

ANNUAL REPORT 2011



APEK







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Based  
on Article 18  
of the Act Amending the  
Railway Transport Act – ZZelP-H  
(Official Gazette of the Republic of  
Slovenia, no. 106/2010), the duties  
of the railway transport regulatory  
authority were transferred from  
the Ministry of Transport to  
the Agency on 1 August  
2011.

## LEGAL FRAMEWORK

Pursuant to Article 16 of the Decision Establishing the Post and Electronic Communications Agency of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, no. 30/01, 52/02 and 80/04), the Post and Electronic Communications Agency of the Republic of Slovenia (hereinafter referred to as “the Agency”) shall submit to the Government of the Republic of Slovenia for approval, and to the Parliament of the Republic of Slovenia for review, its Annual Report for the financial year 2011, comprising the Business Report and the Financial Report.

Based on Article 18 of the Act Amending the Railway Transport Act – ZZelP-H (Official Gazette of the Republic of Slovenia, no. 106/2010), the duties of the railway transport regulatory authority were transferred from the Ministry of Transport to the Agency on 1 August 2011. Based on this, the Charter of the Agency and its internal documents dealing with operations and organization were amended and supplemented.

In 2011, the Agency performed its tasks based on:

- the Electronic Communications Act, hereinafter referred to as ZEKom, (Official Gazette of the Republic of Slovenia, no. 13/07 – official consolidated text, and 102/07 – ZDRad);
- the Media Act, hereinafter referred to as ZMed, (Official Gazette of the Republic of Slovenia, no. 110/06 – official consolidated text, 69/06 – ZOIPub, and 36/08 – ZPOMK);
- the Radiotelevizija Slovenija Act, hereinafter referred to as ZRTVS-1 (Official Gazette of the Republic of Slovenia, no. 96/05, 109/05-ZDavP-1B, and 105/06 – Constitutional Court Decision);
- the Digital Broadcasting Act, hereinafter referred to as ZDRad, (Official Gazette of the Republic of Slovenia, no. 102/07);
- the Postal Services Act, hereinafter referred to as ZPSto-2, (Official Gazette of the Republic of Slovenia, no. 51/2009 and 77/2010);
- the Railway Transport Act, hereinafter referred to as ZZelP-H (Official Gazette of the Republic of Slovenia, no. 106/10).



## PRESENTATION OF THE POST AND ELECTRONIC COMMUNICATIONS AGENCY

The Post and Electronic Communications Agency of the Republic of Slovenia is an independent body that regulates and supervises the electronic communications market, manages and supervises the radio frequency spectrum in the Republic of Slovenia, performs tasks in the field of radio and television broadcasting, and regulates and supervises the postal and railway service markets.

The Agency's role in the field of electronic communications is to provide conditions necessary for effective competition and to manage radio frequency and numbering spaces. By doing so, the Agency provides equal conditions for operators in the electronic communications market. The aim of the Agency is to ensure advanced and affordable communication services which satisfy users' needs.

In the field of broadcasting, the Agency manages the radio frequency spectrum and supervises program content in such a way as to ensure the plurality of broadcasting media and content.

In the area of postal services, the Agency pursues its goals of ensuring universal services, protecting consumer rights, and promoting competition in the postal market. In doing so, the Agency operates in a transparent manner and ensures that all things being equal there is no discrimination among postal service providers and postal service users.

In the field of railway transport, the Agency monitors the competition in the markets of railway transport services, and takes action if it finds vio-

lations of free competition or of regulations determining train routes and usage fees.

The Agency operates in accordance with the laws and regulations in force. It performs its tasks in an open, transparent, and amicable manner and for the benefit of end users and the broader public.

### 2.1 Agency's Mission and Strategic Goals

The Agency's mission is to promote competition, to ensure equal conditions for the operation of electronic communication network operators and service providers, as well as providers of postal and railway services, to manage the radio frequency spectrum and numbering space, to monitor radio and television programming content, and to protect consumer rights in the Republic of Slovenia as well as the European Union. The Agency's goals are to create conditions for providing services tailored to users' needs, a regulated and common European market, equal rights for all European Union citizens, and to promote cultural, linguistic, and contentual diversity of radio and television programs and other audiovisual media services.

The Agency's strategic goals are:

- providing the conditions for high-quality services at a reasonable price;
- ensuring the availability of universal services to all residents of Slovenia at affordable prices, regardless of geographic location;
- protecting the interests of service users, including protecting the confidentiality and privacy of electronic communications;

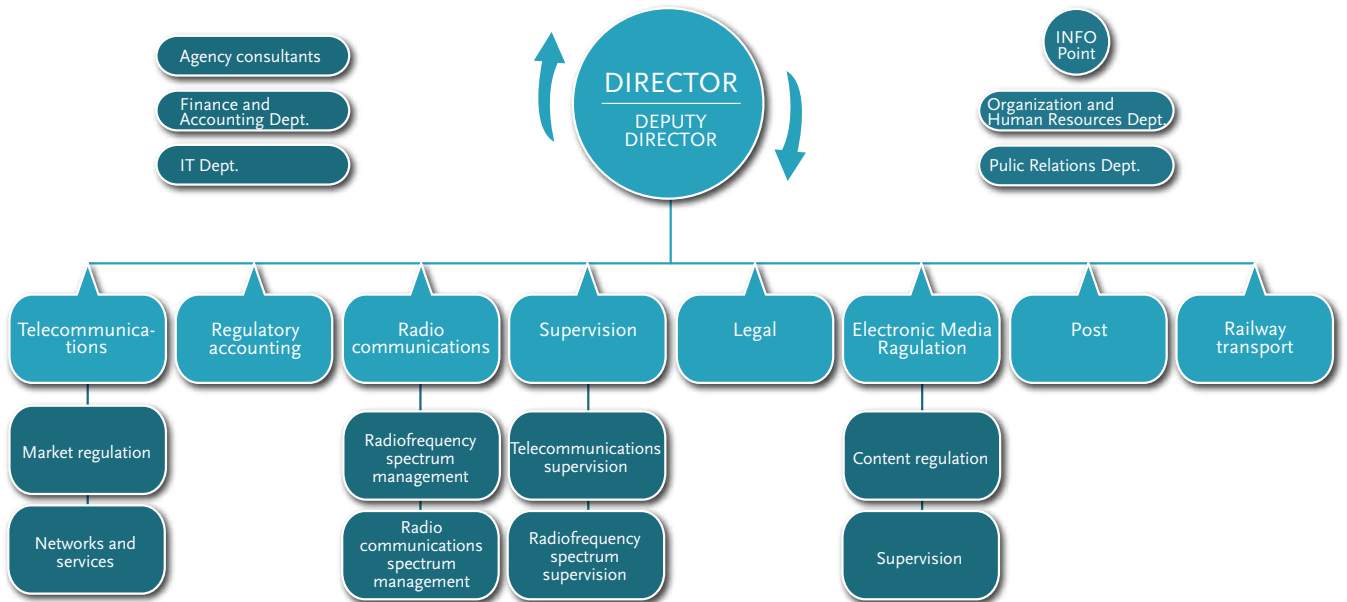
- ensuring effective competition in the market;
- ensuring and promoting efficiency and competition among service providers;
- promoting the development and introduction of new services and technologies for a better quality of life and economic development, by creating conditions conducive to new investments;
- ensuring and overseeing the efficient use of the radio frequency spectrum and numbering space;
- promoting the development and improvement of radio and television programs and enabling the broadcasting of program contents and multimedia services through different platforms, so that they will be available to the largest possible number of people on any device that supports their reception;
- ensuring the protection of public interests regarding program content and providing equal conditions for operations of radio and television program publishers and other audiovisual content providers by expertly supervising the implementation of the program requirements and restrictions that apply to radio and television programs and the obligations of other audiovisual content providers;
- ensuring the operation of electronic communications and the use of the radio frequency spectrum to provide services during emergency situations and to protect the national interests of the country;
- providing and overseeing fair and equal access to the public railway infrastructure and related services;
- ensuring the openness of its operations;
- maintaining and continuously improving the management system that ensures that the Agency is performing its tasks successfully, efficiently, professionally, and in accordance with applicable laws.

## **2.2 Agency's Organizational Structure**

Based on the Act Amending the Railway Transport Act (Official Gazette of the Republic of the Republic of Slovenia no. 106/2010), which in Article 18 determines that the tasks of the regulatory body and employees be transferred from the Ministry of Transport to the Post and Electronic Communications Agency, the Government of the Republic of Slovenia adopted in 2011 changes to two charters of the Agency – the Resolution on amending the Decision Establishing the Post and Electronic Communications Agency of the Republic of Slovenia and changes to the Agency's Statute.

The Agency was given new powers based on two new laws: the Railway Transport Act and the Audiovisual Media Services Act. For this reason, and because of the need for more efficient operations, the Agency expanded its organizational structure by adding three new divisions to the existing five: Regulatory Accounting Division, Railway Transport Division, and Electronic Media Regulation Division.

Since the changes were introduced, the Agency has been carrying out its tasks within eight divisions and four organizational units. The divisions are: Telecommunications Division, Radio communications Division, Postal Division, Supervision Division, Legal Division, Regulatory Accounting Division, Electronic Media Regulation Division and Railway Transport Division. The organizational units are: Organization and Staff, Finance and Accounts, Information Technology, and Public Relations, which provide support to the entire Agency.



Graphic 1: Organizational scheme of the Post and Electronic Communications Agency of the Republic of Slovenia

### 2.3 Electronic Communications Council and Broadcasting Council

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

#### 2.3.1 Agency's Work for the Electronic Communications Council

Pursuant to ZEKom, the Electronic Communications Council monitors and advises on guiding the electronic communications market. By June 2011, SEK had met at three regular sessions. In addition to current issues, the council also discussed the Agency's quarterly reports and the Annual Report for 2010, on which it issued a positive opinion. At the end of June 2011, the SEK mem-

bers' 5-year term ended. The newly elected members held their first session in September 2011. By the end of 2011 they had met in five regular sessions and held two correspondence sessions. At the sessions they discussed the Agency's quarterly reports, participated in drafting amendments to the laws touching on the use of telecommunication services, commented on the draft Electronic Communications Act, and discussed the Agency's operational and financial plans for 2012, on which they issued a positive opinion. In addition to 11 members of SEK, representatives of the Agency and Information Society Directorate also actively participated in the sessions.

#### 2.3.2 Agency's Work for the Broadcasting Council

The Broadcasting Council (SRDF) is an independent expert body, which participates in procedures conducted by the Agency and Ministry of Culture.

In 2011, SRDF held 11 regular sessions and one correspondence session, which were also attended by representatives of the Agency, Ministry of Culture, media publishers, and other interested members of the public.

Upon reaching an agreement with the Ministry of Culture and SRDF, the Agency continued in 2011 to work on developing the second proposal of the Strategy for Development of Radio and Television Programs in the Republic of Slovenia, which was started at the end of 2010. Pursuant to the amendments to the Media Act from 2006, which transferred the responsibility for developing the strategy proposal from SRDF to the Agency, the Agency had already prepared a strategy proposal in 2008, however SRDF did not approve the presented document despite broad public support.

Even though SRDF did not approve the Agency's document, the document presented the basis for forming policies on radio and television regulation and for a starting point for individual solutions in overhauling the media legislation (e.g. the proposal to introduce concessions for programs of special importance). In 2011, this document presented the basis for developing the new strategy proposal, which the Agency started preparing in collaboration with the Ministry of Culture and SRDF. In the process of preparing the new document, the Agency played two roles: that of the regulator who must propose the strategy under the law, and that of the body which, among other things, provided technical, professional, and administrative support for the work of SRDF. By May 2011, the Agency had participated in four work meetings of representatives of the council, ministry and Agency, and prepared the sixth version of the document, which also considered the ministry's comments. However, SRDF rejected the Agency's proposal at its May session, claiming that it failed to include the values, vision, and

mission of the media, and decided that work should be continued based on one of the previous versions of the document drafted by SRDF, from which the Agency has distanced itself, as it exceeded its jurisdiction. The Agency participated in the following meetings only by providing professional support to the council.

One day before the June session of SRDF, members of the working group received from the chairperson a supplemented strategy proposal, which the council then approved at the session. The council also decided to conduct a public debate before adopting the final version. After the public debate was concluded and comments were considered, SRDF said at its September session that it expected the Agency to submit the document adopted by SRDF to SRDF for approval as its own strategy proposal. The Agency explained that this presented a violation of Article 109 of the Media Act, under which the strategy proposal must be prepared by the Agency, and approved by SRDF. The Agency also pointed to the necessity of complying with the principle of checks and balances, under which a body should not approve a document that it itself adopted. It also proposed to SRDF the adoption of said document as a proposal which would serve as the basis for adopting the strategy in accordance with Article 109 of the Media Act. The strategy, which must be proposed by the Agency, must comply with professional standards, and must also comprise a part based on current data. At the October session, the council then submitted for adoption a document with a changed title (Assessment of Situation in Broadcasting and Proposals for Improvements for the National Assembly), and adopted it in accordance with the powers granted to it in item 12 of Article 100 of the Media Act.



## TELECOMMUNICATIONS

The Agency's official register for 2011 consisted of 146 electronic communications operators, which provided end users with the following services: mobile telephony, broadband internet access, fixed telephony, leased access infrastructure, broadcasting content to end users, and other services. In 2011 12 new operators were entered into the register, while 18 were removed.

Graphic 2: The number of operators or service providers entered into the official register by individual more significant services as of 31 December 2011

SERVICE	NUMBER
<b>Internet access</b>	
Narrowband access	18
Broadband (xDSL, FTTH, radio, cable, satellite...) access	76
Cable access	43
Cable operators	68
Voice services in the public mobile network	12
Operators	4
Service providers (VMNO)	8
<b>Fixed public voice telephony</b>	
International fixed voice telephony operators	23
National fixed voice telephony operators	22
Leased lines operators	45
Value added services operators	24

Vir: APEK, 2012

In the past year 93 changes were entered into the Agency's official register with notifications, on the basis of which the Agency issued the required permits and extracts from the official register. Among the more important changes to the Agency's official register in 2011 is the merger by acquisition of Mobitel d.d. by its parent company Telekom Slovenije d.d., which was noted in the Agency's official register on 13 July 2011.

### **3.1 Numbering**

Similarly to the past two years, 2011 once again showed fewer operators' requests for assigning geographical and non-geographical numbers for public access telephony services at a fixed location, as well as for mobile network numbers. Because of changes to individual provisions of the regulation on payments for the use of assigned numbering elements and the appropriate increase of the number of points, operators were encouraged towards a more rational use of resources. At the end of 2011 the scope of returned numbering elements increased significantly.

On the last day of 2011 the Agency's official register included 34 operators and other subjects who were in the past assigned various numbering elements. In the past year only one new operator with assigned numbering resources was entered into the register, while one was removed because of the merger. 27 new decisions on assigning numbering elements were issued, 12 decisions on annulment or decommitment or partial decommitment of decisions, while 1 decision was altered ex officio. At the end of 2011 the total number of issued and valid decisions on assigning numbering elements was 264.

In accordance with the European Commission decision on the reservation of the national numbering for the number "116", which is intended for harmonized social value services, the Agency conducted the required procedure of a public call and assigned the third number – 116111.

Compared with 2010, the number of ported phone numbers decreased by approximately 1%. According to data supplied by the manager of the central database of ported numbers, in total 131,588 numbers were ported in 2011, of which 75,499 were mobile numbers and 56,004 were fixed numbers. Since the introduction of number portability in the beginning of 2006, 682,594 numbers have been ported.

