422	3.086	5.510	6.500	47,5
part of 100	Revenue from profit sharing and dividends, and surplus	423	0	0	0	
part of 141	Other current revenues from providing public services	424	10.675	18.462	2.000	533,8
72	Capital revenue	425	3.255	285	6.500	50,1
730	Grants received from domestic sources	426	0	0	0	
731	Foreign grants	427	0	0	0	
732	Grants for natural disaster relief	428	0	0	0	
786	Other funds received from the EU budget	429	36.080	38.790	28.000	128,9
787	Funds received from the European institutions	430	0	0	0	
	<b>2. REVENUE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (432+433+434+435+436)</b>	<b>431</b>	<b>0</b>	<b>0</b>	<b>0</b>	
part of 130	Revenue from the sale of goods and services in the market	432	0	0	0	
part of 102	Interest received	433	0	0	0	
part of 103	Revenue from rents and leases, and other property income	434	0	0	0	
part of 100	Revenue from profit sharing and dividends, and surplus	435	0	0	0	
part of 141	Other current revenue, not from the provision of public service	436	0	0	0	

The revenue and expenditure account for specific users compiled on a cash basis continues on the next page.



**TABLE 18: REVENUE AND EXPENDITURE ACCOUNT FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015, CONTINUED**

II. TOTAL EXPENSES (438+481)	437	5.524.879	6.234.768	7.509.166	73,6
1. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)	438	5.524.879	6.234.768	7.509.166	73,6
A. Salaries and other employee benefits (440+441+442+443+444+445+446)	439	2.548.067	2.548.014	3.144.032	81,0
part 000 Salaries and premiums	440	2.363.500	2.361.113	2.912.751	81,1
part 001 Holiday allowance	441	11.001	12.253	12.340	89,1
part 002 Reimbursements and compensations	442	141.248	165.820	201.651	70,0
part 003 Performance bonuses	443	0	0	0	
part 004 Funds for overtime	444	0	3.636	0	
part 005 Salaries for non-residents with contracts	445	0	0	0	
part 009 Other employee-related expenditure	446	32.318	5.192	17.290	186,9
B. Social security contributions paid by the employer (448+449+450+451+452)	447	382.286	381.575	480.648	79,5
part 010 Pension and disability insurance contributions	448	205.919	203.904	259.161	79,5
part 011 Health insurance contributions	449	169.149	167.913	207.622	81,5
part 012 Unemployment insurance contributions	450	1.404	1.459	1.757	79,9
part 013 Parental protection insurance contributions	451	2.385	2.368	2.928	81,5
part 015 Premiums for collective supplementary pension insurance based on KDPZIU	452	3.429	5.931	9.180	37,4
C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)	453	1.915.554	2.311.116	3.035.986	63,1
part 020 Office and general supplies and services	454	642.231	1.112.243	1.517.667	42,3
part 021 Special supplies and services	455	36.808	33.976	29.700	123,9
part 022 Energy, water, utility services, and telecommunications	456	105.342	108.180	127.430	82,7
part 023 Transportation costs and services	457	32.510	36.360	27.900	116,5
part 024 Expenses for business trips	458	205.433	192.624	226.687	90,6
part 025 Regular maintenance	459	374.318	335.000	327.022	114,5
part 026 Operating rent and lease fees	460	24.048	24.878	35.750	67,3
part 027 Fines and damages	461	0	0	0	
part 028 Payroll tax	462	0	0	0	
part 029 Other operating expenses	463	494.864	467.855	743.830	66,5
403 D. Domestic interest payments	464	0	0	0	
404 E. Foreign interest payments	465	0	0	0	
410 F. Subsidies	466	0	0	0	
411 G. Transfers to individuals and households	467	0	0	0	
412 H. Transfers to non-profit organizations and institutions	468	0	72.703	0	
413 I. Other current domestic transfers	469	0	0	0	
J. Capital expenditure (471+472+473+474+475+476+477+478+479+480)	470	678.972	921.360	848.500	80,0
4200 Purchase of buildings and premises	471	915	1.340	200.000	0,5
4201 Purchase of vehicles	472	80.788	27.800	65.000	124,3
4202 Purchase of equipment	473	399.446	885.957	363.500	109,9
4203 Purchase of other operating fixed assets	474	0	0	0	
4204 Construction, reconstruction, and renovation	475	17.376	0	15.000	115,8
4205 Major maintenance and renovation	476	0	0	0	
4206 Purchase of land and natural resources	477	0	0	0	
4207 Purchase of intangible assets	478	180.447	6.263	205.000	88,0
4208 Feasibility studies for projects, project documentation, supervision, project engineering	479	0	0	0	
4209 Purchase of reserves of goods and intervention stocks	480	0	0	0	
2. EXPENDITURE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (482+483+484)	481	0	0	0	
part 000 A. Salaries and other employee benefits from the sale of goods and services in the market	482	0	0	0	
part 001 B. Social security contributions paid by the employer from the sale of goods and services in the market	483	0	0	0	
part 002 C. Expenditure for goods and services from the sale of goods and services in the market	484	0	0	0	
III/1 SURPLUS (401-437)	485	1.522.247	1.951.092	0	
III/2 DEFICIT (437-401)	486	0	0	163.974	

## 1 REVENUE

Based on cash flow the Agency generated €7,047,126 in revenue in 2015, €6,994,030 (99.2%) of which was revenue from the sale of goods and services in the framework of providing a public service, i.e. regular operating revenue from payments made by liable entities based on issued decisions, invoices and other authentic documents, and €53,096 (0.8%) was other revenue. The Agency generated €308,162 or 4.2% less operating revenue than originally planned in its financial plan, and the following reasons should be highlighted:

- €264,413 or 38.8% lower revenue, i.e. paid receivables from media services arising from accrued revenue from unissued decisions determining fees, and the Agency having granted the option to pay in installments to parties that said that a one-off payment of their fees would be too much of a financial burden and liquidity risk for them;
- €115,907 or 6.1% less revenue or receivables from fees based on notifications, primarily due to significant telecommunications providers' revenues not reaching the expected amounts, as a result of which lower fees were charged, which were not yet paid in 2015;
- €84,516 or 2.5% higher revenue from fees for the use of radio frequencies, primarily due to the delayed payment of receivables arising from decisions issued in 2014 (revenue for 2014) and settled by liable entities at the beginning of 2015.

The Agency generated €10,096 or 23.5% more than originally planned in other revenue (ADP codes = 422–430), mostly due to the following events:

- €8,080 more in reimbursement from the EU budget (for airfare tickets);
- revenue in the total amount of €8,675 from the charged cost of conducting an audit on an operator, and more collected impaired receivables from past years due to consistent and effective debt collection procedures;
- the smaller extent of used fixed assets sold, and lower revenue from interest on time deposits with the treasury single account in the total amount of €6,659.

As the Agency already pointed out in Section 3.2 and in the above comparison, the differences between accrued (€7,233,664) and recorded (€6,994,030) operating revenue in 2015 is primarily the result of accrued revenue from unissued decisions that determine fees for the provision of media services, providers being granted the possibility to pay in installments, accrued revenue from unissued decisions determining fees based on notifications, and due to delayed payment of fees based on decisions on determining fees for using frequencies from 2014. To facilitate a realistic and transparent comparison between changes in revenue, and determine reasons for actual discrepancies between the planned and realized revenue by category in 2015, the Agency will eliminate the effects of cash flow by also providing a comparison based on accrued revenue below.

**TABLE 19: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS**

	2015	2015 FP	Index
Revenue from the provision of postal services	486.281	485.131	100,2
Revenue from fees for numbering resources	739.438	751.766	98,4
Revenue based on notifications	1.805.079	1.886.239	95,7
Revenue from frequencies	3.352.726	3.325.520	100,8
Revenue from railways	166.065	166.581	99,7
Revenue from media services	678.122	680.955	99,6
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	5.953	6.000	99,2
<b>TOTAL OPERATING REVENUE (ADP code = 360)</b>	<b>7.233.664</b>	<b>7.302.192</b>	<b>99,1</b>

Source: AKOS internal accounts

This table shows that the Agency generated €68,528 or 0.9% less operating revenue than planned, primarily due to lower revenue from fees based on notifications. When planning this item for 2015, the Agency used the analysis of the situation in the telecommunications market, and, when estimating the number of points used for calculating the fees, the revenue of telecommunications providers that it deemed a true and fair value and that providers should report to the Agency. The main reason for lower revenue lies in the fact that individual significant providers reported revenue below the originally planned amounts, which was reflected in the

smaller number of points used for calculating the fees. As already mentioned in Section 3.1.2.5, the Agency initiated under Article 6 of ZEKom-1 audits on some providers in order to verify the accuracy of reported revenues. If the audit fails to show any discrepancies or the Agency loses a potential lawsuit, the Agency will calculate and charge them with obligations based on the reported values, i.e. the amount actually recorded in the company's 2015 statements.

## 2 EXPENSES

Based on cash flow, the Agency's expenses in 2015 totaled **€5,524,879**, €2,930,353 (53%) of which were expenses for salaries and other employee benefits, and associated social contributions paid by the employer, €1,915,554 (34.7%) were expenses for the purchase of materials, goods, and services, and €678,972 (12.3%) were capital expenditure.

The Agency's expenses in 2015 were **€1,984,287** or **26.4%** below the plan, especially in the following three categories of expenses.

### 2.1 SALARIES AND OTHER EMPLOYEE BENEFITS

The Agency's labor costs were **€694,327** or **19.2%** lower than planned (ADP codes = 439 and 447), primarily due to:

- not fulfilling the plan to hire 14 new employees, and failing to replace three employees who left; the hiring plan was partially realized in the last quarter of 2015;
- the method of calculating the commuting allowance was changed – the cheapest method was selected, already resulting in significant savings;
- not ceasing to apply the public sector pay scale with reduced pay brackets – the legislator decided to extend this measure at the end of 2014.

The Agency would like to point to the failure to realize the hiring plan as the **most significant reason** for expenses remaining below plans, to which a lot of expenses that were subsequently not realized are linked. This was partly the result of the complexity of the recruitment process, and lack of qualified candidates. The Agency would like to point to the issue of compensations in the public sector, since it would require several highly qualified and experienced experts for several positions, but is unable to compete with salaries in the private sector. The public sector compensation system is extremely restrictive and considerably impacts the possibility of recruiting highly qualified experts.

### 2.2 EXPENSES FOR GOODS AND SERVICES

The Agency's expenses for goods and services were **€1,120,432** or 36.9% below the plan (ADP code = 453), primarily due to **€875,436** or **57.7% lower cost of office and general supplies and services** in this category (ADP code = 454), primarily due to the fact that projects such as the 700+ MHz public tender, 10+ Mhz tender, and cost based user fee in regulation of the railway market were not realized, and that projects related to net neutrality, access and distribution points, the NGA BU model and the digital agenda, economic replicability, and regulation of separate accounting were realized only partially.