Graphic 3: The scope of assigned or returned numbering elements in 2011

TYPE OF NUMBERING ELEMENT	ASSIGNED IN 2011	RETURNED IN 2011	THE STATUS OF ASSIGNED NO. ELEMENTS AS OF 31 DECEMBER 2011
Geographic numbers	10.000	-	5.591.000
Geographic numbers (in mobile networks)	400.000	-	7.900.000
Geographic numbers (VoIP numbers)	20.000	30.000	2.270.000
080 numbers (free services)	591	10	4.851
090 numbers (premium services)	50	10	3.030
088 numbers (access to special networks)	-	3	39
089 numbers (remote voting)	-	-	210
10PQ kode (predpone za izbiro operaterja)	-	1	4
NDC codes (national destination codes)	4	3	33
DPC codes (destination point codes)	13	-	140
ISPC codes (international signaling point codes)	-	2	35
98MN codes (routing codes)	-	4	23
MNC codes (mobile network codes)	1	-	5
Short numbers	4	12	27
Issuer identification number	-	-	4
Data network identification codes	-	-	1
Non-standard equipment codes	-	-	1

Source: APEK, 2012

### 3.2 Mobile Telephony Market

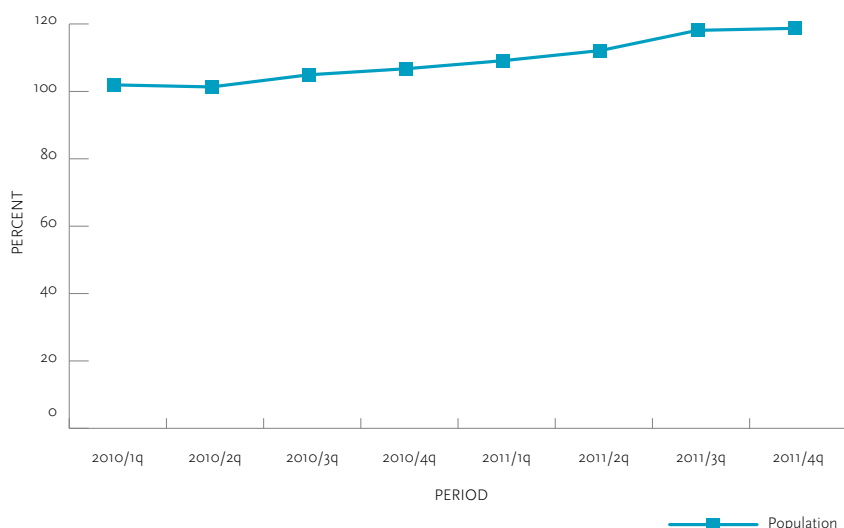
It is characteristic of all mobile services providers in 2011 that they focused on data services, which became more accessible to end users in Slovenia. It is a fact that in the mobile services sector data services have been significantly increasing their share towards traditional voice and messaging services. Mobile operators and service providers are increasingly becoming broadband service providers. Most mobile operators also began offering mobile television services.

The survey “Monthly household expenditure for electronic communications services in October 2011”, carried out by the Agency in collaboration with an external contractor in November 2011, shows that 21% of the respondents use mobile

data services. According to the survey “Use of services in the field of electronic communications and user satisfaction”, 90% of respondents use mobile telephony services. 65% of respondents know which services their subscription or prepaid mobile telephony services provides, while more than a half use only the basic service.

At the end of 2011 the level of penetration<sup>1</sup> of active mobile telephony users in the population reached 105.5 %, which represents a 2.0 percentage point increase compared with the end of 2010. Further penetration growth can be expected because of the use of SIM cards in various devices (various meters, alarms, vehicle and cargo tracking modules, call centers, and similar).

Graphic 4: Penetration of active mobile telephony users



Source: APEK, 2011

<sup>1</sup>The Agency measures the penetration of active mobile users. These are the users who have a valid subscription contract or have at least once in the past three months made or taken a call, sent a text or a multimedia message, or used data services in their prepaid account. Along with these data the Agency also takes into account the current population data, as reported by the Statistical Office of the Republic of Slovenia.

At the end of 2011 Telekom Slovenije had the largest market share of 51.8% of active mobile telephony users, even though its market share decreased over the course of the year. Second was Si.mobil with a market share of 29.5%. Its market share increased by 0.3 percentage points compared to the year before. Tušmobil and T-2 also recorded increases in their market shares compared to the year before, by 2.2 percentage points and 0.4 percentage points, respectively. Debitel's market share of 4.4% remained unchanged compared to the same period the year before, as did Izi mobil's of 2.5%. Active users include subscribers as well as prepaid users.

Graphic 5: Shares of active mobile telephony users by operator



Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
Telekom Slovenije	56,1	56,1	55,4	54,7	53,9	53,4	52,6	51,8
Si.mobil	28,1	28,2	28,6	29,2	29,6	29,6	29,2	29,5
Tušmobil	8,2	7,8	7,8	7,9	8,1	8,6	9,7	10,1
Debitel	4,4	4,4	4,4	4,4	4,5	4,4	4,4	4,4
Izi mobil	2,3	2,4	2,5	2,5	2,6	2,6	2,6	2,5
T-2	0,9	1,0	1,2	1,3	1,3	1,4	1,5	1,7

An overview of the 2011 data shows that Telekom Slovenije has the largest market share of voice traffic originating on net as well as off net. Immediately following it by market share of calls originating on net and off net is Si.mobil. The competitors have lower shares of originating voice traffic in the following order: Tušmobil, Debitel, Izi mobil, and T-2.

Graphic 6: Shares of originated voice traffic by operator

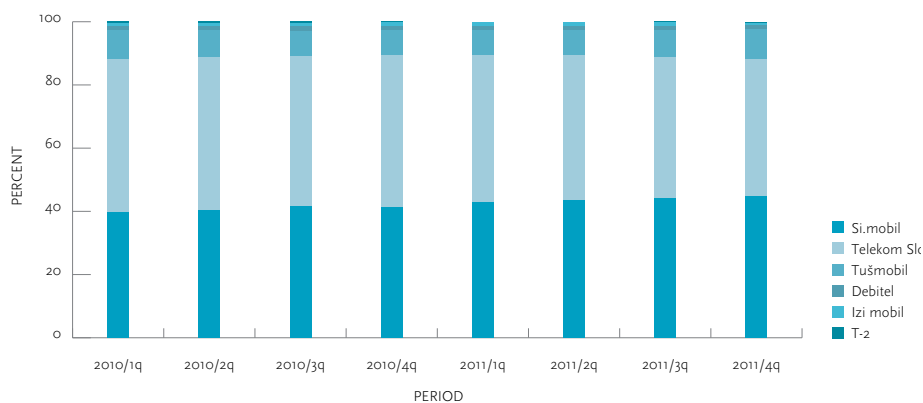


Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
Telekom Slovenije (v lastno)	42,4	42,2	41,7	41,5	40,1	39,0	40,3	38,8
Telekom Slovenije (v druga)	15,4	15,6	16,0	15,3	14,9	15,2	13,5	12,7
Si.mobil (v lastno)	17,2	17,0	17,0	18,1	19,5	19,5	19,1	20,5
Si.mobil (v druga)	12,0	12,3	12,6	12,9	13,1	13,4	13,5	14,1
Tušmobil (v lastno)	2,3	2,2	2,0	2,0	2,2	2,3	2,4	2,8
Tušmobil (v druga)	6,4	6,0	5,7	5,3	5,3	5,5	6,0	6,3
Debitel (v lastno)	1,8	1,9	2,0	2,1	2,1	2,2	2,2	2,1
Debitel (v druga)	0,8	0,9	1,0	1,0	1,0	1,0	1,1	1,0
Izi mobil (v lastno)	0,3	0,4	0,4	0,4	0,4	0,4	0,4	0,4
Izi mobil (v druga)	0,3	0,3	0,4	0,4	0,3	0,4	0,4	0,3
T-2 (v lastno)	0,3	0,4	0,3	0,3	0,4	0,4	0,4	0,4
T-2 (v druga)	0,7	0,8	0,8	0,8	0,8	0,8	0,7	0,6

Telekom Slovenije and Si.mobil had the largest shares of originating text messages in the Slovenian market in 2011 among all operators. The top position in originating text messages went to Si.mobil this year, and it is followed by other operators in accordance with their market shares by end users.

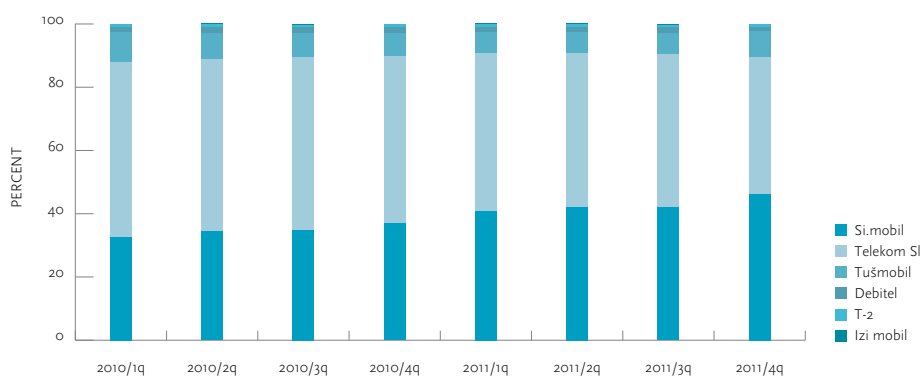
Graphic 7: Share of originating text messages by operator



Source: APEK, 2011

The same holds for shares of originating multimedia messages, which also coincide with the market shares for end users by operators.

Graphic 8: Share of originating multimedia messages by operator



Source: APEK, 2011

### 3.2.1 Market Regulation

In 2011 the Agency did not conduct any new relevant market analyses, as the decisions on the regulation of call termination and call origination of mobile calls are currently in force. Based on the Agency's valid regulatory decisions on the relevant market 7 "Voice call termination in individual public mobile telephone networks (wholesale market)", all four infrastructural operators adjusted call termination prices twice in 2011. Telekom Slovenije and Si.mobil have symmetric prices, gradually adjusted twice a year from the initial cost-based "LRIC plus" price towards the "pure LRIC" price, which is €0.0324, and will be reached on 1 January 2013. Said semi-annual adjustments towards the "pure LRIC" price also holds for Tušmobil and T-2, who can continue charging asymmetric call termination prices towards Telekom Slovenije and Si.mobil, whereby Tušmobil's asymmetry dropped from a factor of 1.4 to 1.3 in 2011, and will be at 1.2 in 2012. In 2011 the asymmetry for T-2 was at a factor of 1.5, and it will drop to 1.4 in the beginning of 2012. All of these mobile operators have, in accordance with regulatory requirements, published each price decrease in their Reference Interconnection Offers (RIO) for call termination in their own mobile telephony networks.

By gradually lowering pricing, which also continues in 2012, the prices for voice call termination in mobile networks remain cost efficient. This way the price for voice call termination in Telekom Slovenije's and Si.mobil's mobile networks as of 1 January 2011 was €0.0438 per minute, VAT excluded. On 1 July 2011 the price for both dropped to €0.0409 per minute, VAT excluded. The price for voice call termination in the Tušmobil mobile network was €0.0613 per minute, VAT excluded, on 1 January 2011, and in the same period the price for voice call termination in the T-2 mobile network was €0.0657 per minute, VAT excluded. On 1 July 2011 the price for voice call termination in the Tušmobil mobile network was lowered to €0.0532 per minute, VAT excluded, and the price for voice call termination in the T-2 mobile network was lowered to €0.0614 per minute, VAT excluded.

### 3.3 Fixed Telephony Market

Fixed telephony still represents an important part of the electronic communications market, as it is historically the fundamental telecommunication service. Its growth has slowed down due to market saturation, however fixed telephony can still be placed among important market segments because of the large number of inert users, who have not yet switched to services that require next generation networks.

Traditional fixed telephony is increasingly replaced by IP telephony, which is also evident from the trend of growth for IP telephony at the expense of traditional fixed telephony. The latter has a substitute in managed IP telephony mainly because of the main fields included in the regulatory view, namely: numbering, number portability and access to emergency call services, interconnection obligation, and end to end connectivity. Each managed IP connection has a dedicated telephone number from the public numbering space and provides IP telephony services as managed voice telephony, for which quality assurance is characteristic. The structure of the number from the national numbering plan is defined in the ITU-T E.164. The numbering according to E.164 plays a special role, as it allows receiving calls from traditional telephony networks. That makes IP telephony a public access telephony service. A public access telephony service is defined in ZEKom as a service that is available to the public, which includes making and receiving national and international calls and access to the emergency call service through numbers that are assigned for this service in the numbering plan, and may include, where appropriate, one or several of the following services: providing assistance, providing the service on information on subscribers, providing telephone directories, providing public phone booths, providing services under special conditions, providing special capabilities for disabled users, or users with special social needs, or providing services through non-geographic numbers. Operators generally provide IP telephony in favorably priced bundles in combination with other electronic communication services such as broadband internet access, IP television



and mobile telephony. That fact is one of the most important reasons for changing subscription from classic to IP telephony.

The IP telephony market is developing rapidly in Slovenia. Compared with IP telephony, traditional telephony service is not competitive in price and technology, and considering that it is not a convergent service, operators do not offer it in service bundles. The rising trend of IP telephony is significantly influenced by operators' offers of bundled electronic communication services.

The survey "Monthly household expenditures for electronic communications services for October 2011" showed that 56% of respondents use a PSTN telephony connection, while 21% use an IP connection, and 17% an ISDN connection. 20% of households would be willing to replace their traditional telephony service with IP telephony, while 52% of households would not be willing to make the change. Among fixed telephony providers Telekom Slovenije stands out, as it covers 65% of households with its SiOL brand, followed by Telemach with 12%, T-2 with 10%, and Amis with 6%. Two thirds of households are not yet considering canceling their fixed

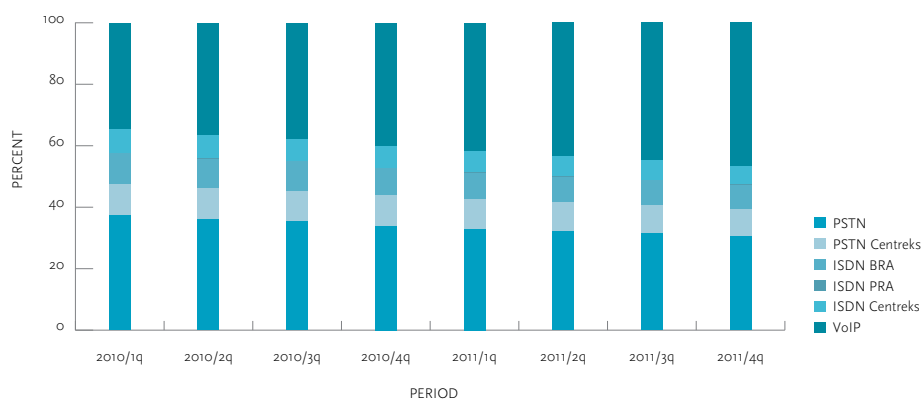
telephony subscription because of the increasing use of mobile telephony. In general we can state that PSTN fixed telephony users are among the most inert, and as such very vulnerable to any potential anomalies in the market.

The survey "Use of electronic communications services and user satisfaction" shows that 9% of respondents use fixed telephony services, but the usage has dropped somewhat compared to last year, when it reached 96%. 42% of them do not want to cancel their fixed telephony subscription. Fixed telephony services are most used by employed and retired people.

The biggest technological changes in the field of fixed telephony are still associated with increasing broadband internet access penetration, and consequently the growth in the number of IP telephony connections.

The chart of shares of telephony connections by technology shows a growth trend for IP telephony connection throughout 2011. At the end of the year their market share reached 46.6%, which represents a 5.4 percentage point increase to last year.