In relation to unrealized expenses for office and general supplies and services (group of accounts no. 4020), the Agency would like to highlight the circumstances that affected the following projects:

1. The **700+ MHz public tender** project with its budget estimated at €100,000:

Considering the trends that imply strong future growth in the use of mobile internet in Slovenia, which subsequently means that additional amounts of the frequency spectrum for providing public mobile services will be required, the Agency started preparing for a new public tender and auction for assigning radio frequencies for the provision of mobile services already at the end of 2014 by selecting a provider of expert consultancy services and a provider of access to software for conducting the complex electronic auction. By assigning all available frequencies, the Agency wants to provide mobile operators with a predictable investment environment, while at the same time this would be an important step towards using wireless technologies for cost-effective implementation of requirements of the Digital Agenda for Europe, under which all households, including those in rural areas, should have access to high-speed internet with data rates of at least 30 Mbps by 2020. The Agency did not carry out the project in 2015 because the Ministry of Education, Science and Sport's Strategic Objectives were adopted later, under which the frequencies in the 700 MHz band were not yet to be tendered. The Agency is planning to carry out this project in 2017.

2. Projects **NGA BU model and the Digital Agenda** estimated at €160,000 (partially realized in the amount of approximately €20,000), and **economic replicability model** with the planned budget of 80,000.

The Agency did not carry out these projects related to economic analysis on regulated markets planned for 2015, since this requires designing the methodology for analyzing and regulating relevant markets 3a, 3b, and 4, and clearly specifying services for which cost-based prices must be calculated and leading retail services in the broadband access market must be analyzed. Projects aimed at regulating relevant markets 3a, 3b, and 4 were also delayed due to the complexity of public tender procedures, and the workload related to other priority projects in regulation (e.g. conducting the analysis and changing the pricing obligations in the relevant market 5). The Agency initiated public procurement procedures for the economic replicability project at the end of 2015, expecting to complete them in the first months of 2016.

3. Project **regulation of accounting separation** with planned partial budget of €80,000:

In postal market regulation and supervision the Agency did not complete the planned activity of examining the calculation of net cost, as Pošta Slovenije failed to present this calculation. The realized expenses under this item amounted to €47,946.

4. The **net neutrality** project with its budget estimated at €70,000:

Due to the developments regarding European legislation, which implied that the net neutrality directive would soon be adopted, the Agency suspended its activities aimed at regulating this topic, since further regulation in this area depends on the adopted European common approach, which will be binding for Slovenia and other member states. In 2016, the Agency will follow the guidelines issued by European regulators and start preparing appropriate legislation on net neutrality together with the European Commission. The budget for the project was cut to €20,000, and the project postponed to 2016. The unrealized expenses under this item amounted to €39,899.

5. The **access and distribution point** project with its budget estimated at €70,000:

The Agency examined the situation in the market, reviewed practices applied in other countries, and compared relevant legal acts and the general act draft in 2015. After the Directive 2014/61/EU was implemented, the





need for interdepartmental collaboration arose, together with additional questions that the Agency must examine and take into account when adopting the general act. The unrealized expenses under this item amounted to €70,000.

6. The **segmentation** project with the planned budget of €40,000:

Geographical segmentation is carried out based on accurate spatial data, and the market can also be segmented in different ways, depending on different needs and requirements that the Agency must consider in individual areas. Geographical segmentation for the purpose of selecting the universal service provider can, for example, be completely different than for the purpose of regulating relevant markets 3a and 3b, and geographical segmentation for the market 4 is again completely different. Analyses of these relevant markets and the universal service from the aspect of broadband access did not reach the phase of geographical segmentation in 2015, of the market, where the main segmentation criteria and requirements are set. What is more, segmentation requires establishing a single database, which was done in the framework of mapping demarcation points in 2015 due to statutory deadline for entering the data and the need to control large amounts of data. The Agency was planning public procurement procedures for this project for the beginning of 2016.

7. **Use of 10,150–10,350 MHz/10,500–10,650 MHz bands of the RF spectrum for electric communication services** with the planned budget of €30,000:

The Agency did not complete this project in 2015, after consultation with stakeholders revealed that it should be expanded to the 3,500 MHz, 3,700 MHz, 10 GHz, and 12 GHz bands. After drawing up the documentation for the public tender for assigning these frequencies, it became clear that it would be more reasonable to divide the public tender into several smaller ones based on the type of stakeholders, namely into a separate tender for commercial stakeholders (10 GHz and 12 GHz bands, for which the Agency was planning a public consultation in January 2016 on the draft information memorandum, and for other two bands), for stakeholders providing support services, and state stakeholders, for which the Agency expects to find a comprehensive solution in 2016.

8. The **cost-based user fee** with the planned budget of €25,000:

The Agency failed to examine the compliance of setting the cost basis for calculating user fees in railway market regulation with the European Commission's requirements, since the European Commission did not publish the implementation regulation within the planned time, while amendments to the Railway Transport Act transferred the power over determining the user fee to the railway infrastructure operator, who will probably specify a different methodology. The unrealized expenses under this item amounted to €25,000.

In addition to the lower cost of office and general supplies and services, expenses for goods and services were also lower than planned due to:

- €248,966 or 33.5% lower than planned other operating expenses (ADP code = 463), mostly as a result of the **smaller extent of training activities**, but also the unrealized plan to hire several new employees (due to the complexity of the recruitment procedure, lack of qualified candidates, etc.);
- €21,254 or 9.4% lower than planned expenses for business trips (ADP code = 458), primarily due to **more rational organization of planned business trips** (more video conferences, less people on one trip, etc.) and somewhat less intensive international cooperation of the Regulation Division (the Contact Network

project) and the Division for Railways Services Market Regulation, as well as not attending the MS-EWG Users event and not holding the 10 MHz + public tender;

- €22,088 or 17.3% lower than planned total cost of energy, water, utilities and communications (ADP code = 456), mostly as a result of the **lower cost of mobile and fixed telephone services, and partly lower other operating costs**. These costs decreased primarily due to the unrealized plan for hiring new employees and the selection of cheaper mobile plans;
- €11,702 or 32.7% lower cost of operating rent and lease fees (ADP code = 460), primarily due to the **unrealized plan to lease additional offices**, which was not necessary, as the hiring plan also went unfulfilled;
- lower maintenance costs, which dropped in the segment of maintaining DRNP in 2015 **due to the lower price of regular biannual inspections of DRNP stations and newer measuring equipment**, while on the other hand the net cost of regular maintenance rose by €47,296 or 14.5% (ADP code = 459), which was primarily the result of remedying unexpected errors on the cooling and heating system, and the cost of renovating the restroom on the 2nd floor of the Agency's headquarters.

#### **A summary of the reasons for the discrepancy between planned and realized expenditure on goods and services**

One of the big reasons for this discrepancy is the fact that the plan to hire several new employees in 2015 was not realized due to the complexity of the recruitment procedure, as well as lack of qualified candidates, to which certain significant expenses were tied; and indirectly also the fact that certain projects were not carried out or were carried out later than originally planned (e.g. public tender 700+, access and distribution point, segmentation, use of the radio frequency spectrum for BWA, cost-orientation in the railway services market, NGA BU model, Digital Agenda for Europe, economic replicability model, QoSBB monitoring, etc.). Certain tasks and projects, together with associated cost, were postponed to 2016 due to the complexity and duration of public procurement procedures, and the diligence required for planning and conducting them.

### **2.3 INVESTMENT EXPENSES**

In 2015 the Agency had **€678,972**, i.e. **80% of planned investment expenses** (AOP code = 470) especially as the result of the following major investments:

- **RNMS upgrade** with the TDOA system and the TSMW upgrade in the value of €97,600, the purchase of the spectral analyzer in the amount of €65,880, the purchase and the upgrade of the measurement vehicle in the value of €70,632, the construction of the antennae tower in Jerusalem in the value of €17,376 in the scope of the project/task Upgrades and updates to the RNMS
- setting up the online application for measuring broadband quality of service **AKOS Test Net** (application, server) in the total value of €74,126 in the scope of the project/task Monitoring QoSBB
- purchase of software for **classifying and labeling content which can be potentially harmful to children** (purchase completed and the fixed asset activated at the end of 2014, payment completed in January 2015) in the value of €61,000 in the scope of the project/task Unification and informatization of the classification and labeling of AV content
- **renovation of the active network equipment** in the total value of €119,622 in the scope of the project/task User support, server administration, and replacing outdated equipment



- **purchase of Microsoft software** i.e. licenses in the value of €29,356, and the license for the Lotus Notes application in the value of €11,800 in the scope of the project/task User support and server administration
- **purchase and installation of servers** a disk array, a backup solution, etc. in the total value of €40,042 in the scope of the project/task Revamp of server HW
- **purchase of the information system for processing minor offence procedures** in the value of €11,056 in the scope of project/task Establishing an inspection task force
- purchase **of a used car** in the value of €10,156 in the scope of the project infrastructural costs.

In the scope of investment expenses the Agency had a total of **€169,528 fewer expenses** i.e. **20.0% lower expenses** than planned (AOP code = 470), mainly because some planned investments were not completed or partially completed, and because of savings in the following projects:

- **not completed purchase and renovation of business premises, office and computer equipment for new employees** in the total value of €217,500 because not all the planned hirings were completed
- savings and **partially complete project of establishing a technological platform for monitoring the quality of service in mobile and fixed broadband networks (QoSBB)** in the value of €175,874: the system AKOS Test Net was set up, while a part of the planned activities relating to the purchase of instruments for speed measurements in broadband services, ordering the studies and research, etc., but it was not completed because of the hirings of QoS experts which have not yet been realized (complexity of the hirings, lack of suitable candidates, etc.). The Agency first planned the costs for establishing a platform in the 2015 AKOS Operational and Financial Plan by considering the experience of foreign regulators who made significantly higher costs on such a project.
- **establishment of a permanent archival collection in the planned value of €40,000 which was not completed** and has been postponed to 2016.

The Agency in certain parts substituted the above not completed investments with additional ones, newly established investment projects during 2015, or through expanded first planned investment projects which were essential for the Agency's operations. Among these investments the Agency especially points to the above-mentioned renovation of the active networking equipment, the expanded project of renovating the server hardware, the expanded project of the upgrade and update of the RNMS (e.g. upgrade to the RNMS with the TDOA system and the upgrade of the TSMW).

## XV DECLARATION REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT

### **DECLARATION REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT**

at the AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC  
OF SLOVENIA (name of the budget user)

I, the undersigned, am aware of the responsibility for establishing and constant improvement of the system of financial operations and internal controls and internal revision in accordance with Article 100 of the Public Finance Act with the intent to control the risks and ensure that the objectives of the operations and budget realization are met.