Graphic 9: Shares of telephony connections by technology

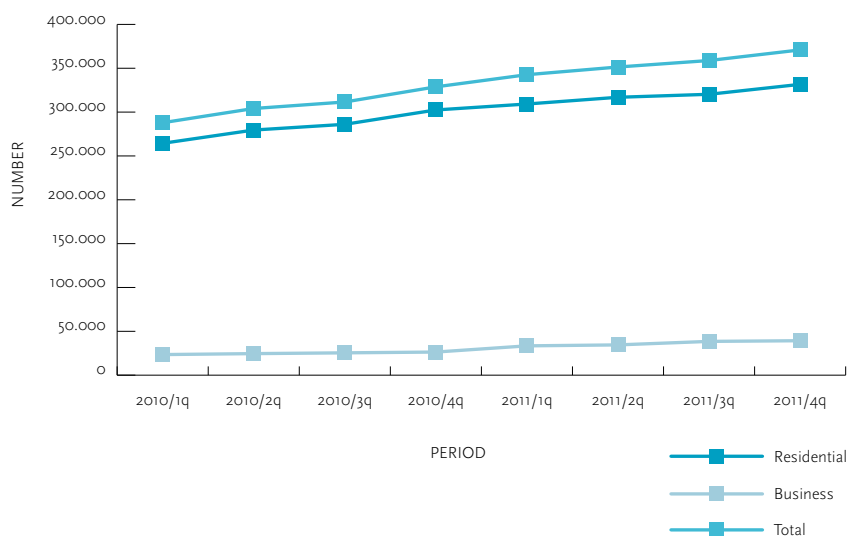


Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
PSTN	37,2	36,0	35,3	33,9	32,9	32,1	31,5	30,5
PSTN Centreks	10,2	10,1	10,0	9,8	9,6	9,5	9,3	9,0
ISDN BRA	10,1	9,7	9,5	9,0	8,6	8,3	8,0	7,7
ISDN PRA	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
ISDN Centreks	7,7	7,4	7,2	7,0	6,9	6,6	6,4	6,1
VoIP	34,7	36,7	37,9	40,2	41,9	43,5	44,8	46,6

An overview of the data on the market shares of operators providing IP telephony services shows that at the end of 2011 the biggest market share in the number of IP telephony connections once more went to Telekom Slovenije, which concluded the period with a 39.4% market share, which is a 3.3 percentage point decrease from

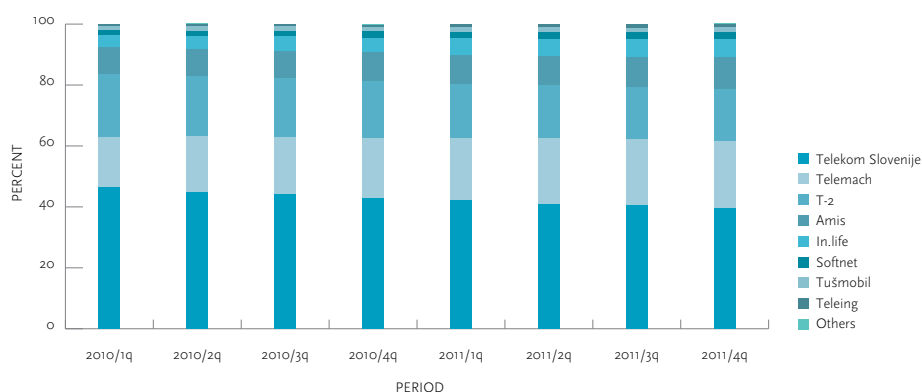
Graphic 10: The growth of IP telephony connections



Source: APEK, 2011

The chart above shows the growth of residential and business IP telephony connections. At the end of 2011 there were 370,903 IP telephony connections, which is an increase of 12.8% compared to the last quarter of 2010.

Graphic 11: Market shares of operators offering IP telephony (by number of connections)



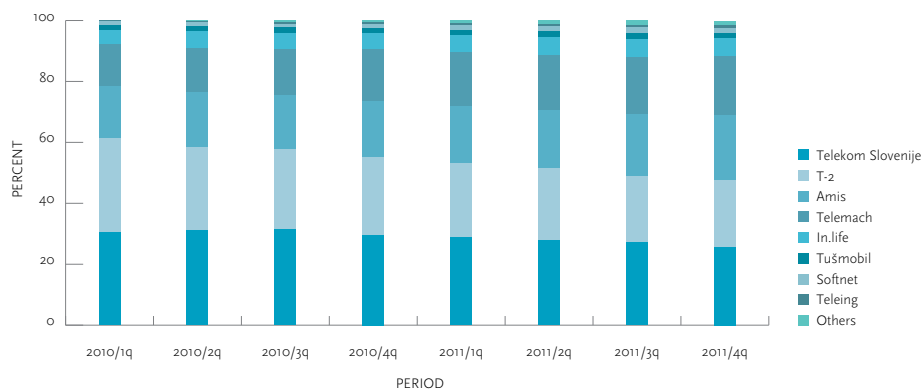
Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
Telekom Slovenije	46,5	44,8	44,2	42,7	42,1	40,9	40,4	39,4
Telemach	16,2	18,3	18,6	20,0	20,4	21,7	21,7	22,2
T-2	20,7	19,8	19,4	18,6	17,7	17,2	17,1	17,1
Amis	9,1	8,8	9,0	9,3	9,7	9,8	10,1	10,4
In.life	3,7	4,3	4,6	4,9	5,4	5,5	5,6	5,8
Softnet	1,7	1,8	1,9	2,0	2,2	2,3	2,4	2,5
Tušmobil	1,4	1,4	1,4	1,4	1,5	1,5	1,5	1,5
Teleing	0,6	0,8	0,8	0,9	0,9	1,0	1,0	1,1
Ostali	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1

the last quarter of 2010. Telemach's market share grew throughout 2011. The company concluded the observation period with a 22.2% market share, which is 2.2 percentage points more than in the last quarter of 2010. They are followed by T-2 with a 17.1% market share, which is 1.5 percentage points less than at the end of 2010, and Amis with a 10.4% market share, which is 1.1 percentage point more than at the end of 2010. The other companies: In.life (by 1.1 percentage points), Soft-

net (by 0.5 percentage points), Teleing (by 0.2 percentage points), and Tušmobil (by 0.1 percentage points) increased their market shares, while the market share of all other alternative operators remained unchanged. Telekom Slovenije and T-2 had the highest market shares of IP telephony voice traffic in 2011. Telekom Slovenije's market share in 2011 fell by 3.9 percentage points, while T-2's fell by 3.8 percentage points.

Graphic 12: Market shares of operators providing IP telephony (by voice traffic)

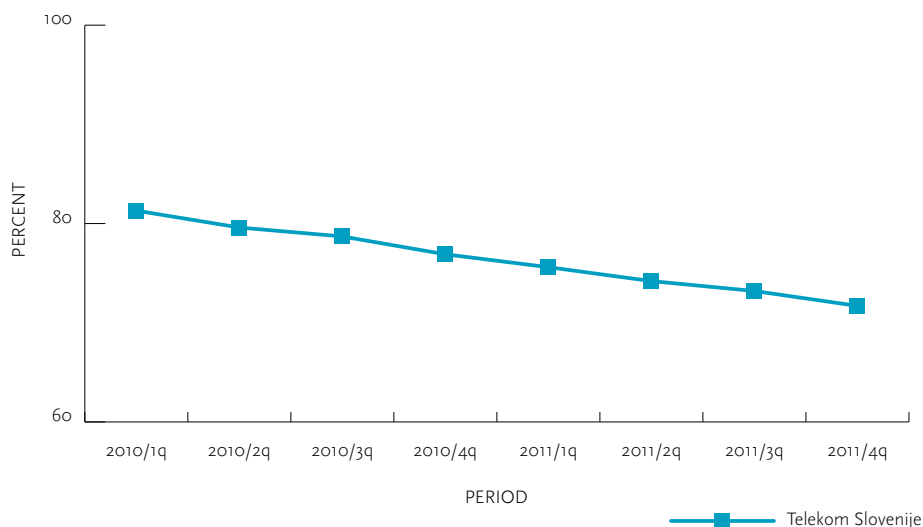


Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
Telekom Slovenije	30,5	31,0	31,3	29,6	28,7	27,9	27,1	25,7
T-2	31,0	27,3	26,4	25,5	24,4	23,5	21,9	21,7
Amis	17,0	18,1	17,7	18,5	18,7	19,3	20,3	21,6
Telemach	13,7	14,5	15,4	16,8	17,7	17,9	18,5	19,2
In.life	4,6	5,5	5,2	5,4	5,9	6,0	6,0	6,2
Tušmobil	1,8	1,7	1,7	1,6	1,6	1,8	2,2	1,6
Softnet	1,0	1,2	1,3	1,4	1,5	1,7	1,7	1,6
Teleing	0,4	0,4	0,4	0,7	0,7	0,7	0,8	0,8
Ostali	0,2	0,4	0,6	0,6	0,7	1,4	1,5	1,5

Telekom Slovenije concluded 2011 with a 71.7% share of the number of connections in the fixed telephony market, based on number of connections to the public telephone network at a fixed location. Compared to the previous period its share fell by 1.5 percentage points, and by 5.2 percentage points since the end of 2010. The downward trend of the number of connections in the fixed telephony market is continuing for Telekom Slovenije.

Graphic 13: Telekom Slovenije's market share in the market of fixed telephony, based on number of connections to the public telephone network at a fixed location



Source: APEK, 2011

### 3.3.1 Market Regulation

Because of the planned regulation of the retail market “Access to the public telephone network at a fixed location (retail market)”, the Agency began work on the pricing part of the regulation of the relevant market in 2011. It conducted an open procedure of the public tender – “Creating a model with the price cap method for calculating the subscription for access to the public telephone network”, in order to obtain an appropriate model for pricing regulation. Three pricing regulation methods can be implemented on this relevant market. Even though the number of end users in the market of fixed telephony is decreasing, especially for PSTN access, this market must still be regulated because of the users sticking to this technology. That is why already in 2007 the method of price cap for calculation of subscriptions for PSTN, ISDN BA and ISDN PA connections was imposed on Telekom Slovenije, as an operator with significant market power in this market. The price cap method was used for setting subscription prices until the end of 2011. At the end of 2011 the monthly subscription for a PSTN connection was at €10.74, for an ISDN PA connection at €14.69, and for an ISDN BA connection at €243.23. The new decision will ensure a gradual price increase.

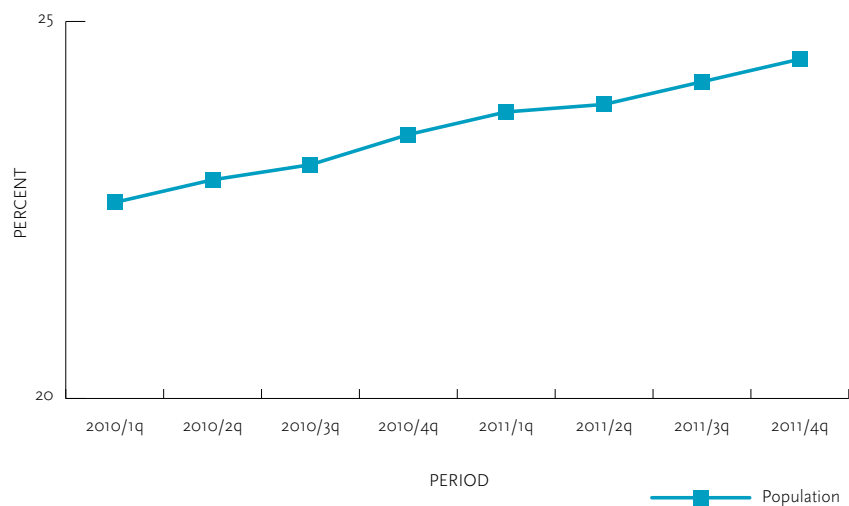
The Agency selected Deloitte through a public tender to calculate the price cap for PSTN, ISDN BA and ISDN PA connections, as well as VoIP connections for the period through and including 2015. Price cap is a method whereby prices are regulated by limiting their annual increase or decrease in order to protect consumers from excessive retail prices. The main advantage of price formation with the price cap method is efficiency of service management, as the operator has a strong incentive to decrease costs.

In the wholesale relevant market 3 “Call termination in individual public telephone networks at a fixed location”, Amis, In.life, Telemach, Tušmobil, and T-2, based on the decisions of 2008 and in accordance with pricing obligations as operators with significant market power in this market, began using the symmetric price of €0.0095 for call termination in their public telephone networks at a fixed location as of 1 January 2011. The call termination prices of these operators at the wholesale level are thus equal to Telekom Slovenije’s lowest calculated price for call termination, which was calculated on the basis of the Agency’s own model, based on the Long Run Incremental Cost (LRIC) method and “bottom-up” principle, also on the grounds of a 2008 decision, which also assigned Telekom Slovenije the status of an operator with a significant market power.

### 3.4 Broadband Access Market

The European Commission’s digital agenda proposes seven goals for achieving adequate information society development, which also include access to fast and ultrafast internet, digital literacy, and accessible online services for all citizens. The search for opportunities to invest in next generation networks is reflected in the growth of broadband access connections that allow the provision of internet, IP telephony, IPTV, and multimedia services, which are becoming increasingly important for end users.

Graphic 14: Penetration of fixed broadband internet access based on population

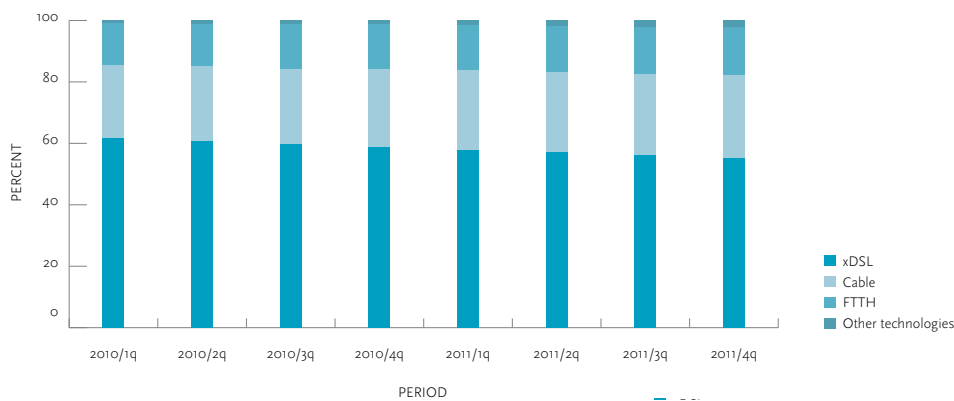


Source: APEK, 2011

According to the research on “Use of electronic communication services and user satisfaction”, 77% of respondents are using internet access for searching for information, 76% use it to read and sent e-mail, and 68% for access to news. Only 39% of respondents use the internet at work.

In Slovenia broadband internet access services are available over a copper network, a coaxial cable network, a fixed wireless network, a mobile wireless network, leased lines, and a fiber optic network. Wireless technologies, especially mobile ones, are increasingly gaining in popularity, as constantly improved standards provide increasing transfer speeds.

Graphic 15: Movements of shares of fixed broadband technologies

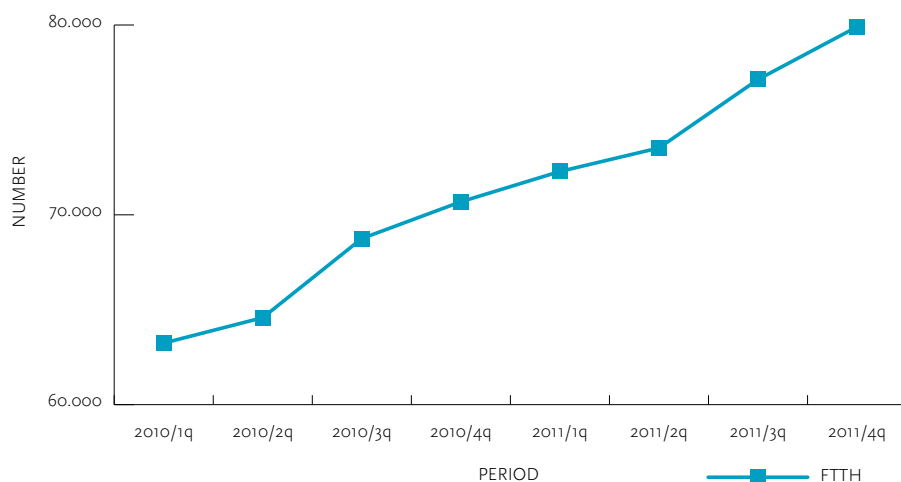


Source: APEK, 2011

	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
xDSL	61,8	60,8	59,6	58,6	57,8	57,1	56,1	55,3
Kabelski modem	23,6	24,3	24,7	25,5	25,8	26,1	26,3	26,8
FTTH	13,6	13,8	14,5	14,7	14,8	15,0	15,6	15,9
Ostale tehnologije	1,0	1,1	1,1	1,3	1,6	1,9	2,0	2,1

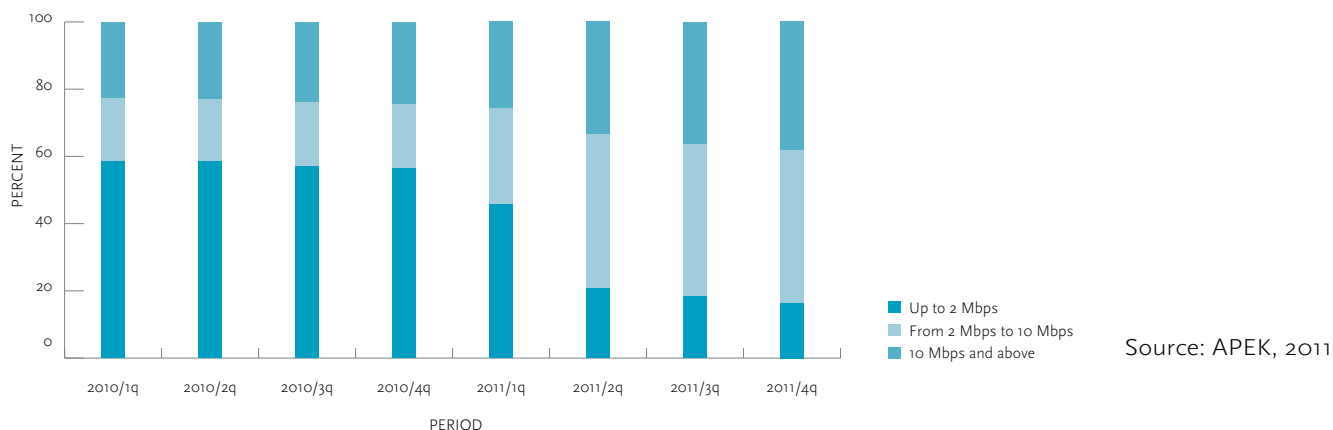
Broadband access at a fixed location is still most commonly provided through xDSL technologies utilizing the public telephony network's local copper loops, or through cable networks. The use of optic fibre is increasing, and due to the planned requirements of HD video transfer and TV channels, high graphic qualities of internet gaming, and the expected development of 3D technology, this is undoubtedly the preferred next generation network technology.