The system for internal supervision of public finance is designed in such a way that it provides reasonable, but not also absolute assurance of achieving the objectives: risks that general and special objectives of operation shall not be met are managed at a level that is still acceptable. It is based on a continuous process which makes it possible to define key risks, the probability of occurrence and impact of a certain risk on achieving the objectives, and assists in the risk being managed successfully, effectively and economically.

This assessment is the current state in the implementation of processes and procedures of internal supervision of public finance at the AGENCY FOR COMMUNICATION NETWORKS AND SERVICES OF THE REPUBLIC OF SLOVENIA (name of the budget user).

#### **I give my assessment on the basis of:**

- assessments of the internal audit service for the following: **FINANCIAL ACCOUNTING SYSTEM**
- self-assessment of the heads of organizational units for the following areas: **TELECOMMUNICATIONS REGULATION DIVISION, RADIO FREQUENCY SPECTRUM MANAGEMENT DIVISION, ECONOMIC ANALYSIS DIVISION, DIVISION FOR OPERATOR SUPERVISION, DIVISION FOR RADIO FREQUENCY SPECTRUM MEASURING AND MONITORING, ELECTRONIC MEDIA DIVISION, DIVISION FOR MONITORING INFRASTRUCTURE INVESTMENTS, DIVISION FOR POSTAL SERVICES MARKET REGULATION AND SUPERVISION, DIVISION FOR RAILWAYS SERVICES MARKET REGULATION, LEGAL AFFAIRS DIVISION, FINANCE AND ACCOUNTING DEPARTMENT, IT DEPARTMENT, ORGANIZATION AND HR DEPARTMENT**
- findings of the Budget Supervision Office of the Republic of Slovenia for the following fields: **legal and committed use of the Agency's resources for 2014 and for the January-April 2015 period; statement of the collected administrative taxes as budget revenues and the legality of determining fees**

**at the Agency for Communication Networks and Services of the Republic of Slovenia  
the following is provided:**



**1. An appropriate control environment** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☐
- c) in individual areas of operations ☒
- d) it is not established yet, but we started appropriate activities. ☐
- e) it is not established yet, and we will start appropriate activities next year ☐

**2. Risk management**

**2.1. The objectives are realistic and measurable, which means that the indicators for measuring the goal achievements are defined** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☐
- c) in individual areas of operations ☒
- d) they are not established yet, but we started appropriate activities. ☐
- e) they are not established yet, and we will start appropriate activities next year ☐

**2.2. The risks for the objectives not being realized are defined and valued, a method for handling them has been defined** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☐
- c) in individual areas of operations ☒
- d) they are not established yet, but we started appropriate activities. ☐
- e) they are not established yet, and we will start appropriate activities next year ☐

**3. Risk-control-based system of internal controlling and control activities which bring the risk down to an acceptable level** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☐
- c) in individual areas of operations ☒
- d) it is not established yet, but we started appropriate activities. ☐
- e) it is not established yet, and we will start appropriate activities next year ☐

**4. An appropriate system for informing and communications** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☒
- c) in individual areas of operations ☐
- d) it is not established yet, but we started appropriate activities. ☐
- e) it is not established yet, and we will start appropriate activities next year ☐

**5. An appropriate supervision system, which also includes appropriate (in-house, shared, contractual) internal auditing service** (the head of department selects one of the following options):

- a) across the whole operations, ☐
- b) across most of its operations ☐
- c) in individual areas of operations ☒
- d) it is not established yet, but we started appropriate activities. ☐
- e) it is not established yet, and we will start appropriate activities next year ☐



# AKOS

**6. Internal auditing is ensured in accordance with the Rules on guidelines for coordinated behavior of the system for internal supervision of public finance** (*the head of department selects one of the following options*):

- a) with a in-house internal auditing department
- b) with a shared internal auditing department
- c) with an external contractor for internal auditing
- d) I did not ensure any internal auditing

☐  
☐  
☒  
☐

ad b) State the title of the **shared internal auditing department**:

.....

State the seat and company registration number of the shared internal auditing department:

.....

Company registration number::

ad c) State the title of the **external contractor for internal auditing**:

**CPA PERNER d.o.o.**

State the seat and company registration number of the external contractor of internal auditing:

**Reboljeva 2, SI-1000 Ljubljana**

Company registration number:

**5715571000**

Does the (approved) financial plan (budget) for the year to which the statement pertains surpass €2.086 million

☒

Date of last audit report of the external contractor for internal auditing is:

(day XY , month XY in year 20XY)

20 December 2015

ad d) **I did not ensure internal auditing because:**

.....

**In 2015 (the year to which the statement pertains) I conducted the following significant improvements in internal auditing** (list 1, 2 or 3 significant improvements):

- in risk management in the procurement process i.e. in public procurement I adopted the Rules on public procurement and appointing a coordinator for public procurement
- in risk management in human factor management: in the scope of appropriately defining the organizational structure, the systemization of job positions and employee tasks, types of work, etc. I adopted new Rules on internal organization and job position systematization, in the scope of conducting employment procedures I adopted the Methodology for the selection process, and in the scope of monitoring work of employees I adopted the Instruction for monitoring trial periods
- in risk management on ensuring the fulfillment of obligations of individual license holders I adopted the Instruction on annulling the decision on assigning radio frequencies and decisions on assigning numbering elements ex officio because of non-payment (conditions or reasons, procedure, dividing authorities, etc.).



# AKOS

**In spite of the implemented improvements I find that there are still the following significant risks that I do not control in a sufficient scope (list 1, 2 or 3 significant risks and planned measures for their management):**

- risk for operating in breach of the regulations on document and archival materials and the last of or insufficient operation of internal controls in the process of the management of documentary materials (record taking, transfer into digital formats, reviewing, shipping, and storing): preparation and adoption of the Rules on the management of documentary materials
- risk of insufficient operation of internal controls in the segment of business trips (approval, execution, charging, reporting, etc.): preparation and adoption of new Rules on business trips.

*The head of the department or the operating body of the budget user: FRANC DOLENC, Director*

Signature:.....



*Datum of signature:*

29

February

2016





## B) FINANCIAL REPORT

### XVI FINANCIAL REPORT

#### 1 LEGAL FRAMEWORK, FORM AND CONTENT OF THE REPORT

The Agency has compiled this annual report in accordance with all the laws, rules and regulations, and their amendments that regulate the preparation and structure of financial documents:

- Public Finance Act (Official Gazette of RS 11/11 – official consolidated text 4, 14/13 – amendments, and 101/13);
- Accounting Act (Official Gazette of RS 23/99, 30/02 – ZJF-C and 114/06 – ZUE; hereinafter referred to as ZR);
- Rules on Drawing up Annual Reports for the Budget, Budget Spending Units and other Entities of Public Law (Official Gazette of RS 115/02 and further);
- Instructions on Preparing the Annual Financial Statement of State and Municipalities Budgets and on Methodology for Preparing a Report on the Achieved Goals and Results of Direct and Indirect Budget Users (Official Gazette of RS 12/01 and further);
- Ruling of the Establishment of the Communications Networks and Services Agency of the Republic of Slovenia (Official Gazette of RS 41/13);
- Slovenian Accounting Standards (Official Gazette of RS 118/05 and further).

In accordance with ZR and Rules on Drawing up Annual Reports for the Budget, Budget Spending Units and other Entities of Public Law, this report comprises:

1. The financial report, which comprises a financial statement (a balance sheet and revenue and expenditure account) and notes to financial statements;
2. The business report, which discloses the deviations and achievements from the reporting period i.e. the fulfillment of responsibilities and associated implementation of the financial plan.

The type of information i.e. the elements presented in these statements are defined by accounting regulations and standards. The Agency provided notes to the balance sheet and revenue and expenditure account in the form of mandatory appendices and statements, such as:

- Balance and changes in intangible assets and tangible fixed assets,
- Balance and changes in long-term investments and loans,
- Revenue and expenditure account for specific users, categorized by type of activity,
- Revenue and expenditure account for specific users compiled on cash basis,
- Statement of account of loan receivables and investments for specific users,
- Statement of account of financing for specific users.

The notes also comprise other accounting information that the Agency deems important for adequately and sufficiently disclosing the balance sheet and revenue and expenditure account items.

## 2 ACCOUNTING POLICIES

When compiling the financial statements and in its accounting, the Agency followed the main goal of complying with regulations, as well as the goal of presenting the elements of the financial statements and notes at the highest possible quality level. This means that it ensured, also through appropriate internal accounting controls, that the financial statements are:

- relevant, which means that the presented items have the desired, necessary and useful characteristics, allowing users to make timely and appropriate business decisions based on them;
- reliable, which means that the events are properly represented and that the items of the financial statements are free of material error and bias;
- understandable, which means that informed users have no problems understanding them and the contained accounts and entries;
- comparable, which means that they are compiled in a way that allows their comparison with those of other legal entities that are obligated to apply the same method and regulations.

With the purpose of meeting these objectives, the Agency has created certain accounting policies and consistently complied with them in regard to separate accounting categories and applied them in every reporting period.

### 2.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

The Agency initially recognized the intangible assets and tangible fixed assets at their historical cost. This cost comprises the purchase price, import and non-refundable purchase duties (e.g. VAT, which the Agency cannot claim as a deduction from the input tax, because it is not liable for VAT), and cost directly attributable to putting the asset in use (such as installation, commissioning, decommissioning costs, etc.). After the initial recognition, these assets are carried at cost, less any amortization or depreciation in accordance with the selected cost model. The Agency records any subsequent cost related to tangible fixed assets as an increase of their historical cost, if it determines that the investment will increase future economic benefits compared to the initially estimated cost. Any cost used to expand an asset's useful life first decreases the accumulated depreciation amount, and, if the cost exceeds this amount, increases its historical cost. The cost of repairs and maintenance for restoring or preserving future economic benefits are recognized as costs i.e. operating expenses for the reporting period.

### 2.2 AMORTIZATION AND DEPRECIATION

Intangible assets and tangible fixed assets are amortized or depreciated by the Agency according to the straight-line method and in accordance with the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets. Amortization and depreciation costs are not recorded as expenses (are not chargeable to revenue), but are fully charged to liabilities under group of accounts 98 (assets under management).

### 2.3 RECEIVABLES

The Agency recognizes receivables in amounts based on authentic accounting documents. The value of receivables is adjusted for impairments and reversal of impairments. The Agency determines whether individual receivables are recognized at the correct value at the end of the accounting period based on the evidence of doubts regarding their recoverability. Allowances for receivables, which decrease the book value of receivables and increase revaluation operating expenses, are made separately for all uninsured accounts receivable overdue for over a year on 31 December.



# AKOS

## 2.4 LIABILITIES

The Agency recognizes liabilities in amounts based on authentic accounting documents, which in the case of short-term operating liabilities, which represent the major part of total liabilities, prove the receipt of goods, materials or services or work done, i.e. the calculated costs.

## 2.5 REVENUE

The Agency recognizes revenue in amounts based on issued decisions determining fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of railway services, for the provision of media services, and for the provision of postal services, and bills issued for stickers banning delivery of unaddressed mail to mailboxes.

## 3 FINANCIAL STATEMENTS WITH NOTES

The financial statement presented below is based on original cost. It is denominated in euros (€) and rounded to the nearest integer.



# AKOS

## 3.1 BALANCE SHEET

**TABLE 20: BALANCE ON 31 DECEMBER 2015**

GROUP OF ACCOUNTS	TITLE OF THE GROUP OF ACCOUNTS	ADP Code	AMOUNT	
			Current Year	Previous Year
1	2	3	4	5
<b>ASSETS</b>				
	<b>A) LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT (002+003+004+005+006+007+008+009+010+011)</b>	001	5.630.444	5.664.32
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUE	002	1.212.543	1.112.45
01	AMORTIZATION OF INTANGIBLE ASSETS	003	853.089	697.05
02	PROPERTY	004	5.009.127	4.990.83
03	DEPRECIATION OF PROPERTY	005	1.484.965	1.336.52
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	4.850.491	5.004.76
05	DEPRECIATION OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3.129.405	3.428.17
06	LONG-TERM FINANCIAL INVESTMENTS	008	0	
07	LONG-TERM LOANS GIVEN AND DEPOSITS	009	0	
08	LONG-TERM OPERATING RECEIVABLES	010	25.742	18.01
09	RECEIVABLES FOR ASSETS UNDER MANAGEMENT	011	0	
	<b>B) SHORT-TERM ASSETS, EXCEPT FOR INVENTORY AND DEFERRED COST AND ACCRUED REVENUE (013+014+015+016+017+018+019+020+021+022)</b>	012	5.918.750	4.182.54
10	CASH IN HAND AND EASILY REALIZABLE SECURITIES	013	0	
11	DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	315.096	116.81
12	SHORT-TERM TRADE RECEIVABLES	015	168.717	99.32
13	ADVANCES AND SECURITY DEPOSITS GIVEN	016	0	96
14	SHORT-TERM RECEIVABLES FROM USERS OF THE STANDARD CHARTER ACCOUNTS	017	5.235.609	3.905.64
15	SHORT-TERM INVESTMENTS	018	0	
16	SHORT-TERM FINANCIAL RECEIVABLES	019	0	
17	OTHER SHORT-TERM RECEIVABLES	020	4.712	15.68
18	UNPAID EXPENSES	021	0	
19	DEFERRED COSTS AND ACCRUED REVENUE	022	194.616	44.11
	<b>C) INVENTORIES (024+025+026+027+028+029+030+031)</b>	023	0	
30	ACCOUNT PURCHASES OF MATERIALS	024	0	
31	INVENTORIES OF MATERIALS	025	0	
32	INVENTORIES OF SMALL TOOLS AND PACKAGING MATERIAL	026	0	
33	UNFINISHED PRODUCTS AND SERVICES	027	0	
34	PRODUCTS	028	0	
35	ACCOUNT PURCHASES OF GOODS	029	0	
36	INVENTORIES OF GOODS	030	0	
37	OTHER INVENTORIES	031	0	
	<b>I. TOTAL ASSETS (001+012+023)</b>	032	11.549.194	9.846.86
99	OFF-BALANCE SHEET ASSETS ACCOUNTS	033	0	
<b>LIABILITIES</b>				
	<b>D) SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE (035+036+037+038+039+040+041+042+043)</b>	034	378.164	443.61
20	SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	6.717	6.28
21	SHORT-TERM LIABILITIES TO EMPLOYEES	036	223.127	212.80
22	SHORT-TERM LIABILITIES TO SUPPLIERS	037	64.858	145.33
23	OTHER SHORT-TERM OPERATING LIABILITIES	038	69.371	62.29
24	SHORT-TERM LIABILITIES TO USERS OF THE STANDARD CHARTER ACCOUNTS	039	3.495	11
25	SHORT-TERM LIABILITIES TO SOURCES OF FINANCING	040	0	
26	SHORT-TERM FINANCIAL LIABILITIES	041	0	
28	UNPAID REVENUE	042	0	
29	ACCRUED COSTS AND DEFERRED REVENUE	043	10.596	16.79
	<b>E) DOWN FUNDS AND LONG-TERM LIABILITIES (045+046+047+048+049+050+051+052+053+054+055+056+057+058+059)</b>	044	11.171.030	9.403.24
90	GENERAL FUND	045	0	
91	RESERVE FUND	046	0	
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	047	0	
93	LONG-TERM PROVISIONS	048	0	
940	RESTRICTED ASSETS IN PUBLIC FUNDS	049	0	
9410	ASSETS AND THE LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	050	0	
9411	ASSETS AND THE LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR FINANCIAL INVESTMENTS	051	0	
9412	SURPLUS	052	0	
9413	DEFICIT	053	0	
96	LONG-TERM FINANCIAL LIABILITIES	054	0	
97	OTHER LONG-TERM LIABILITIES	055	0	
980	LIABILITIES FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	056	5.604.702	5.646.30
981	LIABILITIES FOR LONG-TERM INVESTMENTS	057	0	
985	SURPLUS	058	5.566.328	3.756.94
986	DEFICIT	059	0	
	<b>I. TOTAL LIABILITIES (034+044)</b>	060	11.549.194	9.846.86
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	061	0	

The Agency's total assets as of 31 December 2015 amounted to €11,549,194, which is €1,702,332 or 17.3% more than at the end of 2014. The net increase in total assets is primarily the result of higher amounts of time deposits of available cash with the treasury's single account, a higher balance in banks and other financial institutions, a higher balance of deferred costs and accrued revenue, and short-term accounts receivable.

The structure of the Agency's assets is as follows:

- €5,630,444 or 48.8% of long-term assets (of which 93.1% are tangible fixed assets, 6.4% intangible assets, and 0.5% long-term operating receivables); and
- €5,918,750 or 51.2% of short-term assets (of which 91.4% are short-term receivables from customers and users of the single chart of accounts, and other operating receivables, 5.3% balance in the account, 3.3% deferred costs and accrued revenue).

The structure of the Agency's liabilities is as follows:

- €11,171,030 or 96.7% of long-term liabilities, which comprise liabilities for assets under management (of which 50.2% are for intangible assets and tangible fixed assets, and 49.8% are surplus); and
- €378,164 or 3.3% of short-term liabilities (of which 38.2% are short-term trade liabilities and other operating liabilities, 59.0% short-term liabilities to employees, and 2.8% accrued costs and deferred revenue).

### 3.1.1 LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT

---

The balance of Agency's long-term assets and assets under its management as of 31 December 2015 comprises the balance of intangible assets and tangible fixed assets recorded at their book value, and the balance of long-term operating receivables.

#### 3.1.1.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

---

The class of accounts 0 (group of accounts from 00 to 05) comprises intangible assets and tangible fixed assets received from the relevant ministry when the Agency was established as an independent legal entity, and additional assets purchased in the following years and until 31 December 2015.

Intangible assets comprise mostly software and different software licenses.

The historical cost of intangible assets (ADP code = 002) increased by a total of €100,089 in 2014 compared to the year before. Changes in the historical cost are the result of:

- the increase in historical cost due to the procurement of the AKOS Test Net online applications for monitoring the quality of broadband services, Microsoft software (upgrades to the Windows operating system, MS Office etc.), licenses for the Lotus Notes application, firewall, etc. in the total value of €123,686;
- a decrease in the historical cost primarily due to write-offs of software licenses in the total value of €23,597 based on the decision of the inventory commission.

The amortization amount for intangible assets (ADP code = 003) increased by a total of €156,037 in 2015 compared to the year before. Changes in the accumulated amortization are the result of:

- an increase due to amortization at prescribed amortization rates in the total value of €178,476.
- a decrease in the amount of amortization losses cost due to write-offs of software licenses in the total value of €22,439 based in the decision of the inventory commission.

Tangible fixed assets comprise:

- property (building and agricultural land, offices, radio supervision and measurement stations, etc.)



- equipment and other tangible fixed assets (telecommunication and audiovisual equipment, computer hardware, equipment for heating and cooling premises, printing and copying equipment, security equipment, office furniture and equipment, trucks and vans, cars, etc.).

The historical costs of property (ADP code = 004) increased by a total of €18,290 in 2015 compared to the year before due to the construction of the antenna tower in Jerusalem (basic design and tower construction).

The accumulated depreciation of property (ADP code = 005) increased by a total of €148,438 in 2015 compared to the year before due to depreciation at prescribed depreciation rates.

The Agency put in order the land register documentation for the major part of its property. In 2015, the Agency registered its ownership rights for the part of the S7 building intended for the archive, while its ownership rights for the property used as the parking lot at its headquarters are in the process of being registered.

The historical costs of equipment and other tangible fixed assets (ADP code = 006) decreased by a total of €154,270 in 2015 compared to the year before. Changes in the historical cost are the result of:

- a decrease in the historical cost due to write-offs of old, broken, and useless equipment based in the decision of the inventory commission, and sale of equipment no longer in use in the total value of €643,219;
- an increase in the historical cost mostly due to the procurement of telecommunications equipment and wiring (upgrade of RNMS with the TDOA system, spectrum analyzer, radio signal generator, antenna for radio frequency monitoring, filters for measuring radio frequencies, etc.), computer equipment (equipment for overhauling the active network, computers, servers and disk arrays, call manager, PowerEdge server, etc.), a vehicle for measurements with an upgrade, a car, etc. in the total value of €488,949.

The accumulated depreciation of equipment and other tangible fixed assets (ADP code = 007) decreased by a total of €298,766 in 2015 compared to the year before. Changes in the accumulated depreciation are the result of:

- a decrease in the accumulated depreciation due to write-offs of old, broken and useless equipment based in the decision of the inventory commission, and sale of equipment no longer in use in the total value of €643,185;
- an increase in the accumulated depreciation due to depreciation at the prescribed rates in the total value of €344,419.

In 2015, the Agency recorded €671,333 of amortization and depreciation losses at the rates prescribed by the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets. Considering the specifics of its operations i.e. that these losses are not included in the calculations of prices of services or tariffs for different types of fees, these amortization and depreciation costs are not recorded in the Revenue and Expenditure Account (ADP code = 879) and charged to revenue, but are charged to liabilities for assets under management (ADP code = 056).

The Agency purchased €630,926 worth of new intangible and tangible fixed assets in 2015. These purchases were financed from the surplus generated in preceding years.

### 3.1.1.2 LONG-TERM OPERATING RECEIVABLES

The Agency's long-term operating receivables recorded under the group of accounts 08 (ADP code = 010) comprise long-term receivables in the amount of €25,742, based on decisions determining the fees after



companies' compulsory settlement. Compared to the preceding year (receivables in the amount of €18,018 due from T-2 after the company's compulsory settlement was approved in 2012), the balance of long-term receivables increased by €7,724 or 42.9% due to the compulsory settlements of Detel Global d. d., Golte d.o.o. and Inoks d.o.o. having been approved in 2015.