Graphic 16: The growth of the number of fiber to home (FTTH) connections



Source: APEK, 2011

Graphic 17: Shares of fixed broadband internet access by access speed



Source: APEK, 2011

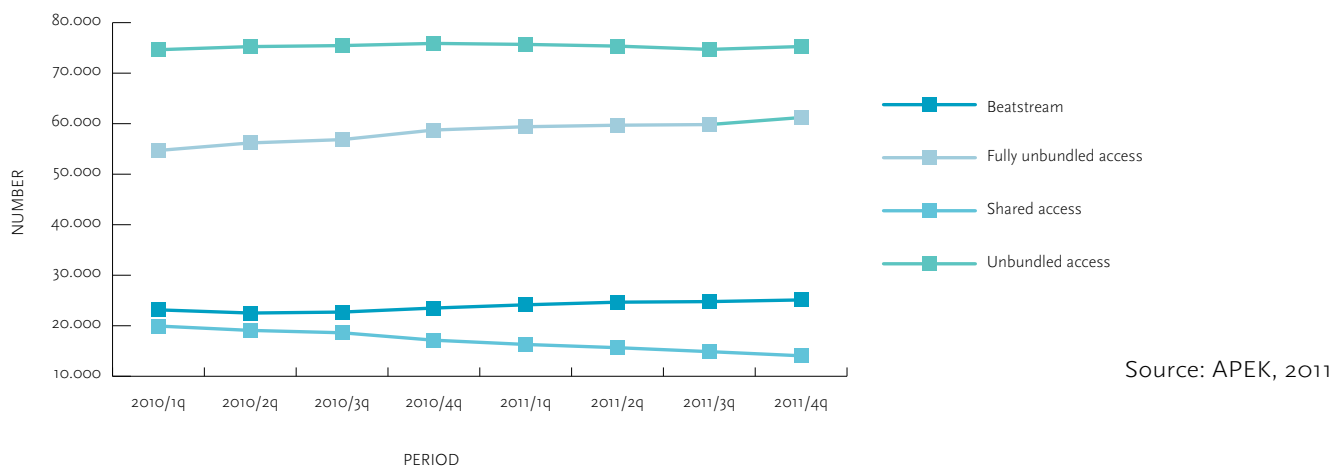
	2010/1q	2010/2q	2010/3q	2010/4q	2011/1q	2011/2q	2011/3q	2011/4q
do manj kot 2 Mbit/s	58,6	58,4	57,0	56,4	45,8	20,8	18,3	16,4
2 Mbit/s do manj kot 10 Mbit/s	18,8	18,6	19,2	19,3	28,6	45,8	45,3	45,5
10 Mbit/s in več	22,6	23,0	23,7	24,3	25,6	33,5	36,4	38,1

The increase of broadband internet access speeds were significantly influenced by some operators' promotions, which raised their end users' internet access speeds for free, with regard to their price plans.

Based on the Agency's regulatory decision, operators have broadband access to Telekom Slovenije's cop-

per and optic fibre networks by individual connections. This allows operators who do not have their own networks, or have only partially constructed them, to provide broadband services to their end users on the whole area of the country. The competition in the retail market brings a greater option of choice to end users regarding the type, quality, and price of services.

Graphic 18: The number of broadband connections by access type



Source: APEK, 2011



### 3.4.1 Market Regulation

At the end of March 2011, based on the previously conducted relevant market <sup>4</sup> analysis “Access to the (physical) network infrastructure with shared access or fully unbundled access at a fixed location (wholesale market)” the Agency issued the decision<sup>2</sup>, with which it designated Telekom Slovenije as an operator with significant market power in this relevant market, imposing on it the following obligations: the obligation of allowing operator access to certain network capabilities and their use, the obligation of non-discrimination, the obligation of transparency, the obligation of price control and cost-based accounting, the obligation of separating accounting records. This allows even operators without their own optic fibre networks to offer end users the most advanced services in the retail market through the fiber optic network. Optic fibre networks provide greater transport capabilities and, consequently, also a higher quality of service.

The Agency included the optic fibre infrastructure along with the copper infrastructure in defined relevant market, especially because of the upgrades to the existing copper access infrastructure with optic fibre, and because of the technological similarity of services that can be provided through both types of access, and with the aim of preventing Telekom Slovenije from once again monopolizing access to the network and pushing the competition from the market through a gradual upgrade of the copper network with fiber optics.

In accordance with said regulatory decision, Telekom Slovenije is now obligated to provide access to the local copper loop, sub-loop, and local optic fibre loop, in house wiring, optic fibre splitter, ducts, sewers, and dark fiber and active Ethernet (or other type) of connection, all within the scope of allowing operator access to certain network capabilities and their use.

The Agency aims through these imposed price control and cost-based accounting obligations to once more stimulate investment, especially in the construction of

fiber optic networks, which are the main driver of development of the electronic communications market. That is why the Agency has decided, within the scope of price control and cost-based accounting, to maintain the cost methodology of long run incremental cost (hereinafter: LRIC) for access to the copper access network and that the cost methodology LRIC is also imposed for optic fibre access network services, together with the margins squeeze prohibition price method. Hence, on the basis of its own LRIC method for access to the copper access network, the Agency issued a decision setting the price for fully unbundled access and the price for shared access, while imposing on Telekom Slovenije to set prices for access to the optic fibre access network based on its own costs in accordance with the LRIC methodology. The Agency also decided that the price of other services charged for providing access to the copper or fiber optic access network is to be set based on the LRIC cost methodology.

Based on the Agency’s aforementioned regulatory decision, Telekom Slovenije began allowing alternative operators access to its optic fibre network, which is already in use by Amis, which began marketing broadband services through Telekom Slovenije’s optic fibre network in the second half of the year. Some other smaller operators also began providing their services through Telekom Slovenije’s optic fibre network.

Along with the analysis of access to the network infrastructure, the Agency also carried out an analysis of the relevant market <sup>5</sup> “Broadband access (wholesale market)”, and discovered that Telekom Slovenije is also an operator with significant market power in this relevant market. In May 2011 the Agency issued the decision<sup>3</sup>, with which it designated Telekom Slovenije as an operator with significant market power in this relevant market, imposing on it the following obligations: the obligation of allowing operator access to certain network capabilities and their use, the obligation of non-discrimination, the obligation of transparency, the obligation of price control and cost-based accounting, the

<sup>2</sup>[http://www.apek.si/sl/izrek\\_odlocbe\\_za\\_upostevni\\_trg\\_4](http://www.apek.si/sl/izrek_odlocbe_za_upostevni_trg_4)  
<sup>3</sup>[http://www.apek.si/sl/izrek\\_odlocbe\\_za\\_upostevni\\_trg\\_5](http://www.apek.si/sl/izrek_odlocbe_za_upostevni_trg_5)

obligation of separating accounting records.

The Agency also included access to Telekom Slovenije's optic fibre network into this relevant market. The reason for such a decision is the fact that in the event of a unregulated optic fibre network and of the replacement of copper loops with fiber optics, such actions of an operator with significant market power might once again lead to the position of a natural monopoly, as the operators that have already invested in bitstream access could remain without access to their end users.

Telekom Slovenije's offer of wholesale services follows the "investment ladder", meaning that operators that invest the least in the beginning use the backbone IP/MPLS network of Telekom Slovenije, or can also connect at the BRAS level, while it would also be possible to connect directly to individual DSLAMs. This might lead to a transition of local loop unbundling through leasing a shared location and to lease of a full frequency band of a local loop (fully unbundled access), or just a part of this band (shared access). The imposition of the obligation of bitstream access on Telekom Slovenije allows offering broadband voice and IPTV services also to operators just entering the market that do not yet plan to invest in infrastructure, or that do not have plans for duplicating infrastructure in their business plans.

With the issue of this decision the Agency imposed on Telekom Slovenije the obligation of "retail price minus" price control for setting the wholesale price for monthly lease of a broadband access virtual channel, while also imposing the obligation of margin squeeze prohibition for broadband access price plans. The agency also imposed on Telekom Slovenije the obligation of cost-based accounting according to the LRIC methodology for supplemental services which allow other operators to efficiently conduct broadband access services (especially connections to their own devices), and imposed for the interim period (i.e. until 1 September 2011) the obligation of cost-based pricing for these services. Also with this decision the Agency imposed the obligation

of cost-based accounting based on the LRIC methodology for all other services in the provision of broadband access services.

### **3.5 Leased Lines**

Network operators, service providers, and other organizations use leased lines as the basic transport infrastructure on which their services are built, while enterprise users use them as a mean of connecting their subsidiaries across the world and for transferring internet voice and data information. Leased lines are a type of electronic communication capacity that enables the user to have a transparent transfer connection and set data transfer speed, which, depending on the user's requirements and the technology used, allows transfer speeds from 64kbps up to 2.5Gbps between network connection points without the function of automatic routing commutation, which should be available to the user as part of the functions of the leased line. Depending on the technology used and the transfer medium, leased lines are divided into analog and digital. Analog leased lines, which are realized through the use of twisted copper pairs and modems representing the active communication equipment, allow for low transfer speeds and are primarily used for transferring voice. Digital leased lines are realized through PDH, SDH or Ethernet transport protocols.

One of the types of leased lines are access parts of the leased line, which are the part that runs from the operator's location (or its network) to the end user (last mile). Access parts of leased lines may also be partial circuits or partial lines, which are the connection between the users premises and the interconnection point of the connection of another (alternative) operator in the main operator's node. Partial lines are treated as a special type of carrier leased lines that an alternative operator can use for providing services to end users. They consist of the access part (connecting the user with the main operator's first node) and a segment of the backbone network (connection between the main operator's nodes).

Operators that want to provide data transfer services require appropriate bandwidth for this data transfer. For this purpose they lease access parts of leased lines in the wholesale market, which may be provided through various types of infrastructure, such as the copper access network, the cable network, the optic fibre network, or a wireless network. Lately operators are increasingly also using the Ethernet network, which is currently among the most popular technologies for constructing local networks.

Ethernet's simplicity and support for great transfer speeds is making it the transfer communication technology of the 21st century. It is a characteristic of Ethernet that it is not a synchronous transport protocol and that it does not allow for predictable transport characteristics such as for example SDH (Synchronous Digital Hierarchy). Ethernet is a family of network technologies, which includes traditional Ethernet, Fast Ethernet, and Gigabit Ethernet. Ethernet's data speed depends on the medium used (twisted copper wire/ optic fibre), and scales from 10Mbps (Ethernet), all the way to several tens of Gbps (Gigabit Ethernet). The basic unit of Ethernet is a frame, which has a nearly identical structure for all Ethernet speeds, from 10Mbps to 10Gbps. With the fast development of technology, broad deployment, and, especially, affordable pricing, it is lately becoming the standard technology for constructing high-throughput urban networks. With the arrival of 10Gbps Ethernet technology, Ethernet is becoming an increasingly strong competitor to traditional leased lines.

### **3.5.1 Market Regulation**

In 2011 the Agency once more conducted an analysis of the relevant market for leased lines, which was put into public discussion in December 2011. The analysis showed that Telekom Slovenije still has significant market power in this relevant market.

Regarding the aforementioned presence and importance of Ethernet, and considering the fact that the change of the regulatory framework extended the technologically neutral name of the analyzed relevant mar-

ket, the Agency included access parts of leased lines and Ethernet in the relevant market.

Within the scope of said analysis, the Agency proposed imposing on Telekom Slovenije obligations ensuring efficient competition in this market: the obligation of allowing operator access to certain network capabilities and their use, the obligation non-discrimination, the obligation of transparency, the obligation of price control and cost-based accounting, the obligation of separate accounting records.

After the public discussion is concluded and the administrative procedure is completed, presumably in the first half of 2012, the Agency will issue Telekom Slovenije with the regulatory decision in this relevant market.

### **3.6 Television**

Because of its popularity with end users, television has spread to the transfer paths of modern technologies. End users increasingly expect providers to offer dynamic channel selections, high-quality and reliable broadcast, and advanced additional services. The arrival of digital and IP television also made it possible to broadcast programs in high resolution, as well as other services, which further improve the user experience.

The development of television is also spurred on by the fact that the culture of watching television is changing. Users have a growing selection of options of access to news and current information (television, newspapers, internet, social networks...) they are interested in. This is making internet an increasingly popular source of news and entertainment. At the same time users also have a decreasing amount of time, so they manage it more rationally by finding the most appropriate source of desired content in accordance with their needs and interests when they have time. This way they decide where, when, and how they will access content. Because of the fast pace of life and the consequent lack of free time, they also set their own time for watching movies, entertainment shows, sporting events, and similar. Digital television operators are keeping up with

this by providing interactive options like video on demand, the option to record programs, time shift service, and similar.

### **3.6.1 Market Regulation**

The Agency has been regulating the wholesale market of terrestrial broadcasting since 2006. The regulation of the wholesale market of analog terrestrial broadcasting of content to end users was expanded in 2008 to the digital terrestrial broadcasting of content, as it was demanded by the switch over to digital terrestrial broadcasting of television channels, which completely replaced analog in 2011. In this market an analysis found and a regulatory decision designated the RTV Slovenija public institute as an operator with significant market power, which has been imposed obligations of ensuring access to broadcasting services, and access to transmission infrastructure, the obligation of non-discrimination, the obligation of transparency (including publishing a reference offer for operator access), the obligation of price control and cost-based accounting, and the obligation of separate accounting records. Pricing regulation is based on fully allocated costs historic cost accounting model (FAC HCA).

Based on said Agency decision the MUX-B operator Norkring was allowed to access locations and transmission infrastructure of RTV Slovenija public institute under regulated conditions, for broadcasting TV channels through their own MUX-B, while it also allowed TV channels to use the capacities of MUX-A, which is managed by TV Slovenije public institute under regulated conditions.

In the 2011 action plan the Agency also included a repeat analysis of the relevant market, but the regulation of the relevant market must wait for the conclusion of the supervision procedure regarding the accuracy of the set prices for the operator with significant market power. The Regulatory Framework of 2009 does not longer predict ex ante regulation for this relevant market, hence the three criteria test will have to be con-

ducted at the beginning of the regulatory procedure, to show whether the market regulation is still necessary.