### 3.1.2 SHORT-TERM ASSETS EXCEPT FOR INVENTORY AND DEFERRED COSTS AND ACCRUED REVENUE

The Agency's short-term assets as of 31 December 2015 comprise deposits in banks and other financial institutions, short-term trade receivables, and receivables from users of the single chart of accounts, advances paid, securities given, and other short-term receivables and deferred costs and accrued revenue.

#### 3.1.2.1 DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS

The Agency's cash deposits on the sub-account of the treasury single account at the Public Payments Administration, through which the Agency's payment transactions are made, amounted to €315,096 as of 31 December 2015 (ADP code = 014) The Agency's deposits rose by €198,277 or 169.7% compared to the year before.

#### 3.1.2.2 SHORT-TERM TRADE RECEIVABLES

The Agency's short-term trade receivables recorded under the group of accounts 12 (ADP code = 015) comprise receivables from issued decisions on determining the fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of media services, for the provision of railway services and for the provision of postal services, and bills issued for stickers banning delivery of unaddressed mail to mailboxes in the total amount of €248,764, and allowances for impairments in the total amount of €80,047 (net receivables amount to €168,717). Compared to 31 December 2014, the net amount of receivables increased by €69,390 or 69.9%, mostly due to granting the possibility of paying fees for the provision of media services in installments.

With the purpose of managing risks and the timely adoption appropriate measures for ensuring the Agency's liquidity, it is essential to determine the structure of outstanding receivables based on their due date, which was as follows on 31 December 2015:

- trade receivables not yet due from decisions on determining fees issued to legal entities and natural persons who became liable for paying different fees during the year, which were issued at the end of the year with the set payment deadline of 30 days and due date in the following year in the amount of €30,081 or 12.1%;
- past due trade receivables in the amount of €218,683 or 87.9%, the major share of which (around €150,000) was past due for 90–364 days.

In accordance with its internal rules, the Agency made allowances in the amount of €24,045 for all overdue and unpaid, unsecured and unimpaired claims, which were overdue for over a year on 31 December 2015, and recorded them as revaluatory operating expenses (ADP code for the Revenue and Expenditure Account = 886).

In 2015 the Agency regularly issued overdue reminders and reminders about pending debt collection to debtors, and consistently carried out e-collection proceedings based on authentic documents.

The Agency granted an installment scheme to individual recipients of decisions on the assessment of fees who complained that a one-time payment would be too much of a burden on their finance and liquidity, based on their requests. This primarily includes the recipients of decisions based on television broadcasting licenses or



of an entry into official records who were charged fees for the first time in 2015 and for whom this was a new expense. The amount of cash tied up in receivables increased compared to 2014; however the Agency managed its liquidity risks by providing a sufficient amount of available cash beforehand and with careful liquidity planning.

#### 3.1.2.3. SHORT-TERM RECEIVABLES FROM USERS OF THE STANDARD CHART OF ACCOUNTS

---

The Agency's short-term receivables from users of the standard chart of accounts under group of accounts 14 (ADP code = 017) comprise receivables from time deposits in the treasury single account in the amount of €5,230,000 and associated interest in the amount of €1,655, and receivables from direct and indirect users of state and municipalities budgets based on issued decisions on determining the fees in the amount of €3,954.

Compared to 31 December 2014, the amount of receivables increased by €1,329,968 or 34.1% due to higher amount of time deposits in the treasury single account.

#### 3.1.2.4 OTHER SHORT-TERM RECEIVABLES

---

The Agency's other short-term receivables under the group of accounts 17 (ADP code = 020) comprise mostly receivables from the Health Insurance Institute of Slovenia for refunding the sick leave pay for sick leaves exceeding 30 days and for child care allowance in the total amount of €4,712.

Compared to 31 December 2014, the amount of receivables decreased by €10,971 or 70.0% due to the drop in recognized unpaid receivables from refunds in the last quarter of 2015.

#### 3.1.2.5 DEFERRED COSTS AND ACCRUED REVENUE

---

The Agency's deferred costs and accrued revenue under the group of accounts 19 (ADP code = 022) comprise mostly the cost of the license for an online application for recording, saving, archiving, and analyzing television channels and audiovisual services on demand, fees for one year of IT support and software upgrades (software upgrades for VoIP, firewall support and upgrades, proxy server, etc.), fees for accessing databases (Mlex, GVIN), membership fees (IRG), insurance premiums, subscription fees, etc. paid in advance for the period after the reporting date in the total amount of €58,432, recognized under short-term deferred cost.

Accrued revenue meanwhile comprises accrued revenue from unissued decisions determining fees in the total value of €136,184, namely:

- from **unissued decisions determining fees based on notifications** to operators that must report revenue from telecommunications; in the estimated amount of €23,684;
- from **unissued decisions determining fees for individual television broadcasters** and on-demand audiovisual media service providers that must report revenue from television services; in the estimated amount of €112,500.

These providers reported lower than actual revenue from their operations – telecommunications and television services – which would effectively mean that the charged fees were lower. **In order to verify the accuracy of revenue reports and determine the true and fair value of obligations, the Agency initiated proceedings involving these providers in 2015, namely:**

- **audit under Article 6 of ZEKom-1** in the telecommunications operator; and
- **proceedings for verifying the amount of reported revenue under the General Administrative Procedure Act** for television services providers. These proceedings are used to check whether providers reported to

the Agency actual total revenue from television services for that year based on transactions related to program production. The Agency believes that the reported revenue was underestimated.

These proceedings were not made final by the end of 2015, so the Agency had no basis for issuing decisions that determined fees, which means it was unable to charge the fees. **The Agency only included in its 2015 financial statement the revenue that is expected to come in within a year, whose occurrence is likely, and whose value was reasonably estimated, while taking into account actual data, i.e. providers' reported revenue, and the assumption that the Agency's actual revenue will be the same or higher than the amounts of uncharged fees that were used when compiling the financial statement for 2015.**

The amount of deferred costs and accrued revenue increased by €150,504 or 341.2% compared to 31 December 2014, primarily due to accrued revenue from unissued decisions determining fees in the amount of €136,184, and deferred cost, primarily arising from one-year fees for IT support and software upgrades in the amount of €14,320 paid in advance.

### 3.1.3 SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE

---

The Agency's short-term liabilities and accrued costs and deferred revenue as of 31 December 2015 comprise short-term liabilities for received advances and securities, liabilities to employees, suppliers and users of the standard chart of accounts, other short-term liabilities and accrued costs and deferred revenue.

#### 3.1.3.1 SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITIES RECEIVED

---

The Agency's short-term liabilities for advances and securities received under the group of accounts 20 (ADP code = 035) comprise mostly overpaid trade receivables carried over from previous years in the total amount of €6,717.

#### 3.1.3.2 SHORT-TERM LIABILITIES TO EMPLOYEES

---

The Agency's short-term liabilities to employees under the group of accounts 21 (ADP code = 036) comprise mostly liabilities to employees for salaries for December 2015 in the total amount of €223,127.

Compared to 31 December 2014, the net amount of these liabilities increased by €10,325 or 4.9%, mostly due to salaries for new employees.

#### 3.1.3.3 SHORT-TERM LIABILITIES TO SUPPLIERS

---

The Agency's short-term liabilities to suppliers under the group of accounts 22 (ADP code = 037) comprise liabilities to domestic suppliers in the amount of €64,858, while the agency had no unpaid liabilities to foreign suppliers. Liabilities towards suppliers comprise liabilities for purchases of fixed assets (intangible assets and tangible fixed assets) in the amount of €13,498 or 20.8% of the total amount, and liabilities for purchases of working assets in the amount of €51,360 or 79.2% of the total amount.

The Agency usually settles its liabilities to suppliers within 30 days of receiving the invoice. Considering the payment due date, the structure of the Agency's liabilities to suppliers as of 31 December 2015 was as follows:

- due liabilities to suppliers with payment deadlines in 2015 in the amount of €806 or 1.2% of the total amount;
- liabilities to suppliers not yet due in the amount of €64,052 or 98.8% of the total amount.

Compared to 31 December 2014, the amount of these liabilities decreased by €80,476 or 55.4%, mostly due to the Agency fully settling its liabilities towards foreign suppliers in 2015.



### 3.1.3.4 OTHER SHORT-TERM OPERATING LIABILITIES

---

The Agency's other short-term operating liabilities under the group of accounts 23 (ADP code = 038) comprise mostly liabilities for social contributions paid by the employer and deductions from salaries for December salaries and pay for contract employees, for remuneration of contract employees, and for VAT for goods and services purchased from EU states according to the December VAT return in the total amount of €69,371.

Compared to 31 December 2014, the amount of liabilities increased by €7,079 or 11.4%, mostly due to higher liabilities from VAT on imported goods and services.

### 3.1.3.5 SHORT-TERM LIABILITIES TO USERS OF THE STANDARD CHART OF ACCOUNTS

---

The Agency's short-term liabilities towards users of the standard chart of accounts under group of accounts 24 (ADP code = 039) comprise liabilities towards direct and indirect users of state and municipalities budgets for purchases of goods, materials and services in the amount of €3,495.

### 3.1.3.6 ACCRUED COSTS AND DEFERRED REVENUE

---

The Agency's accrued costs and deferred revenue under the group of accounts 29 (ADP code = 043) comprise accrued cost of commissioned audit services and short-term deferred revenue from interest on deposits and statutory interest on charged yearly fees for using numbering elements in the total amount of €10,596.

The amount of accrued costs and deferred revenue increased by €6,196 or 36.9% compared to 31 December 2014, mostly due lower accrued costs arising from auditing services (internal audit).

### 3.1.4 OWN RESOURCES AND LONG-TERM LIABILITIES

---

The Agency's own resources and long-term liabilities (ADP code = 044) comprise liabilities for assets under management, which comprise:

- liabilities for intangible assets and tangible fixed assets under the group of accounts 980 (ADP code = 056) in the amount of €5,604,702, which increased in 2015 due to the redistribution of the surplus in the amount of €630,926 (historical cost of investments) and decreased due to amortization, depreciation and write-downs of these assets in the amount of €672,526. The balance of liabilities at the end of the reporting period is reconciled with the balance of assets under management recorded under the group of accounts 0 (ADP codes = 002–007);
- surplus under the group of accounts 985 (ADP code = 058) in the amount of €5,566,328, which comprises allocated surplus from previous years in the amount of €3,129,173, and unallocated surplus from the current year in the amount of €2,437,155 (ADP code for the Revenue and Expenditure Account = 891).

Compared to the balance as at 31 December 2014, the amount of these liabilities increased by €1,767,783 net or 18.8%, primarily due to a €2.4 million surplus from 2015, while at the same time the surplus decreased due to investments in intangible and tangible fixed assets.