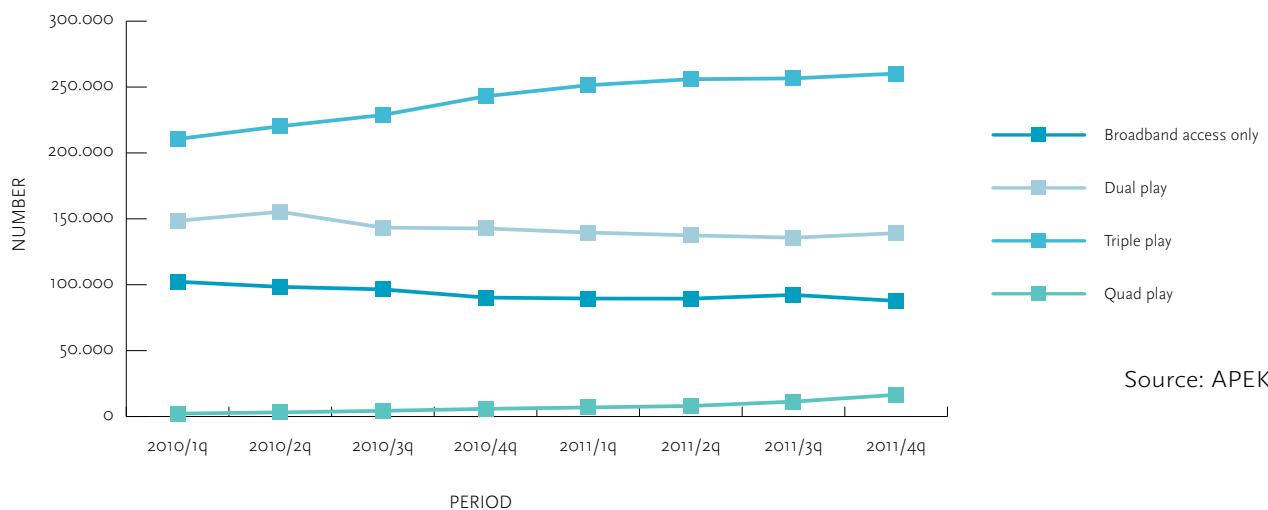
### **3.7 Service Convergence**

In 2011 it was possible to observe the continuation of the trend of convergence in the electronic communications market. In general, convergence means the convergence of existing networks for transferring voice, data, and radio broadcast content. Network convergence is accompanied by the integration or blending of services and both also represent one of the most important trends in the global development of electronic communications. New services and products emerged on the market under the effect of convergence, while existing services are being upgraded to be more accessible to the widest range of end users who are aware of the advantages that the convergence of new technologies brings, a fact which creates an increase in market demand. Operators also responded to convergence, investing considerable effort in developing new technologies and services, which has on the one hand been done in response to increased demand, and on the other in response to their desire to reinforce their technological and economic position.

Services convergence allows operators to offer so-called "service bundles" to their end users. Both residential and business users, especially small businesses, are increasingly demanding service bundles, largely because of beneficially priced offers from operators, as the price of a service bundle is generally lower than the sum of prices of individual converged services that the operator might offer independently with a set price for each service individually. The subscriber just signs one contract with one operator for a combination of converged services (IP telephony, broadband internet access, television, mobile telephony), and receives just one invoice. Business users see these bundles as a way to lower electronic communication services costs. This makes business operation more cost-effective and successful, as bundles provide different electronic communications services, which may be enhanced by IT solu-

tions and are, at the same time, cheaper in bundles. Fixed telephony, internet, television, and even mobile telephony access services are cheaper in bundles also for residential users, who are struggling to lower their monthly expenditures in these times of negative economic growth. Consequently shares of bundled services are rising, especially for triple and quadruple play. For residential, as well as business users (especially small businesses), bundles are a means of lowering electronic communication services costs.

Graphic 19: The growth in the number of service bundles<sup>4</sup>



Source: APEK, 2011

<sup>4</sup>Bundles of services shown in the chart include subscription services that end users can purchase as a bundle or as a part of an individual service with an operator.

The data shows that the bundle offer is increasingly gaining importance in the market, as it already represents 82.6% of all households. Compared with the end of 2010 the share increased by 1.3 percentage point.

### **3.8 Supervision of the Telecommunications Market**

Within the framework of supervision procedures, the Agency has determined whether the electronic communications services operators comply with the obligations imposed on them by ZEKom and the regulations adopted pursuant thereto, and by the general and individual acts or measures the Agency has adopted. If the Agency, acting through authorized persons in a supervision procedure, determines that a breach of said legal provisions has taken place, it obliges the offender to eliminate the irregularities, and, as the offense authority, issues an appropriate decision in relation to the offense.

In 2011 the Agency continued to exercise supervision over the implementation of obligations imposed by the decisions on the operators with significant market power, the obligation to inform the public about the existence and use of the single European emergency call number '112', the obligation of secrecy, confidentiality, and safety of electronic communications and other obligations imposed pursuant to ZEKom or general and individual acts adopted pursuant thereto.

In 2010 the Agency conducted 245 inspections by official duty, 113 of which were initiated during the reporting period. At the end of 2011, 111 matters were still in procedure. It is necessary to take into account the fact that determining the actual state may often be technically challenging and comprehensive, and that during the supervision procedure ZEKom allows for a 30 day minimum deadline for the company to issue a statement on the matter or to correct the irregularities itself.

In 2010 the Agency conducted a comprehensive procedure of supervision of market 18, during which it inspected and issued a decision demanding correction of irregularities on an operator's pricelist of regulated ser-

vices. Immediately after the conclusion of this procedure the Agency immediately instigated the new procedure of inspecting the operator's new pricelist, which came into force on 1 June 2011. The Agency also conducted a supervision procedure on market 15. It ascertained the correctness of charging for wholesale services for operators who are service providers/resellers by the operator, discovering that the prices are in line with the decision, as they are set so that there is no margin squeeze between prices for wholesale and retail services. At the end of 2011 the Agency instigated another supervision procedure on the same market, during which it checked whether the operator meets all the other pricing and non-pricing obligations that were imposed on it by a regulatory decision. This procedure will be concluded in the beginning of 2012.

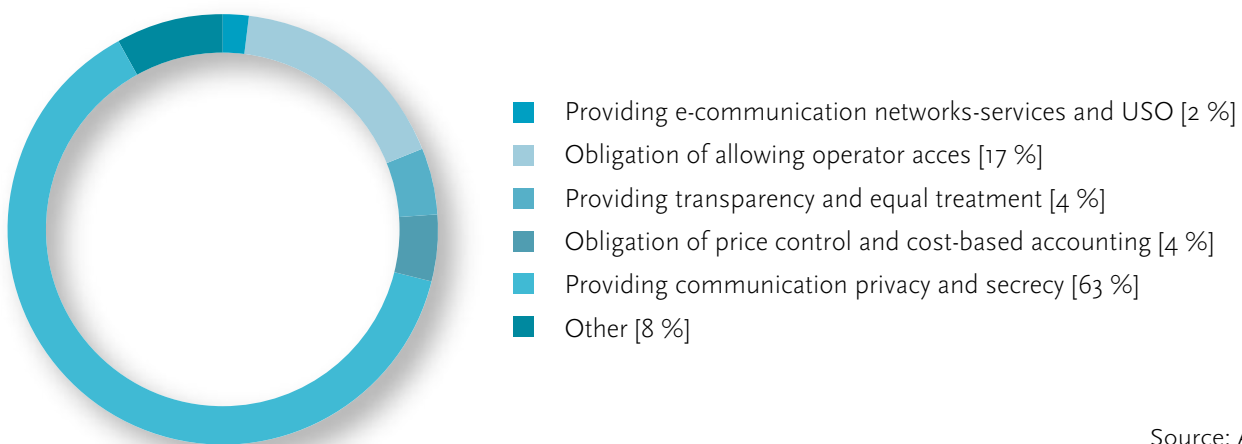
The Agency also placed great emphasis on ascertaining whether or not the obligation of allowing operator access to certain network capabilities and their use on market 11 has been met. In the past year it began the supervision procedure ascertaining in what way and in which time frames the operator is notifying the other operators about fixing errors. It also analyses the deadlines that the operator is achieving for fixing errors, and especially whether illegal discrimination was occurring.

A great many supervision procedures (63%) were from the field of providing secrecy and confidentiality of communications. A greater share of the supervision in this field was based on reports of unwanted communication. An increasing number of reports concern unsolicited or spam mail, with their number drastically growing each year (by 31% compared to 2010). Similar reports come from the Market Inspectorate of the Republic of Slovenia and the Information Commissioner of the Republic of Slovenia, with whom the Agency currently shares jurisdiction in this field. The field of direct marketing is currently regulated by at least four laws, which is creating confusion and is not contributing to legal certainty. It would make sense for achieving legal certainty to regulate direct marketing, regardless of the medium (e-mail,

regular mail, phone...) with one comprehensive law. For this reason important changes to legislation are being prepared, which will give the Agency a more prominent role in solving this issue.

The number of requests for prosecuting the misdemeanor of abusing the emergency number that the police forward to the Agency has also been on the increase. In 2011 there were 18 such reports.

Graphic 20: Telecommunications supervision in 2011



Source: APEK





## ELECTRONIC MEDIA

### 4.1 Radio

At the end of 2011 the Agency conducted a radio listening analysis of Slovenian radio programs and also analyzed their listener structure and thus gathered data on radio program listening for the whole country and by regions, comparing them to previously acquired data. The Agency was primarily looking into listening patterns and listener profiles (gender, age, education), and trends or changes in listening to the radio. The analyses were conducted by two contractors: Valicon and the Institute for market and media research Mediana.

These are the key findings of Valicon's analysis:

- In 2010, 70% of daily radio listeners (estimated 1,080,000 Slovenian residents) were aged between 15 and 75. There are slightly more of these listeners on a weekly basis, about 79% or 1,220,000. The past five years (2006–2010) and the first half of 2011 show a similar picture.
- The demographic characteristics of daily and weekly radio listeners do not vary significantly from the demographic structure of the general Slovenian population aged between 15 and 75, which is a consequence of a high share of the radio audience.
- Among those who do not listen to the radio every day there is an above average share of young people (aged between 15 and 20), and consequently of the school-going population (primary, secondary school and university students), and unemployed persons. Ljubljana stands out in terms of city size, and Gorenjska and Goriška in terms of region.
- The size of daily radio audience varies in different regions. In 2010 Dolenjska had the highest share of the daily audience with 79%, while Goriška had the lowest share at 58%. Between 2006 and 2010 the Gorenjska region has been steadily losing its share of daily radio audience.
- Radio stations are divided into two groups depending on the subject: public and commercial radio stations. In 2010 as much as a half of the Slovenian daily audience aged between 15 and 75 listened to exclusively commercial radio stations. A tenth of the daily audience listen exclusively to public radio stations, while nearly a tenth of the daily audience listen to commercial and public radio stations.
- The share of the daily audience that listens exclusively to commercial radio stations is on the rise (from 42% in 2006 to 51% in 2010). As a consequence, the share of the daily audience of exclusively public radio stations is falling.
- Radio stations also differ in terms of coverage: there are local and national radio stations. In 2010 a bit more than a third of the Slovenian daily audience aged between 15 and 75 exclusively listened to local radio stations. More than a fifth of the daily audience listens exclusively to national radio stations, while a good tenth of the daily audience listens to local and national radio stations.
- On average, the daily audience listens to 3 hours of radio programming a day.
- A good half listens to the radio at home, a bit less than 44% in their car, and 18% listen to it at work.

- Nearly 70% of the whole radio audience listens to the radio every day of the week. Looking at daily values, the audience share is higher on weekdays than during the weekend.
- Nearly 70% of the whole radio audience thinks that the quality of radio content is higher today than it was compared to a couple of years ago.
- Every fourth (25%) radio listener switches to a different radio station during listening.

And here are the key findings of the analysis by the Institute for market and media research Mediana:

- The highest share of listeners among different radio formats is attracted to commercial radio stations, followed by public programs.
- In general, total audience numbers remain similar (they fell somewhat between 2007 and 2009 and then grew back during last two years).
- The reach of commercial radio broadcasters has been constantly growing between 2007 and 2011 (the biggest growth recorded in 2011), and somewhat falling for public radio programs.
- In addition to listening to radio programming on classic radio receivers – a device used by most listeners (96% in 2011), in recent years there has been a rise in the share of the audience listening to radio programming through the internet and on mobile phones.
- Listening patterns in terms of the national and regional level are very similar. The only differences between regions occur in the scope of radio listening. The first listening peaks happen during the morning hours when most people wake up and travel to work or school. At about 8 AM the ratings exceed 20% and remain this high until about 1 PM, after which they drop. The last peak is recorded at around

4 PM when people travel back home. After that the ratings fall steadily until they reach the lowest point at 1 AM, where they remain until the morning hours.

- A bit less than 50% of listeners are male and a bit more than 50% female. The gender structure did not change significantly between 2007 and 2011.
- The age structure of listeners also didn't change much during the last five years.
- The education level of the average listener remained the same between the years 2007 and 2011. The majority (more than half) have completed secondary school, a bit less than a third only have primary school (completed or not), about 13% have some higher education, which corresponds to the educational structure of the general Slovenian population aged between 15 and 75.
- The share of listeners with higher income grew between 2007 and 2011. The share of listeners with lower income (up to €650 per month) amounted to 36% in 2007 and fell to 21% by 2011.

#### 4.1.1 Radio Service Licenses

Based on the Media Act, the Agency handled 21 administrative cases in 2011, all related to radio service licenses, one of which was carried over from 2010 and 20 were new. Nine administrative procedures were launched on demand by different parties and 12 ex officio. The resolution of one administrative case will be carried over to 2012.

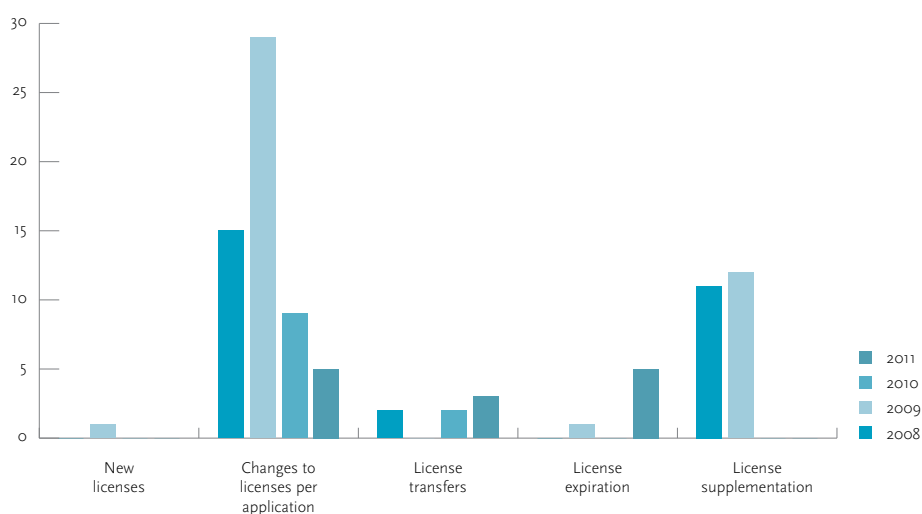
While analyzing the data on issued radio service licenses for 2011 the Agency found a significant increase in the number of radio broadcasters that have ceased to operate, because it issued five declaratory decisions on the cancellation of radio service licenses. This could be caused by poor economic circumstances.

The number of applications for changing the li-

censes also dropped somewhat in 2011. These were mostly changes to radio service licenses where the core program requirements have not changed significantly.

At the end of 2011 Slovenia had 73 radio broadcasters with a total of 94 radio service licenses.

Graphic 21: Radio service licenses issued in 2008, 2009, 2010, and 2011



Source: APEK, 2011

#### 4.2 Audiovisual Media Services

There were many core changes in the field of audiovisual media services that are noticeable on the level of user experience, as is reflected in many studies. These show changing trends in terms of watching television and imply that we might soon be exposed to a series of new media practices. Legislation must also adapt to these changes.

The Audiovisual Media Services on Demand Act (ZAvMS) was adopted in November 2011, which brings the Directive 2010/13/EU of the European Parliament and of the Council on the Coordination of Certain Provisions Laid Down by Law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) into the Slovenian legal order. This Act implements the Audiovisual Media Services Directive that is supposed to remove the obstacles

for establishing a unified European market.

The adoption of ZAvMS also increases the competencies of the Agency in the field of electronic media because it was granted the competency to independently regulate and supervise the implementation of the Act. ZAvMS brings an important new feature, namely the extension of regulation to nonlinear media, i.e. audiovisual media services on demand. This means that the Agency will also supervise the programming requirements and limitations of these media, and at the same time it must also adopt a general act that would regulate the system of notification for audiovisual media services on demand, and also keep the official register of all providers of audiovisual media services on demand. The Agency is now also obliged to keep an official register of all owners of television service licenses.

The Act also introduces a yearly fee based on the valid television service license or the official register of providers of audiovisual media services on demand. This fee will cover the costs incurred by the Agency in exercising its obligations according to ZAvMS.

The Agency is currently working on preparing executive acts according to ZAvMS that will step into force in 2012. In accordance with ZAvMS it must organize inspection control for providers of audiovisual media services and content in electronic media, to which it must also adapt all of its resourcing and technical capabilities, which will have to increase due to additional regulation and supervision of audiovisual media services on demand. This is the only way of providing efficient measures and, if necessary, possible proposals for adjusting the legislative frameworks to developments in the field of audiovisual media services.

According to the research by AGB Nielsen Media Research, the television sets in Slovenia keep getting younger, i.e. a bit less than 37% television sets in Slovenia in 2011 were older than five years, and at the same time the number of households without a television set is also dropping and is now at 0.4 percent. Modern technologies thus provide users with access to new and alluring ways of following TV programs. Today's "smart TV sets" are becoming the central communication element that allows users to watch classical TV, access content on demand, and access internet content, while many different applications also provide them with the possibility of instant communication with their families and friends. Technology itself is thus responsible for changing the concept of watching television. The research data clearly shows that the growth of digitalization in the Slovenian television sphere was extremely high in 2011, at a whopping 86 percent.

The steepest growth was recorded in the numbers of IP TV users (compared to the drop in satellite TV and digital terrestrial TV; cable TV had less of a drop) as this type of TV signal broadcasting covered 40% of households in 2011. Most of its users are younger than 50. On the other hand, users of digital terrestrial TV are mostly older.

The number of potential users of all services, offered by "smart TV", is thus rapidly growing (while taking into account that 2011 also saw a drop in watching television on computers with internet access). Nevertheless, the habitual ways of watching TV are slower to change, and this is why advantages of IP TV, like recorders, content on demand, etc. still represent only a 0.02% share of the methods of watching TV, while the major share (92.88%) remains with linear TV watching.

Television presents an important lifestyle segment, which is also illustrated by the fact that the average Slovenian dedicates more than three hours of every day to watching TV. In spite of that, this places Slovenia at the bottom of the chart (in the same group as Serbia, Macedonia, Hungary, USA, Greece, Croatia, Poland, Italy, UK, Turkey, Ireland and others). The majority share of audience consists of people older than 55 years, while people aged between 15 and 34 years reportedly watch TV the least. An interesting piece of information that the Agency will also take into account in planning controls for the future is the fact that the share of TV watching throughout the day has recently been growing (also, the major part of audience after 9 PM consists of people with higher education).

Even though, as already mentioned, the habits of Slovenian viewers change rather slowly, in the future they will face a different user experience when they have access to many different types of content through their TV sets that will no longer

be like the classic TV. Based on the data from the above mentioned analysis, 70% of all TV sets are located in the living room, and that means that a lot of unregulated content from the internet will be widely accessible to a broad audience, even the most vulnerable groups of viewers. This is why the role of the media policy creators will reflect the tendency to provide the appropriate measures that will maintain a clear divide between linear, non-linear, and internet content i.e. regulation in the classical sense of the word, and content that so far has not been regulated.

#### 4.2.1 Television Service Licenses

Based on the Media Act, the Agency handled 27 administrative cases in 2011, all related to Television service licenses. Twenty administrative procedures were launched on demand by different parties and 7 by the Agency by its official duty. The resolution of three administrative cases will be carried over to 2012.

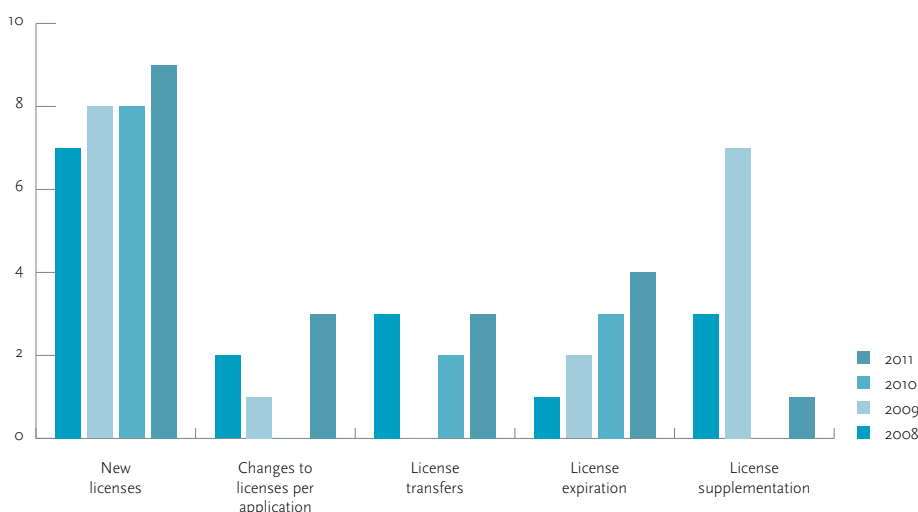
In analyzing the data on issued television service licenses the Agency found that in 2011 the trend of growing numbers of TV programs in Slovenia continued, because the Agency issued a number

of licenses (7 licenses) just below the number from the previous year (8 licenses). This means that even though four TV programs ceased to broadcast, the overall number of programs is actually growing.

In 2011 the Agency issued four declaratory decisions on canceling television service licenses. It also noticed the trend of growth in terms of canceled TV programs either due to financial downturn of recent years or for other reasons. The number of applications for changing licenses grew in 2010. Consequently, more new, changed television service licenses were issued. These instances were changes to television service licenses where the core program requirements have not changed significantly. One changed television service license was issued with additional program requirements that derive from program requirements of individual public calls for granting radio frequencies to conduct digital broadcasting.

At the end of 2011 Slovenia had 66 TV program broadcasters, who together had a total of 85 television service licenses.

Graphic 22: Radio or television service licenses issued in 2008, 2009, and 2010



Source: APEK, 2011

As before, the Agency found in 2011 that the owners of radio or television service licenses do not always report changes to information regarding the license owner or name of the program, which can lead to inaccurate data on licenses.

### **4.3 Media Classroom**

The “Media classroom” project was designed as a series of lectures on media and information-communication services. The Agency occasionally invites Slovenian and foreign experts who are willing to introduce the theoretical groundwork to Agency employees and the interested public, and discuss the issues related to Agency’s operations.

#### **4.3.1 Media and the Public Sphere in the Time of Globalization**

The introductory lecture for the Media classroom project was held by Dr. Slavko Splichal, professor at the Faculty of Social Sciences and a member of SAZU. The lecture “Media and the Public Sphere in the Time of Globalization” was aimed at a modern thematization of questions arising from a wider circle of Agency’s competencies.

#### **4.3.2 EU Policy and Regulation of Technical Platform Services**

The second lecture introduced the EU policy with regard to the regulation of supporting services of technical platforms for digital television. The lecture titled “EU Policy and Regulation of Technical Platform Services” was held by Dr. Kristina Irion, professor at the Central European University in Budapest, who is mostly involved in regulation and policy in the field of audiovisual media and electronic communication, and issues in relation to protection of privacy and personal data. In the lecture, she focused on different approaches to regulating technical platform services for television programs, like appli-

cation programming interfaces (API), systems of conditional access (CA), and the electronic program guide (EPG) that are enabled by the video distribution platforms.

#### **4.3.3 Recommendation for Protecting Children and Adolescents from Potentially Harmful Program Content**

At the end of 2011 the Agency ordered the recommendations for protection of children and adolescents from potentially harmful program content. It chose the offer made by the Faculty of Social Sciences with Dr. Karmen Erjavec as the head of the project. Potentially harmful program content usually refers to violence and pornography, which is why these recommendations mostly contain instructions for parents on what they can do to protect their children from potentially harmful program content.

### **4.4 Expert Supervision of Radio and Television Programs**

Based on the Media Act, the Agency conducts expert supervision of radio and television programs with regard to the provisions on advertising, obligatory own production, quotas for Slovenian music, programs of special importance (local, regional, student), and on program requirements deriving from radio or television service licenses. TV programs are monitored for broadcast shares of audiovisual content (Slovenian, European) and whether they observe the provisions on child and adolescent protection from potentially harmful content.

The agency handled 70 supervisory procedures based on the Media Act in 2011, and resolved 60 of them. The following text contains the conclusions of supervision by separate fields.

#### **4.4.1 Advertising Content**

A good part of the Agency’s attention in 2011

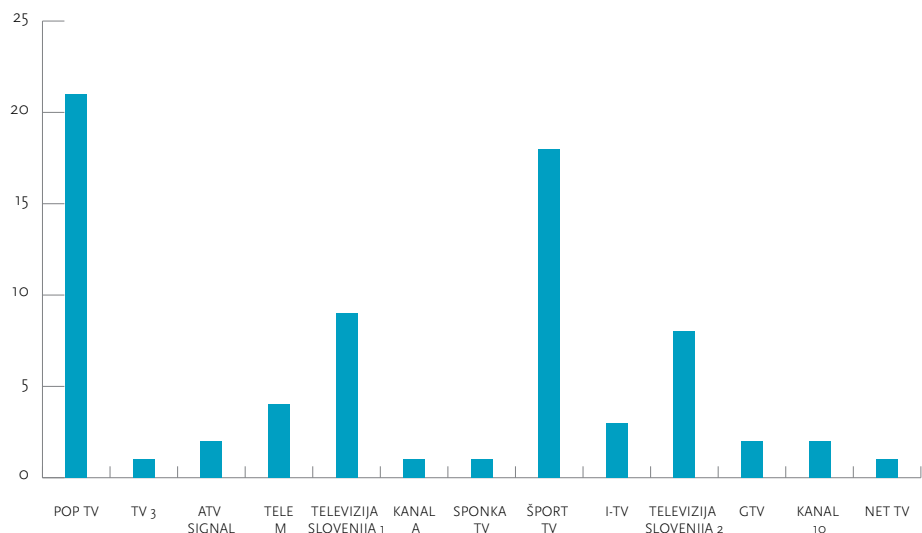
went to supervising the restrictions of advertising in television programs. The observance of provisions on television advertising was supervised in 33 procedures, and in 23 of those the Agency found violations; it then issued its decisions together with a warning and a deadline by which the violations should be remedied. In all cases but one, which escalated to an administrative dispute on the issuer's part, the Agency reported the violations to the Culture Inspectorate of the Republic of Slovenia and submitted the proposals for launching the offense proceedings. In five cases the Inspectorate notified the Agency that, based on its proposals, the issuers received decisions regarding the offenses and were also issued a fine.

In conducting the expert supervision of the observance of provisions on advertising in television programs, the Agency focused on prime time (between 6 PM and 11 PM) and issued 11 decisions on found violations, nine of which also included an excessive amount of adverts per hour. In two cases it supervised the observance of advertising provisions in entertainment shows and found violations in the lack of distinction between advertising content and regular program (advertising banners were displayed during the show). In other cases the Agency supervised only the scope of adverts per hour and issued 10 decisions on found violations, which means a total of 19 cases of violations related to the scope of adverts per hour. Out of all of the Agency's supervised provisions, the provision on restricting the amount of advertising per hour was violated the most.

In 13 different television programs the Agency found 73 cases where the restriction of advertising per hour was exceeded, and in 8 programs it found 486 violations where the advertising content was not clearly distinguished from other content.

The data shows that the violations of restrictions on advertising per hour (20% per hour) most often occur in programs that have the largest advertising share on the market.

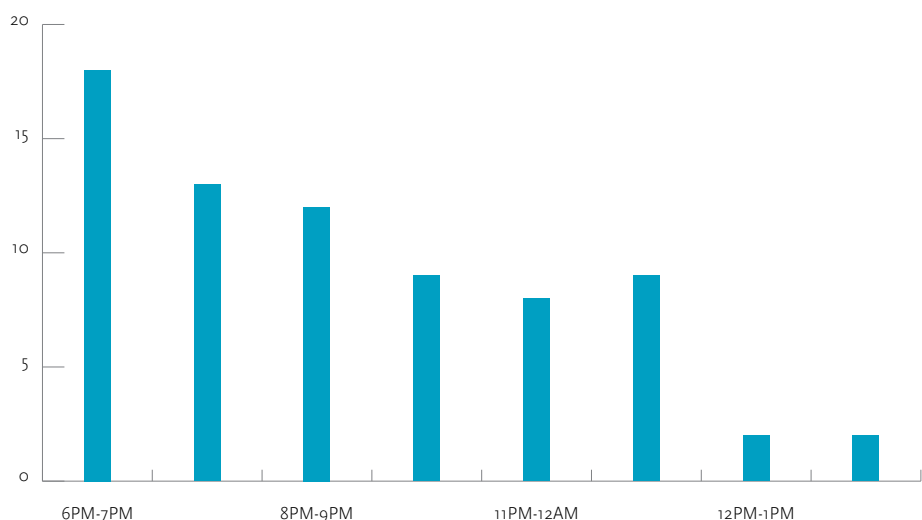
Graphic 23: Violations of the restriction on the hourly share of adverts by individual programs



Source: APEK, 2011

The data on the number of violations of the hourly advertising share show that most violations occurred during prime time, i.e. before and during the daily news between 6 PM and 8 PM, followed by the prime evening slot between 8 PM and 10 PM.

Graphic 24: Violations of the restriction on the hourly share of adverts by hours

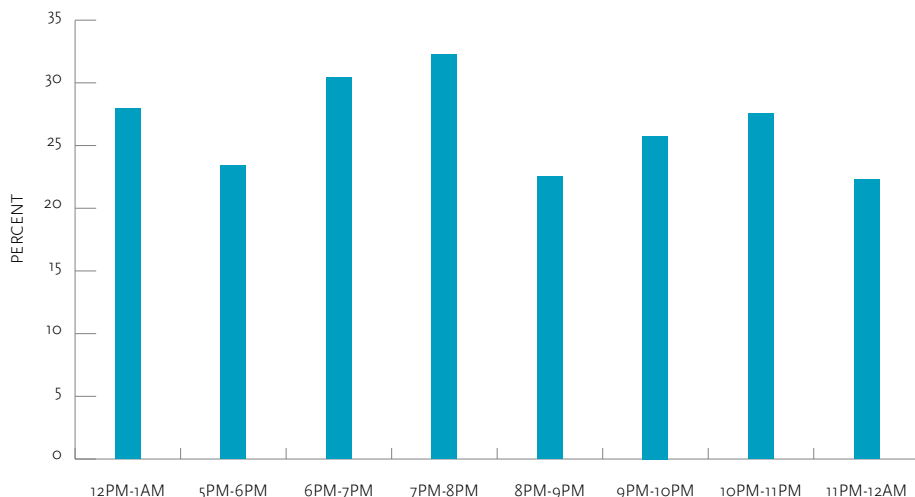


Source: APEK, 2011

The average exceeded share of adverts per hour occurs during prime time and coincides with the time of day during in which there are also the most violations of exceeding the hourly restriction, i.e. between 6 PM and 8 PM. The highest average exceeded share of adverts per hour (30% or more) present a breach above 50% of the legal restriction (20%) and shows great pressure from advertisers on these time slots.



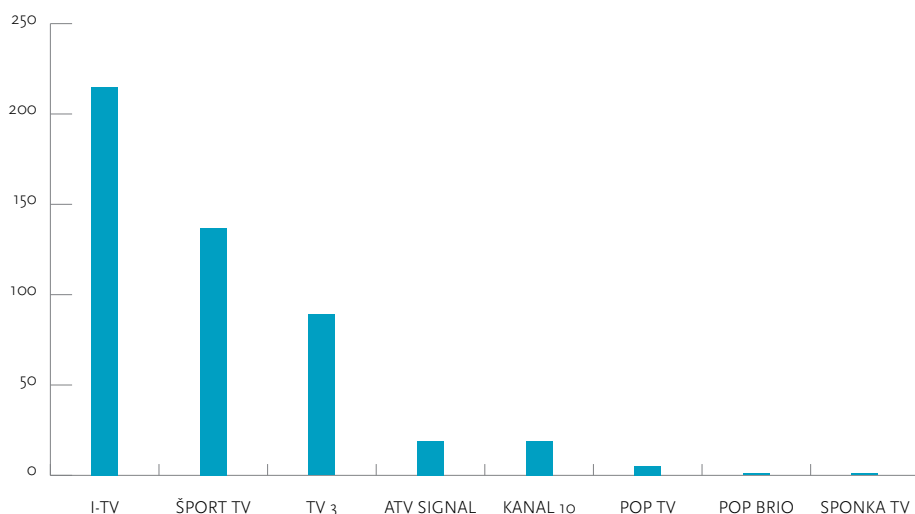
Graphic 25: The average exceeded shares of adverts by hours



Source: APEK, 2011

Among the supervision procedures the Agency also found many instances of placing advertising banners directly into usual content, which is not allowed. The law clearly states that advertising and normal program content must be clearly distinguished and not broadcast in combination (one during the other). Because the banners were in most cases displayed during the entire program, there is a high number of violations.