## 3.2 REVENUE AND EXPENDITURE ACCOUNT

Under the Rules on Breaking Down and Measuring Revenues and Expenses of Legal Entities Under Public Law, the Agency as a specific user of the standard chart of accounts recognizes revenue and expenses and compiles separate financial statements:

1. on accrual basis, and
2. on cash basis for the purpose of monitoring the changes in revenue and expenses, in which case revenue and expenses are recorded not when the cash is earned or costs incurred, but when cash or its equivalent is received or paid (including potential set offs).

In the separate Revenue and Expenditure Account for specific users, categorized by type of activity, the Agency presents only revenue and expenses from providing a public service, while the revenue and expenses from selling goods or services in the market are not recorded, because the Agency does not provide commercial service.

The Revenue and Expenditure Account for specific users compiled on cash basis is an obligatory note to the mandatory Revenue and Expenditure Account for specific users (account statement), which the Agency takes into account when drawing up the financial plan and which is presented in the context of disclosing its implementation (section 4: Implementation of the Financial Plan). The Agency's financial planning is primarily based on the planned cash flow items and secondarily on budget items, mostly due to the method of calculating the prices of its services and structure of its prices, i.e. tariffs. These tariffs are not based on the planned calculated amortization and depreciation costs, which would constitute an accumulation for new purchases to replace worn out fixed assets, but are based on the total planned historical cost of investments recorded only as capital expenditure in the statement compiled on cash basis.

When recognizing revenue and expenses, the Agency complied with the rules of cash basis accounting and not the rules from the accounting standards. Due to different regulatory bases, data from both accounts cannot be directly compared. With the purpose of allowing at least limited comparison and providing a higher quality level of disclosures, all the major permanent and temporary discrepancies between the two accounts are explained below:

1. Permanent discrepancies are primarily associated with outflows for capital expenditure in the amount of €678,972 (ADP code for the Revenue and Expenditure Account compiled on cash basis = 470), which are not recorded in the account statement of revenue and expenditure, and the revaluatory operating expenses from the impairment of receivables in the amount of €24,045 (ADP code for the Revenue and Expenditure Account = 886), which are only an account category.
2. Temporary discrepancies are associated primarily with the dynamics of cash inflows and outflows i.e. delays in the payment of more significant revenue and expense items between 2014 and 2015, where we would like to highlight:
  - lower revenue from media services recorded in the statement in the total amount of €261,580 arising from accrued revenue from unissued decisions that determined fees in the amount of €112,500, and the Agency granting the option of paying in installments to parties that said that a one-time payment of their fees would be too much of a financial burden and liquidity risk for them (€149,080). The Agency received the majority of receivables from providers who were granted the installment scheme in January 2016;
  - higher revenue from frequencies in the account statement in the total net amount of €57,310, primarily due to receivables arising from decisions issued in 2014 (revenue for 2014) settled by liable entities at the beginning of 2015;
  - lower revenue from notifications recorded in the account statement in the total amount of €34,747, primarily arising from accrued revenue from unissued decisions that determine fees;
  - higher expenditure for goods and services in the account statement primarily due to delays in the settling of significant non-periodic liabilities in the total net amount of €46,984 incurred in 2014, which were settled in 2015 (e.g. partial invoice for consulting services in the e-auction provided by the DotEcon consultancy – auction analysis, final report, etc. in the amount of €22,655; invoice for a survey on consumer satisfaction with postal services in 2014 commissioned to EPISCENTER d.o.o. in the amount of €7,373, paid in 2015).



**TABLE 21: REVENUE AND EXPENDITURE ACCOUNT FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015**

TITLE OF THE GROUP OF ACCOUNTS	ADP code	AMOUNT		Index Current year/preceding year 6=2/5
		Current year	Previous year	
2	3	4	5	6=2/5
<b>A) OPERATING REVENUE (861+862-863+864)</b>	<b>860</b>	<b>7.233.664</b>	<b>7.529.573</b>	<b>96,1</b>
REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	7.227.711	7.524.170	96,1
INCREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	862	0	0	
DECREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	863	0	0	
REVENUE FROM THE SALE OF GOODS AND MATERIALS	864	5.953	5.403	110,2
<b>B) FINANCIAL INCOME</b>	<b>865</b>	<b>4.855</b>	<b>8.307</b>	<b>58,4</b>
<b>C) OTHER REVENUE</b>	<b>866</b>	<b>52.234</b>	<b>66.177</b>	<b>78,9</b>
<b>D) REVALUATION OPERATING REVENUE (868+869)</b>	<b>867</b>	<b>0</b>	<b>0</b>	
REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	0	0	
OTHER REVALUATION OPERATING REVENUE	869	0	0	
<b>E) TOTAL REVENUE (860+865+866+867)</b>	<b>870</b>	<b>7.290.753</b>	<b>7.604.057</b>	<b>95,9</b>
<b>F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)</b>	<b>871</b>	<b>1.867.759</b>	<b>2.246.377</b>	<b>83,1</b>
PROCUREMENT VALUE OF MATERIALS AND GOODS SOLD	872	0	0	
COST OF MATERIALS	873	106.810	105.259	101,5
COST OF SERVICES	874	1.760.949	2.141.118	82,2
<b>G) LABOR COSTS (876+877+878)</b>	<b>875</b>	<b>2.960.983</b>	<b>2.948.165</b>	<b>100,4</b>
SALARIES AND WAGE COMPENSATIONS	876	2.375.726	2.372.012	100,2
SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	399.740	393.329	101,6
OTHER LABOR COSTS	878	185.517	182.824	101,5
<b>H) DEPRECIATION AND AMORTIZATION</b>	<b>879</b>	<b>0</b>	<b>0</b>	
<b>I) PROVISIONS</b>	<b>880</b>	<b>0</b>	<b>0</b>	
<b>J) OTHER COSTS</b>	<b>881</b>	<b>0</b>	<b>0</b>	
<b>K) FINANCIAL EXPENSES</b>	<b>882</b>	<b>30</b>	<b>105</b>	<b>28,6</b>
<b>L) OTHER EXPENSES</b>	<b>883</b>	<b>781</b>	<b>35</b>	<b>2.231,4</b>
<b>M) REVALUATION OPERATING EXPENSES (885+886)</b>	<b>884</b>	<b>24.045</b>	<b>11.239</b>	<b>213,9</b>
EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	0	0	
OTHER REVALUATION OPERATING EXPENSES	886	24.045	11.239	213,9
<b>N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)</b>	<b>887</b>	<b>4.853.598</b>	<b>5.205.921</b>	<b>93,2</b>
<b>O) SURPLUS (870-887)</b>	<b>888</b>	<b>2.437.155</b>	<b>2.398.136</b>	<b>101,6</b>
<b>P) DEFICIT (887-870)</b>	<b>889</b>	<b>0</b>	<b>0</b>	
Corporate income tax	890	0	0	
Surplus for the period after income tax (888-890)	891	2.437.155	2.398.136	101,6
Deficit for the period after income tax (889+890) or (890-888)	892	0	0	
Surplus from preceding years allocated to covering expenses from the accounting period	893	0	0	
Average number of employees based on the hours worked in the accounting period (whole number)	894	78	79	
Months of operation	895	12	12	

The account shows that the Agency recorded €7,290,753 in revenue and €4,853,598 in expenses between 1 January 2015 and 31 December 2015, which is a surplus of €2,437,155. Explanations regarding the structure of separate revenue and expense items, and changes in these items that resulted in surplus, are presented below. The Agency does not have any uncovered deficit from previous years, so the total surplus from 2015 may be allocated in compliance with the founder's decision.

### 3.2.1. REVENUE

The Agency generated €7,290,753 in revenue in 2015, €7,233,664 (99.2%) of which was regular operating revenue, and €57,089 (0.8%) other revenue.

#### 3.2.1.1 OPERATING REVENUE



The Agency generates operating revenue by charging different fees used for covering the expenses incurred in carrying out different activities linked to the implementation of relevant laws, and the proportionate share of expenses of the Agency's common services. Operating revenue comprises:

- revenue from fees arising from notifications, charged based on ZEKom-1, with surcharge for obligations linked to construction, maintenance, recording and shared use of public infrastructure;
- revenue from fees for using radio frequencies, charged based on ZEKom-1 and the General Legal Act on the Method for Calculating Fees for Radio Frequency Usage;
- revenue from fees for using numbering resources, charged based on ZEKom-1 and the General Act on the Method of Calculating the Charges for the Use of Numbering Elements;
- revenue from postal service providers and sale of stickers banning delivery of unaddressed mail to mailboxes, charged based on ZPSto-2 and the Rules on the Method for Calculating Fees for Providing Postal Services;
- revenue from railway service providers, charged based on the Railway Transport Act;
- revenue from fees based on television broadcasting licenses and/or entries in the official register (revenue from the media), charged based on ZAvMS and Rules on the Method of Calculating Fees Based on Television Broadcasting Licenses or Entry in the Official Register of On-Demand Audiovisual Media Services Providers.

Revenue is calculated by multiplying the number of points for a specific type of fees and the value of that point i.e. tariff, which is determined in the annual financial plan based on the planned structure and extent of expenses for that specific type of fees. When calculating the fees for 2015, the Agency applied the 2015 tariffs approved by the Government of the Republic of Slovenia at the end of 2014:

- tariff for annual fees charged based on notifications, with the value of one point set at €1.58;
- tariff for annual fees for using numbering resources, with the value of one point set at €1.18;
- tariff for annual fees for using radio frequencies, with the value of one point set at €0.88;
- tariff for annual fees based on television broadcasting licenses or entry into the official register of on-demand audiovisual media service providers, with the value of one point set at €1.50;
- tariff for annual fees for providing postal services, with the value of one point set at €9.58;
- tariff setting the value of the point, and specifying the share of the charged user fee for public railway infrastructure to be paid for the operations of the railway regulator at €9.07 and 1.24%, respectively.

When calculating the fees in 2014, the Agency applied the tariffs from 2012 due to the government's failure to approve the proposed tariffs, work program, and financial plan in time.