Graphic 26: The number of violations of the provision on distinguishing advertising content from other broadcast content by individual programs



Source: APEK, 2011

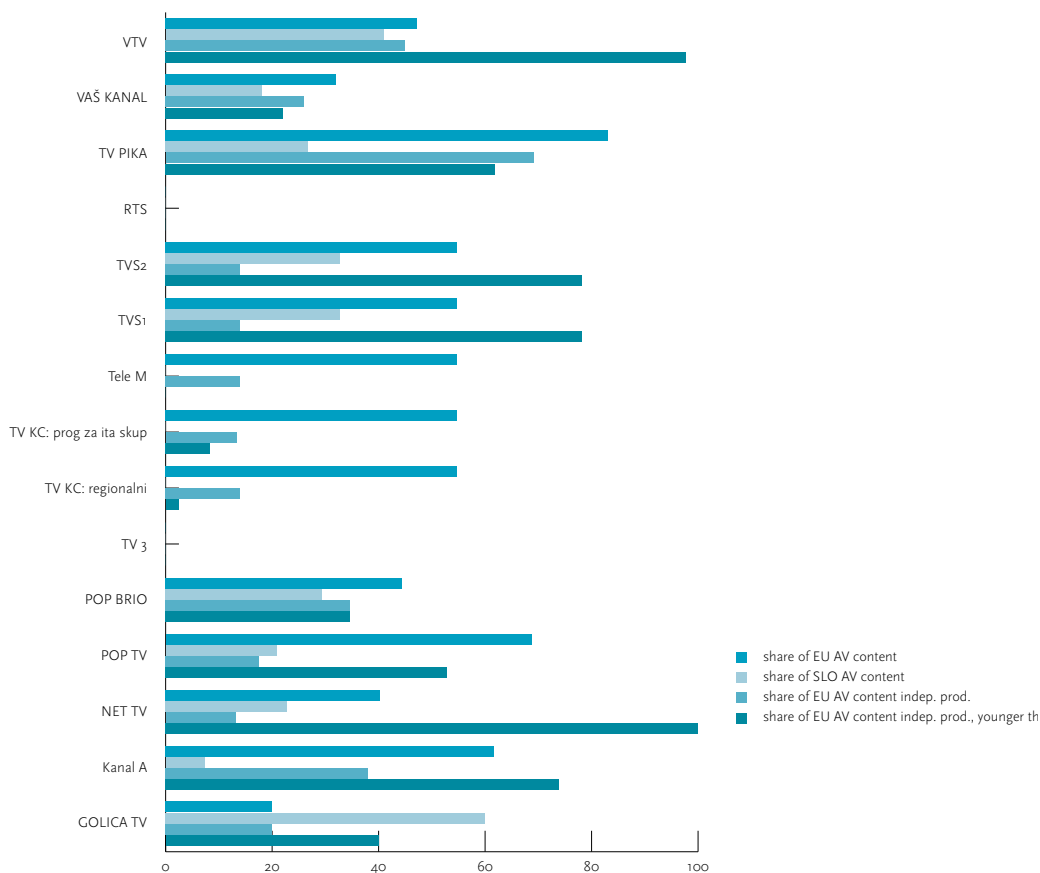
#### 4.4.2 Audiovisual Content

The issuers of television programs are obliged to submit to the Agency by the end of February a report containing the realized ratios of Slovenian and European audiovisual content for the previous year. Some issuers are exempt from this because, according to the guidelines by the European Commission, the Agency does not conduct expert supervision for issuers whose programs belong to sports or news programs, or programs entirely dedicated to advertising, TV sales and games, or the programs have a local status and are not part of the national network. The Agency also excludes from reporting the programs that do not reach above 0.3% of the average share of audience (provided that

these shares in total do not exceed 10% of the audience).

As is evident from the following chart, all issuers have fulfilled the minimum share of European audiovisual works, i.e. 20% of the annual broadcast. The minimum share or 25% of the annual broadcast was also realized by RTV Slovenia. The chart below also shows that issuers fulfilled the requirement for a significant or at least a 2% share of Slovenian audiovisual content in their broadcast throughout the year and thus also fulfilled the legal requirement that they must try to realize at least a 10% share of European audiovisual content by independent producers per year.

Graphic 27: Broadcast shares of Slovenian and European audiovisual works in television programs in 2010 as reported by the issuers



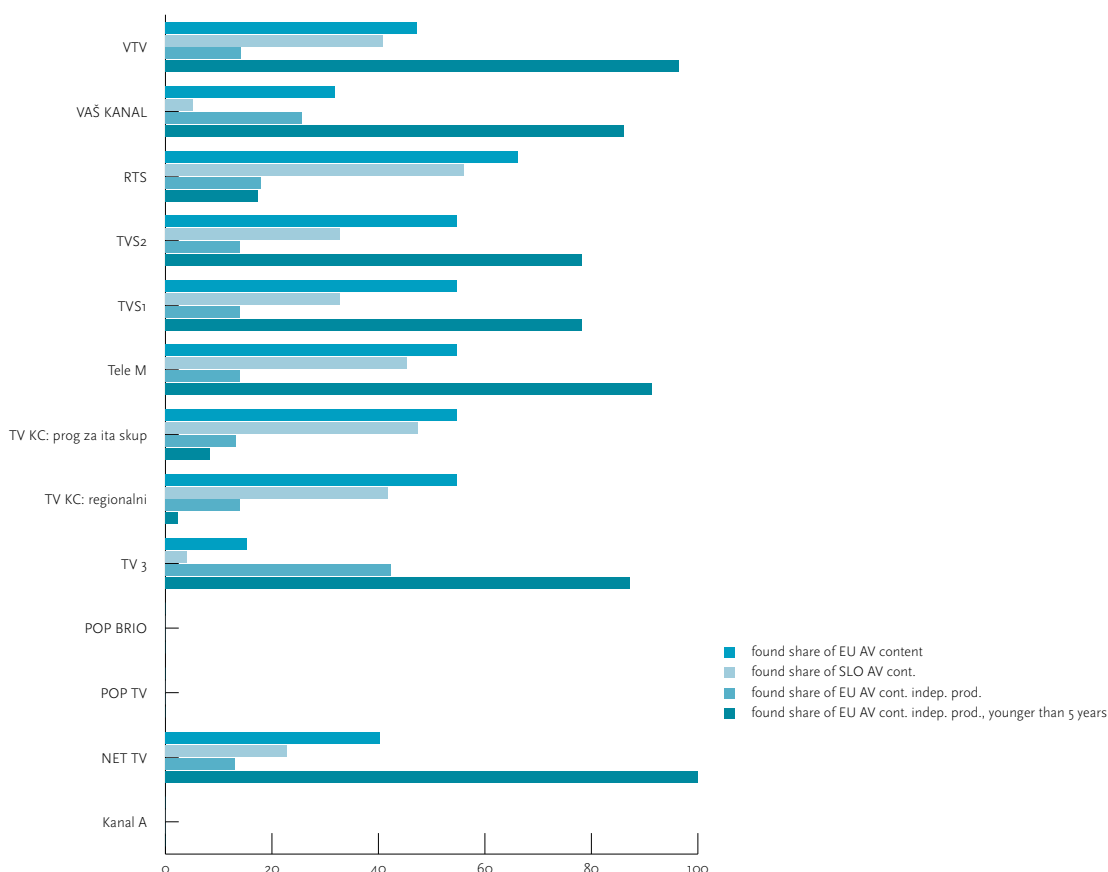
Source: APEK, 2011

In 2011 the Agency launched 10 cases of expert supervision of public service programs, programs with the status of regional program of special significance, and programs with the largest audience share, in which it examined the data stated by issuers in their annual reports. It has to be noted that the Agency did not receive the required itemized data on broadcast audiovisual works for 2010 from the issuers of POP TV, Kanal A, POP BRIO, and TV Paprika, and it therefore could not exercise its expert supervision and consequently stopped the procedures.

In all remaining instances of expert supervision the Agency established that in 2010 the issuers followed the legal provisions and broadcast sufficient shares of Slovenian audiovisual content,

Slovenian audiovisual content by independent producers, European audiovisual content, and European audiovisual content by independent producers, and suitably increased the required shares in comparison to the year before (VTV), or the Agency with the approval of the Ministry of Culture found the issuer's reasoning for not realizing the required shares as justified (VAŠ KANAL). In these cases the procedures were concluded without any imposed sanctions. The issuer of TV3 program however failed to fulfill the quota for European audiovisual content and also did not fulfill the minimum criterion of broadcasting this content, or increasing the share compared to the year before. The issuer was issued a decision with a warning that it should remedy the violations.

Graphic 28: Broadcast shares of Slovenian and European audiovisual works in television programs in 2010 as found on the basis of the expert supervision



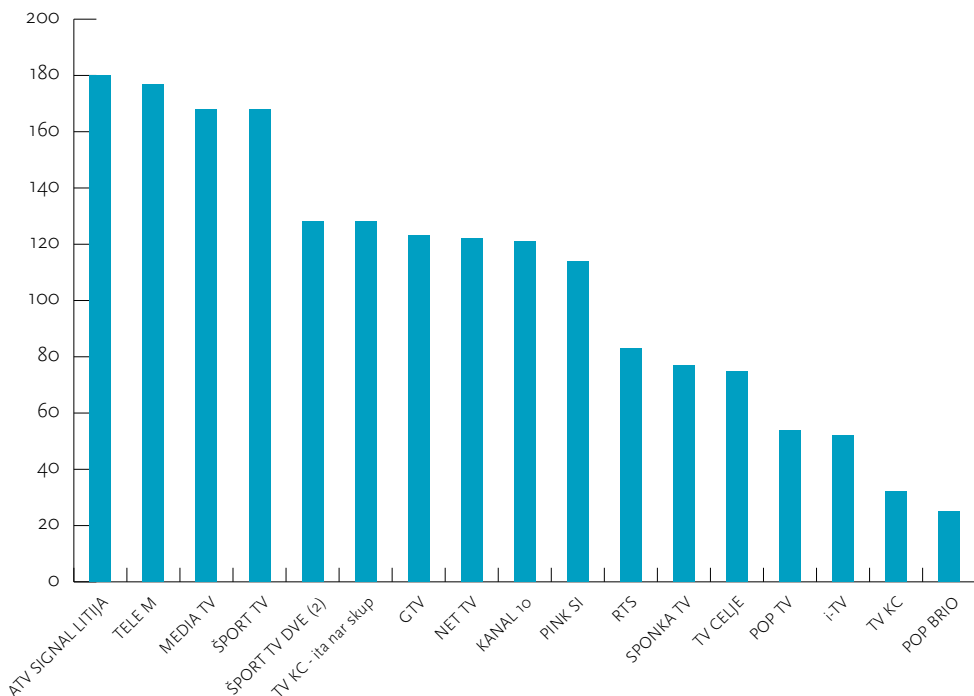
Source: APEK, 2011

#### 4.4.3 Own Production and Labeling of Reruns

In 2011 the Agency carried out 17 procedures in which it verified the fulfillment of the prescribed scope of own production (60 minutes) during prime time (between 6 PM and 10 PM). It found that four programs failed to fulfill this requirement. POP BRIO (only 24 minutes), Televizija Koper – regional TV program (32 minutes), I-TV (52 minutes), and POP TV (53 minutes). The Agency issued decisions warning the issuers to remedy these violations; the Media Act does not impose any fines.

In the process of verifying the scope of own production the Agency found three further violations (NET TV, GTV, and TELE M) where the reruns of TV shows were not properly labeled. In relation to labeling reruns the Agency also ran two procedures against the issuer Radiotelevizija Slovenija for programs SLO 1 and SLO 2. The issuer did not clearly label the reruns and the Agency imposed a deadline for correcting this violation. The rerun label should be at least equal to the label for live broadcasts (LIVE) which the issuer used in a clear and recognizable way so that it informed the audience about the live broadcast.

Graphic 29: Shares of Own Production Established by the Expert Supervision



#### **4.4.4 Protection of Children and Adolescents from Watching Potentially Harmful Program Content**

The Agency handled 3 procedures related to the protection of children and adolescents from potentially harmful program content in 2011. Two of these reports were forwarded by the Culture and Media Inspectorate of the Republic of Slovenia, and one was received by a concerned viewer.

The first report claimed that TV3 featured advertising content with images of sexuality at around 6 PM. The analysis showed that in the commercial break during the “Extreme Makeover: Home Edition” show they broadcast advertising content for a toll SMS service that provides users with access to sexual content, which is a part of the so called commercialized sexuality. The Agency warned the issuer that it can only broadcast program content with mainly sexual images in the time slot between 12 AM and 5 AM, and display a warning prior to that, and during broadcast feature a symbol that warns the audience of potentially harmful content for minors.

The subject of the second report was the film “Kickboxer 4” which supposedly contained soft-core erotic scenes. When the Agency examined the film it found various types of violent behavior. Because of these scenes the issuer should have displayed an audiovisual warning before the film stating that the following content is not suitable for children and adolescents younger than 15 years, and also feature a symbol about explicit content for the entire duration of the film. Because the issuer failed to properly protect the improper content the Agency imposed a deadline in which it must correct this violation.

The Agency received a similar report about content with scenes of violence and sexuality. A viewer alerted us to the action film “Jade” broadcast

on KANAL A, where the issuer failed to use the required warnings and symbols. Findings of the analysis yielded similar results as in the above case and consequently a similar measure.

In all mentioned cases the Agency reported the violations and proposals for launching the offense proceedings to the Culture and Media Inspectorate of the Republic of Slovenia which rules on financial sanctions for such violations.

#### **4.4.5 Supervision of Radio or Television Service Licenses**

In 2011 the Agency conducted six procedures of examining the compliance of broadcast programs with program requirements and restrictions that issuers are obliged to observe in broadcasting their programs and that derive from their radio or television service licenses. All procedures were launched based on reports from listeners and viewers, five were related to radio and one to television programming.

Based on a report claiming suspicions of wrongful identification the Agency launched three supervisory procedures in radio programs of RTV Slovenija, namely Val 202, Radio Slovenija International, and Radio Koper. In cases on Val 202 and Radio Slovenija International the Agency found that the two radio programs were not properly identified in the time slot between 12 AM and 5 AM. The Agency imposed on the program issuers to identify their programs according to their radio service licenses.

Also based on a report the Agency launched a procedure against the issuer of Radio Dur for not using proper identification. The expert supervision process resulted in wrong and misleading program identification because the name of the program was presented together with the name “Pacient”. The Agency also found other program-

ming deviations from the program guidelines deriving from the issuer's radio service license. In the supervisory procedure the issuer referred to the media register which should already contain the new status (new name Radio Pacient and changes to the program design and scheme) which the Agency was obliged ex officio to put in the service license. As in several cases so far the Agency found itself in the situation where the issuer registered certain program changes in the media register and immediately implemented them into the program, while the Agency launched the report based supervisory procedure of the service license that did not yet include the changes that were entered into the register. While the Agency concluded the procedure with a warning to correct the irregularities, the issuer already received a service license with the changes from the media register. Because of such an administrative arrangement the Agency is forced to carry out supervisory procedures that do not yield any relevant results, because the Media Act does not impose any fines for ignoring the provisions of service licenses. A similar thing happened in the expert supervision of Radio Center Savinjska.

With regard to the Pink Si TV program the Agency received an anonymous report which related to the lack of fulfillment of the prescribed share of own production and informative content set in the issuer's television service license. The Agency found irregularities and ordered the issuer to correct them.



## RADIO FREQUENCY SPECTRUM

### 5.1 Administrative Procedures, Public Calls, and Tenders in the Fields of Fixed and Mobile Services

In 2011 the Agency received 10 administrative cases for issuing new decisions, changes to decisions, and decisions for the requirements of measurement, certification, and other radio equipment tests.

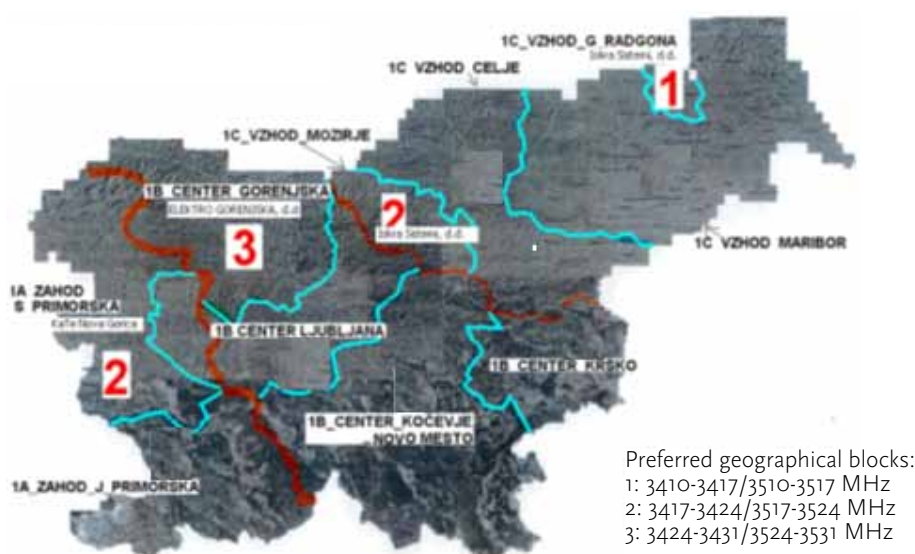
#### 5.1.1 Broadband Wireless Access Systems (BWA)

The 2.6 GHz (2570 – 2620 MHz) frequency band is reserved for terrestrial systems for providing electronic communication services TRA-ECS. BWA is also included within the scope of these services. The Agency has issued 6 decisions on

assigning radio frequencies for the requirements of measurements, certification, and other radio equipment tests: 2 holders for WIMAX testing and one for LTE testing.