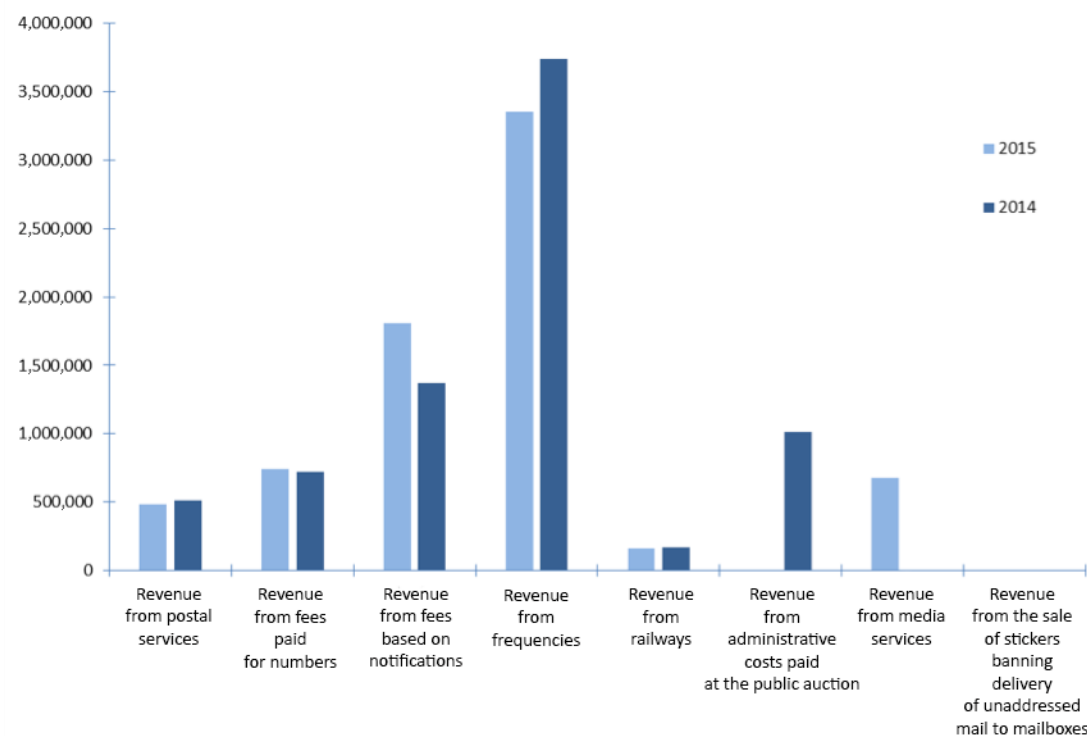


**TABLE 22: OPERATING REVENUE**

	2015	2014	Index
Revenue from the provision of postal services	486.281	510.453	95,3
Revenue from fees for numbering resources	739.438	719.346	102,8
Revenue based on notifications	1.805.079	1.374.007	131,4
Revenue from frequencies	3.352.726	3.735.532	89,8
Revenue from railways	166.065	171.407	96,9
Revenue from the public auction administrative costs	0	1.013.425	0,0
Revenue from media services	678.122	0	0,0
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	5.953	5.403	110,2
<b>TOTAL OPERATING REVENUE (ADP code 360)</b>	<b>7.233.664</b>	<b>7.529.573</b>	<b>96,1</b>

The presented structure reveals that the Agency generated the largest share of its operating revenue from fees for using radio frequencies (46.3%), and the remaining part from fees based on notifications (25.0%), fees for using the numbering resources (10.2%), media services (9.4%), postal services and stickers banning the delivery of unaddressed mail to mailboxes (6.8%) and railway services (2.3%).

**FIGURE 34: CHANGES IN THE AGENCY'S OPERATING REVENUE IN 2014 AND 2015**



The Agency's operating revenue dropped by €295,909 or 3.9% in 2015 compared to the year before. Significant changes are primarily the result of:

- lack of one-time revenue for the administrative costs of the public auction in the amount of €1,013,425 from 2014;
- a €382,806 or 10.2% decrease in the revenue from radio frequencies due to the tariff being cut by €0.21 or 19.3%;





- a €24,172 or 4.7% decrease in the revenue from the provision of postal services due to the tariff being cut by €0.51 or 5.1%;
- a €431,072 or 31.4% increase in the revenue from fees based on notifications, mainly due to the tariff being raised by €0.34 or 27.4% and the new surcharge for covering the obligations linked to construction, maintenance, recording, and shared use of public infrastructure, as well as an increase in the number of points based on operators' revenue compared to 2014 (the number of points equals 0.1% of the operator's annual revenue from providing public communication networks and services in the territory of the Republic of Slovenia, but cannot be lower than 100 regardless of the annual revenue);
- an increase in the revenue due to a new revenue stream from the provision of media services in the amount of 678,122;
- a €20,092 or 2.8% increase in the revenue from fees for using numbering space, mainly due to the tariff being raised by €0.05 or 4.4%.

### 3.2.1.2 FINANCIAL INCOME

---

The Agency's financial income in 2015 amounted to €4,855 (ADP code = 865) and comprised primarily interest on time deposits with the treasury single account. This is a €3,452 or 41.6% decrease compared to 2014.

### 3.2.1.3 OTHER REVENUE AND REVALUATION OPERATING REVENUE

---

The Agency's other revenue in 2015 amounted to €52,234 (ADP code = 866), and comprised mostly reimbursements from the EU budget (reimbursements for airline tickets), and charged ad refunded cost of conducting an audit at an operator, collected trade receivables, which had been impaired in the previous years, and accrued but unpaid contributions for pension and disability insurance in accordance with the Pension and Disability Insurance Act (partial exemption from paying contributions for older workers).

Other revenue decreased by €13,943 or 21.1% compared to 2014, primarily due to lower reimbursements from the EU budget, and collected impaired trade receivables.

### 3.2.2 EXPENSES

---

The Agency's expenses in 2015 amounted to €4,853,598, of which €1,867,759 represented the cost of purchasing goods, materials and services (38.5%), €2,960,983 labor cost (61.0%), and €24,856 (0.5%) other costs. Expenses also include the input VAT, as the Agency is not liable for VAT.

The Agency's expenses dropped by €352,323 or 6.8% in 2015 compared to the year before. Changes are primarily the result of:

- a €378,618 or 16.9% decrease in the cost of purchasing goods, materials and services, primarily due to the successfully completed public tender for mobile technology frequencies;
- a €12,818 or 0.4% increase in labor costs, primarily due to hiring new employees in 2015;
- a €13,477 or 118.4% increase in other expenses, primarily due to higher impairments of unrecoverable trade receivables, which are reflected in higher revaluatory operating expenses.

### 3.2.2.1 LABOR COSTS

---

The Agency's labor costs comprise the cost of salaries and compensations, and the associated social contributions paid by the employer, including expenses for the collective voluntary pension insurance for public servants, contributions for the disabled and accrued pension and disability insurance for older workers, meal,



commuting and holiday allowances, and other employee benefits, such as jubilee benefits, severance pay, etc., for 85 public servants as on 31 December 2015 (83 with indefinite-term contracts and 2 with fixed-term contracts). The Agency calculated the salaries and other income from employment relationships in accordance with the relevant laws and regulations, which determine the basis for salaries and performance bonuses, and in compliance with the Act Regulating Measures Relating to Salaries and Other Labor Costs in the Public Sector for 2015 – ZUPPJS15 (Official Gazette of RS, no. 95/14).

The Agency's labor costs rose by €12,818 or 0.4% in 2015 compared to the year before. The changes are primarily the result of:

1. a €10,125 or 0.4% increase in the costs of salaries and compensations, and associated social security contributions paid by the employer (ADP code = 876 and 877), primarily due to a net increase in the number of employees in 2015 (while 3 public servants left, 6 new were hired for an indefinite term and 2 for a fixed term);
2. a €2,693 or 1.5% net increase in other labor costs, primarily due to increases arising from severance pay and/or salary compensations based on court decisions, balanced with savings (some €20,000), i.e. a drop in the travel allowance resulting from the changed method for calculating transportation costs (ADP code = 878).

### 3.2.2.2 COST OF GOODS, MATERIALS, AND SERVICES

The costs of goods, materials and services recorded by the Agency comprise costs of purchasing office and general supplies and services (mostly costs of contractors), purchasing special materials and services, purchasing energy, water, and utility and communication services, purchasing materials for regular maintenance, transportation costs and services, cost of business trips, operating rents and leases, and other operating expenses.

**TABLE 23: COST OF GOODS, MATERIALS, AND SERVICES**

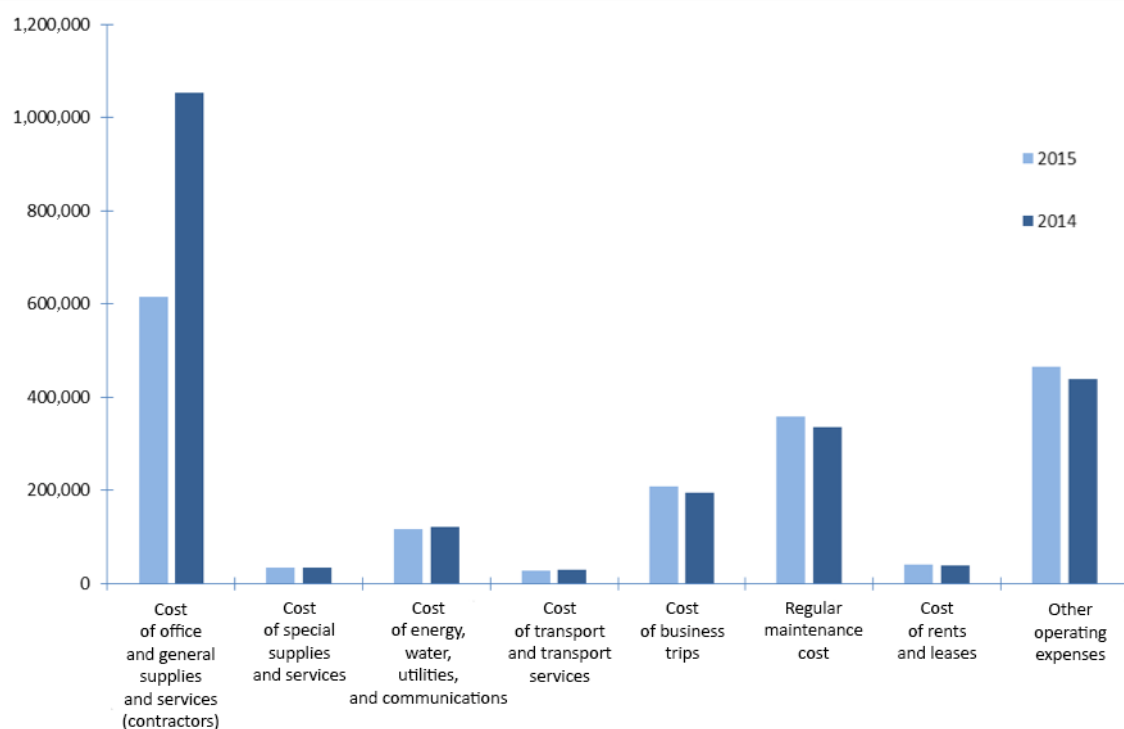
	2015	2014	Index
Office and General Supplies and Services Costs (costs of external contractors)	615.587	1.052.514	58,5
Special Supplies and Services	34.664	34.109	101,6
Costs of Energy, Water, Utility Services and Communications	116.553	122.178	95,4
Transportation Costs and Services	26.839	30.295	88,6
Costs of business trips	207.818	194.115	107,1
Regular maintenance costs	358.731	335.725	106,9
Operating Rent and Lease Costs	41.365	39.382	105,0
Other operating expenses	466.202	438.059	106,4
<b>TOTAL COST OF GOODS, MATERIALS, AND SERVICES (ADP code = 871)</b>	<b>1.867.759</b>	<b>2.246.377</b>	<b>83,1</b>

Source: AKOS internal accounts

The structure of these costs shows that the major part of these expenses was spent on office and general supplies and services (33.0%), while the remaining part comprises other operating expenses (25.0%), purchases of materials and services for regular maintenance (19.2%), business trips (11.1%), purchases of energy, water, and utility and communication services (6.2%), operating rents and leases (2.2%), purchases of special materials and services (1.9%), and transportation costs and services (1.4%).



**FIGURE 35: CHANGES IN THE COST OF GOODS, MATERIALS, AND SERVICES IN 2015 AND 2014**



## COST OF OFFICE AND GENERAL SUPPLIES AND SERVICES

The major share of these costs comprise the cost of contracting experts for preparing studies, models, analyses, impact assessments, background papers, and cost of accounting, auditing and legal services, etc. for high-budget projects, such as:

- mapping (e.g. consultancy services on establishing a geographical database, collection and analysis of data for mapping the infrastructure, survey and analysis of the state of the broadband network, demand, reliability of data from the register of demarcation points, etc.);
- regulation of accounting separation for the post (e.g. examining the compliance of Pošta Slovenije's cost model; analysis of the universal postal service provider's performance);
- regular inspections and inspections in case of reported offenses in the television services market (e.g. providing telemetric data on ratings; survey on the use of electronic media in Slovenia, together with the information system for analyzing such data, etc.);
- group professional training (e.g. HR consultancy, training during recruitment and hiring procedures, and specialized psychological testing in individual areas during the hiring procedure; consultancy on establishing the system for monitoring the quality of broadband connections, etc.);
- legal representation of the Agency (e.g. a study of Slovenian legislation and a proposal for optimum implementation of the Directive 2014/61 EU);
- regulation of radio broadcasting (e.g. survey on the ratings of radio channels in Slovenia; a review of the radio market in Slovenia – radiometry);



- following up on decisions on assigning radio frequencies for public media services (e.g. providing data on coverage, terrain information, etc., with the purpose of meeting obligations specified in the decision issued based on the public auction);
- the state in the postal services market (e.g. a survey on consumer satisfaction with postal services in 2015, survey on consumer satisfaction with contract post offices, and comparative analyses of prices and delivery periods of postal services providers);
- collecting data about the development of the electronic communications market (e.g. carrying out agreed upon procedures for checking providers' revenue from providing public communication networks or services in the territory of the Republic of Slovenia);
- strategy for the use of the FM spectrum (e.g. the comparative study Radio Broadcasting Regulation In Europe), etc.

This is a €436,927 or 41.5% decrease compared to 2014, which is mainly the result of successfully completing the public tender and auction of frequencies for the 4th generation mobile networks, and eliminating the associated cost of hiring external experts.

#### COST OF SPECIAL SUPPLIES AND SERVICES

Costs of special supplies and services comprise mostly the cost of media clippings and the STA information service, cost of hosting and maintaining the E-CHO platform, cost of purchasing professional literature and small items, tools and devices for maintenance (accumulators, cables, batteries, etc.).

#### COSTS OF ENERGY, WATER, UTILITY SERVICES AND COMMUNICATIONS

The major part of these costs were utility costs (power, heating fuels and heating, water, utility services, etc.) for the offices and radio supervision and measurement stations, while other costs comprised cost of fixed and mobile communication services, postal services and insurance premiums for buildings, equipment and vehicles. This is a €5,625 or 4.6% decrease compared to 2014, primarily resulting from lower cost of postal services and electric power.

#### TRANSPORTATION COSTS AND SERVICES

These costs comprise cost of fuel and lubricants for company vehicles (measurement and other vehicles), cost of their maintenance, registration fees, and other transportation costs.

#### COST OF BUSINESS TRIPS

Cost of business trips comprise primarily costs of purchasing airline tickets, as well as other costs of transport in Slovenia and abroad, accommodation costs, per diems for business trips in Slovenia and abroad, and any other costs related to business trips. When calculating employee reimbursements the Agency complied with the Decree on the Reimbursement of Costs for Traveling Abroad on Official Mission, and the collective agreement for the public sector. Costs linked to trips abroad represent 94.1% of these costs, and comprise mostly cost of traveling to Brussels (European Commission) and of actively participating in the BEREC association of European regulatory authorities, etc. This is a €13,703 or 7.1% increase compared to 2014, which can be primarily attributed to attendance at the WRC '15 telecommunications conference.

#### REGULAR MAINTENANCE COST

The major share of these costs are costs of managing and maintaining the offices and equipment at Stegne 7, regular maintenance of communication equipment and computers, and maintenance of the radio supervision and measurement system (buildings, equipment and devices).



**TABLE 24: OVERVIEW OF REGULAR MAINTENANCE COSTS IN 2015**

ActionID	Typeofmaintenance	ValueinEUR
273	Infrastructurecosts:Costsofmanagingandmaintainingtheheadquarters,maintenanceoftheheatingandair-conditioningsystem,etc.	149.770
171 172 366	Maintenance,upgradesandupdatesofRNMSs:maintenanceoffacilities(e.g.regulartechnicalinspections,etc.),maintenanceoftelecommunicationdevices,costofoperatingRNMSetc.	80.653
6 13 347	Regularinformationinfrastructuremaintenanceandusersupport MaintenanceoftheAPEKbusinessinformationsystem Serverhardwareoverhaul	69.119
325	Overhaulandmaintenanceofthebusinessinformationsystem:developmentofnewfeatures(Pantheon,Grad)	23.603
294	MaintenanceofATDI&W:maintenanceofATDIsoftware	15.310
267	TV:Regularinspectionsandinspectionsincaseofreportedoffenses:RegularmaintenanceofthesoftwareformonitoringprogrammingcontentActusDigital	11.620
215	Accounting&payrollaccounting	4.216
37	Specializedtraining&radiocommunications	3.368
362	Establishmentofinspectorate	598
380	Telephone&services&mobile&fixed	474
<b>TOTALaccount615</b>		<b>358.731</b>

The regular maintenance costs increased by €23,006 or 6.9% compared to 2014, mainly due to higher infrastructure costs (repair of defective or non-functioning heating and cooling system, renovation of the restroom on the 2nd floor of the Agency's headquarters, etc.), the higher cost of maintaining and overhauling the business information system (development of new features for the application Pantheon, its integration with eAPEK, etc.), higher costs of maintenance of RNMS (e.g. construction work at the Jerusalem station), and lower costs of maintenance of communication equipment and computers on the other hand.

## OPERATING RENT AND LEASE COSTS

These costs comprise mostly rents for offices and conference rooms, rents for land on which radio supervision and measurement stations are located, charges for the use of building land, and duties from fees paid to external contractors and attendance fees chargeable to the employer.

## OTHER OPERATING EXPENSES

These expenses primarily comprise the cost of remuneration to students and contractors hired for programming e-APEK, designing the Agency's information booklets, writing press releases, administering the website, collecting data on the development of the telecommunications market, reception service, organizing the archive, issuing decisions on determining fees, user support (call center), providing administrative support to the Broadcasting Council, etc., which amounted to €194,788, and costs of general and specialized training in the total amount of €164,902. The remaining costs in this group comprise the cost of attendance fees and bonuses for three councils (the Agency Council, Electronic Communications Council, and Broadcasting Council) totaling €75,256, cost of membership fees for international and Slovenian organizations totaling €17,445, etc. Other operating expenses rose by €28,143 net or 6.4% compared to 2014, primarily due to the higher cost of remuneration paid to external contractors creating the Agency's information booklets, and higher cost of training aimed at improving the qualifications of employees and their development, while the cost of remuneration to students was lower.



# AKOS

No.: 0100-2/2016-19

Date: 21. November 2016

Tanja Muha  
Acting Director



# AKOS

## XVII AUDITOR'S REPORT



KPMG Slovenija, podjetje za revidiranje, d.o.o.  
Železna cesta 8a  
SI-1000 Ljubljana  
Slovenija

Telefon: +386 (0) 1 420 11 10  
+386 (0) 1 420 11 60  
Telefaks: +386 (0) 1 420 11 58  
Internet: <http://www.kpmg.si>

### Poročilo neodvisnega revizorja

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

#### *Poročilo o računovodskih izkazih*

Revidirali smo priložene računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije, Ljubljana, ki vključujejo bilanco stanja na dan 31. decembra 2015, izkaz prihodkov in odhodkov za tedaj končano leto ter priloge k računovodskim izkazom in druge pojasnjevalne informacije.

To revizorjevo poročilo nadomešča revizorjevo poročilo izdano dne 29. februarja 2016. Razlog za ponovno izdajo revizorjevega poročila so redakcijski popravki v letnem poročilu ter vključitev povzetka o poslovanju v letu 2015 v poglavje XIV poslovnega poročila. Popravki in dopolnitve letnega poročila so bili izvedeni na zahtevo Sveta Agencije za komunikacijska omrežja in storitve Republike Slovenije, Ljubljana.

#### *Odgovornost posloводства za računovodske izkaze*

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

#### *Revizorjeva odgovornost*

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

Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanjem računovodskih izkazov, da bi določil 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 komunikacijska omrežja in storitve Republike Slovenije za leto, končano 31. decembra 2015, v vseh pomembnih pogledih pripravljeni v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.





# AKOS



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

Poslovodstvo je odgovorno za pripravo letnega poročila v skladu z Zakonom o javnih financah, Zakonom o računovodstvu in Sklepom o ustanovitvi Agencije za komunikacijska omrežja in storitve Republike Slovenije. Letno poročilo vsebuje poslovno poročilo in računovodske izkaze s pojasnili.

Naša odgovornost je prebrati poslovno poročilo in presoditi, ali so informacije v poslovnem poročilu pomembno neskladne z revidiranimi ločenimi računovodskimi izkazi. Postopke v zvezi s poslovnim poročilom smo izvedli v skladu z Mednarodnim standardom revidiranja 720 in so omejeni na presojo, ali so informacije v poslovnem poročilu pomembno neskladne z revidiranimi računovodskimi izkazi in ne obsegajo pregleda drugih informacij, zajetih v poslovnem poročilu, ki izhajajo iz nerevidiranih finančnih informacij iz drugih virov. Na osnovi opravljenih postopkov v zvezi s poslovnim poročilom nismo ugotovili pomembnih neskladij med poslovnim poročilom in revidiranimi računovodskimi izkazi.

V imenu revizijske družbe

**KPMG SLOVENIJA,**

podjetje za revidiranje, d.o.o.

*Renata Eržen Potišek*

Mag. Renata Eržen Potišek

pooblaščená revizorka

*S. Šuštar*

Katarina Sitar Šuštar, MBA

partner

Ljubljana, 21. november 2016

**KPMG Slovenija, d.o.o.**

1