The 3.5 GHz (3410 – 3600 MHz) frequency band is also reserved for these communication services. Both operators of public BWA services, Telekom Slovenije and Tok Telekomunikacije, abandoned the provision of these services in 2010 and 2011. In 2011 the Agency issued two public calls to interested public and based on the results issued three companies with decisions on allocating radio frequencies for private BWA use in the 3410 – 3431MHz/3510 – 3531MHz frequency bands.

Graphic 30: An overview of BWA in the 3410 – 3600MHz frequency RF band at the end of 2011



Other bands planned for BWA are the 3.7 GHz band (3600 – 3800 MHz) and the 26 GHz, 28 GHz, 32 GHz, and 42 GHz bands (for multimedia wireless systems MWS).

### **5.1.2 Satellite Connections and SNG/OB**

In 2011 the Agency received 28 administrative matters for issuing new decisions for satellite connections, mostly for satellite journalism and SNG/OB.

### **5.1.3 Fixed Connection (Microwave Connections)**

In 2011 the Agency also received 252 administrative matters on issuing new decisions, changes to decisions, and extensions of the validity of decisions on assigning radio frequencies for fixed connection (microwave connections). Due to demand for greater transfer speeds, mobile and fixed telephony operators are extending their existing capacities by increasing bandwidth and increasing modulation levels in the decisions on assigning radio frequencies.

### **5.1.4 Multimedia Multipoint Distribution System (MMDS)**

In 2011 a public call to interested public was made, regarding the interest in available radio frequencies in the 11.7-12.5 GHz band. As interest did not exceed the frequency availability, 4 new decisions on assigning radio frequencies for conducting MMDS services were issued.

At the end of 2011 the Agency started public tender procedures for MMDS frequencies for the areas where interest in frequencies exceeded availability in the previous public call in 2010. The public tender will presumably end in 2012.

The Agency also processed the initiative of the Association of Cable Operators for changes to the conditions for conducting MMDS services.

### **5.1.5 Private Mobile Radio Communications (PMR)**

In the field of mobile radio systems the Agency processed and solved 92 applications with requests for technical changes to the provisions of assigning radio frequencies, and for extending the validity of decisions and issuing new decisions for new mobile radio systems.

In the field of private mobile radio communications in 2011 the Agency increasingly harmonized the operations of PMR systems in the 29.7 – 87.5 MHz, 146 – 174 MHz, and 440 – 470 MHz frequency bands with the ERC/REC T/R 25-08 recommendations, which defines the correct frequency sub-bands for base station and terminal equipment operations. At the request of some mobile operators the Agency issued decisions on assigning radio frequencies for testing LTE technology in the 800MHz and 1800MHz frequency bands in 2011.

### **5.2 Administrative Procedures for Obtaining an Amateur Radio License**

For the requirement of amateur radio activities the Agency issued 261 CEPT amateur radio licenses and marked requirements for the new 500KHz frequency band. The Agency will study the possibility of including this frequency band in the General Act on the Plan of Using radio Frequency after the results of the World Radio Conference WRC 2011, which will take place in Geneva.

### **5.3 Radio Licenses for Ships and Planes**

Within the scope of licenses for airplanes the Agency issued 82 decisions in 2011, and 122 licenses for ships. A total of 203 administrative procedures were concluded by decision, and one with a decision on stopping the procedure in the field of the use of mobile communications and airplane radio stations.



#### **5.4 R&TTE Equipment**

The Agency is collaborating in the working group of the Telecommunications Conformity Assessment and Market Surveillance Committee (TCAM), where the discussions range from the standardization of the R&TTE equipment to the protection of the EU market from equipment that does not meet EU norms. TCAM is a working group, which adopts initiatives and decisions that provide the grounds for decisions of the Directorate General of the European Commission for Enterprise and Industry in the field of R&TTE equipment.

In 2011 the Agency received 831 equipment notifications for approval in accordance with the R&TTE Directive. Two thirds of all requests are processed without limitation to equipment performance, while a quarter of all requests received a limitation in accordance with the EU harmonized radio communication standards. On the other hand nearly a tenth of all requests were denied because of non-compliance with the aforementioned standards and/or the specific use of radio frequencies in the Republic of Slovenia. An individual EU country can have a certain part of the frequency spectrum designated differently than other EU member countries as regards the development and use of the radio spectrum, under the assumption that competition is not distorted.

It must be added here that in the field of the use of radio and telecommunication terminal equipment the Agency is collaborating closely with

the Ministry of Economy (MG) and the Market Inspectorate of the Republic of Slovenia (TIRS). Also for the needs of more easily supervising the use and potential prohibition of individual EU non-standardized equipment, we exchanged the latest information at meetings with MG and TIRS, as well as through reports of the TCAM and ADCO groups (in the scope of the EU Directive 98/37/ES).

R&TTE topics are also covered by the SE24 group in the scope of the Conference of European Post and Telecommunications Administrations (CEPT). The SE24 group, in which the Agency also collaborates, deals with all aspects of usage, the influences of short range devices, and the regulatory requirements of individual administrations regarding them. Cooperating in this group provides the Agency with insight into how individual administrations handle the issues of operation of SRD devices, and the direction of their development in the future.

#### **5.5 The Situation in the Field of Fixed Connections**

Requirements for fixed connections for the infrastructure of broadcasting operators have increased significantly, especially in preparing for the digital switch in 2010. In 2011 there were several requests for extending existing networks. Hence the frequency bands are increasingly saturated\*. Most decisions on awarding radio frequencies in 2011 were issued in the following RF bands: 6 – 8 GHz and 13 GHz for backbone networks, while for shorter distances 18 GHz, 23 GHz, 26 GHz, and 38 GHz.

Graphic 31: An overview of the state of fixed connections in 2011 and the shift towards greater frequency band saturation

Frequency range	
1 – 17 GHz	Frequency bands below 17 GHz are becoming increasingly saturated, especially the lower 7 GHz and the 13 GHz bands. 4 GHz and the lower 8 GHz are already saturated in the direction of the backbone network. The bands in the 1.4 GHz band are also becoming saturated. We expect saturation when the switch from narrowband one-way connections for the connection of broadcasting infrastructure in the 1517-1530MHz band. The 3.6 – 3.8 GHz frequency band was assigned to TRA-ECS (also BWA). Usage is possible in accordance with the Commission decision 2008/411/EC. In 2010 and 2011 numerous decisions on the assignment of radio frequencies in the lower and higher 7 GHz band were issued.
17 – 40 GHz	18 GHz, 23 GHz, and 38 GHz bands are saturated in urban and suburban areas. In the last year numerous decisions on the assignment of radio frequencies in the 26 GHz band were issued. Especially in the 18 GHz, 23 GHz, and 38 GHz bands there was a noticeable trend of mass abolition of narrowband connections with low modulation schemes, which are being replaced with modern medium and high capacity connections with high modulation schemes. The growth in the number of connections in these bands is continuing. Along with the 7 MHz, 14 MHz, and 28 MHz channels, the 56 MHz channels have also come into use in the 23 GHz and 38 GHz frequency bands. For fixed P-P connections the 28 GHz, 31 GHz, 32 GHz, and, in accordance with the altered ECC recommendation T/R 13-02, also additional channels in the 23 GHz band, are available.
Nad 40 GHz	In the 57 do 59 GHz band in accordance with Rules on radio frequencies which cannot be used without a decision on assigning radio frequencies (The Official Gazette of the Republic of Slovenia 45/05, 37/06, 13/08, 27/10), operation without a decision on assigning radio frequencies is permissible, because of the specific radio wave dissemination (significant dampening of oxygen molecules). The 42 GHz band is primarily intended for MWS, while the P-P connections will be allowed in the lower part of the band. Other possible bands for fixed P-P connections are: the 49 GHz, 52 GHz, 56 GHz, 65 GHz, and 74-76/84-86 GHz band (intended for Gb connections). In some CEPT countries there are already fixed connections in the 52 GHz, 65 GHz, and 70/80 GHz bands.

\*The term saturation denotes the state where all the channels in the main directions or in urban areas are taken. Saturation in the direction of the backbone network means that all channels in the following directions are taken: Nanos – Krim – Krvavec – Kum – Plešivec, Pohorje, Boč, Trdinov vrh. For frequencies above 17 GHz, saturation in

urban areas denotes that in some locations in urban areas they cannot be connected because of the so-called HI/LO conflict (At an individual broadcasting point all the frequencies must be in the upper part of the HI band, or only in the lower part of the LO band. If these were to be mixed, interference would occur).

## 5.6 New Technological Trends

In radio networks that serve the mobile operators' infrastructure there has been a switch from the classic TDM (Time-Division Multiplexing) traffic (e.g. PDH and SDH) to packet traffic (IP/Ethernet, which is used in new generations of mobile networks).

In the past few years the use of co-channel dual polarization (CCDP) connections has become increasingly popular, especially for backbone networks, which has increased the capacity of connections. These connections use the cross-polarization interference cancellation (XPIC) mechanism.

Advancement has also been evident in higher modulations, in encoding technologies (error correction) and components with very low phase noise. According to CEPT/EEC/SE19 research the 128-QAM modulation schemes are mostly used for backbone networks, with the 256-QAM and the 16-QAM modulation schemes being introduced for access connections. The new equipment uses 512-QAM modulations, while 1024-QAM modulation schemes are already being developed.

Packet transfer through IP platforms has given rise to the use of adaptive modulation schemes (AM), which allow an increase of the modulation format in the event of higher traffic, or a decrease in the event of worsened conditions of distribution of radio waves.

There is a rising trend of using smaller parabolic antennae. Physics demands that shrinking antennae have a negative impact on the orientation and the ability to establish a connection. The problem can be solved with a smart, i.e. adaptive antenna with a programmable pole or a trunk.

## 5.7 The Technologically Neutral Approach to More Efficient Use of the Radio Spectrum

In accordance with the European Commission decisions and guidelines, and the new UE harmonized standards, the density of radio spectrum usage for short range devices (SRD) is increasing. In certain cases the collision of signals or interference has been noted, which is the result of various devices operating in the same frequency band. There is a warning for the 76 – 77 GHz band, where automotive radars operate (i.e. operating as mobile radars built into cars), as well as the radars which are a part of road infrastructure (fixed radars for conducting vehicle speed measurements). For this reason the European Telecommunications Standards Institute (ETSI) has already changed this technical standard, and the European Commission will have to change the decision that governs the use of said radars (ECC has already prepared a report on this). Also LTE mobile service technology is being introduced in some of the frequency bands where other technologies and devices already operate. Such an example is the problem of the coexistence of SRD devices (social alarms) with LTE technology. The effect of LTE on SRD will be shown with the results of a research being conducted in the UK. The British national regulator OFCOM UK acts as a mere observer in this study.

## 5.8 Optimum Use of Broadcasting Spectrum

The Agency also ensures the provision of optimum usage of the spectrum for digital broadcasting. It follows the provisions of ZDRad and ZEKom.

At the end of June 2011 the last of the analog television transmitters in Slovenia were switched off. The transition from analog to digital television broadcasting has released an important part of

the radio frequency spectrum, which will be used in the future both for the allocation of new digital multiplexes, as well as for the introduction of new technologies.

In 2011 there were no significant advances in the development of digital radio. The situation is essentially the same as at the end of 2010. The right to broadcast in T-DAB technology from the transmission point on top of Krvavec is still held by only four RTV Slovenija stations: A1, Val 202, Ars, and Radio Si. The broadcasts of these stations in T-DAB technology can only be heard in the northern part of the Ljubljana basin.

In 2011 the Agency processed 151 matters regarding the broadcasting spectrum, of which 128 were resolved, and 23 legally transferred to 2012. Of the 128 resolved matters 2 were dismissed, 7 procedures were stopped, 12 requests were rejected, 74 requests were approved, with 6 decisions issued, while 26 procedures were started ex officio.

Of the 23 matters that were not resolved and were transferred to 2012, 9 decisions on the procedure being stopped were issued, while 14 administrative procedures are still being resolved within the statutory deadline.

### **5.9 Radio communications Market – Radio**

At the end of 2011 there were 328 valid decisions on FM radio frequency allocation and 5 decisions on AM frequency allocation. At the end of 2011 there were 161 valid decisions on FM radio frequency allocation and 4 decisions on AM frequency allocation. Four radio stations held the right to broadcast in the T-DAB technology from the Krvavec broadcasting point. In 2011 there were no public tender procedures for assigning new radio frequencies for FM distribution.

### **5.10 Radio communications Market – Television**

At the beginning of 2011, 253 decisions on allocation of radio frequencies for analog television in the areas of the so-called gray spots remained valid. The validity of these decisions ended on 30 June 2011. In the first half of 2011 there were no public tender procedures for assigning new radio frequencies for analog television.

By the end of 2011 there were 156 decisions on allocating radio frequencies for individual transmission sites in the first multiplex operated by RTV Slovenija public institute, and 26 on the second multiplex operated by Norkring. At the end of 2011 the following companies operated local multiplexes: ATV Babnik & Co d.n.o., Litija, AVP Ivan Saksida s.p., Dornberk, Domates d.o.o., Portorož, HI – FI Videostudio d.o.o., Murska Sobota, VTV Studio d.o.o., Velenje, and Zavod TV Galeja, Ilirska Bistrica. By the end of 2011 local multiplex operators acquired a total of 8 decisions on allocating radio frequencies for individual transmission sites.

In 2011 the first DVB-T multiplex with national coverage operated by RTV Slovenija transmitted the RTV Slovenia channels (TV SLO 1, TV SLO 2, TV SLO 3, TV Koper Capodistria in the Zahod (West) allotment, Tele M in the Vzhod (East) allotment), as well as POP TV and Kanal A with national coverage, and the privately-owned TV Primorka channel at the Zahod (West) allotment. The privately-owned RTS channel in the Vzhod (East) allotment and the privately-owned Vaš Kanal channel in the Center allotment exited the first multiplex at the end of spring, and entered the first multiplex once more at the end of autumn. At the end of December the privately-owned INFO TV channel entered the first multiplex at the national level. At the end of 2011 the first multiplex hosted seven Slovenian channels in the Center allotment, and in the Vzhod (East)

and Zahod (West) allotments eight. In January of 2011 a channel in the first multiplex in the Center allotment was changed, as the operator of the first multiplex was allotted the lower 32nd channel instead of the previous 45th, and partially the 37th channel. The operator of the first multiplex significantly optimized its network in 2011. It also received a few new decisions on radio frequency allocation for individual transmission sites – with the highest total number in November amounting to 175. Because the Agency revoked some decisions for individual sites in RTV Slovenija's application in December, the operator had 156 valid decisions on allocation of radio frequencies for individual sites at the end of 2011. The population coverage of the first multiplex at the end of 2011 was approximately 98%.

The second DVB-T multiplex with national coverage operated by Norkring only had the privately-owned TV 3 channel for the duration of 2011 at the national level, while the other privately-owned channel Pink SI exited the second multiplex at the end of December. In March 2011 there was a change in the allotment of the second multiplex channel in the Zahod (West), as the operator of the second multiplex was assigned the lower 21st channel instead of the previous 66th. The operator of the second multiplex did not request any other technical changes to the network in 2011. At the end of 2011 the operator of the second multiplex had 26 decisions on allocation of radio frequencies for individual sites. The population coverage of the first multiplex at the end of 2011 was approximately 89%.

In 2011 there were some smaller changes with operators of local multiplexes. As the operator had not been using the assigned radio frequency for more than a year, the Agency revoked the decision on assigning the radio frequencies for the multiplex to TV Celje. In 2011 the Zavod TV

Galeja and Domates operators acquired decisions on allocating radio frequencies for individual transmission sites. At the end of 2011, 6 operators of local multiplexes had 8 decisions on assigned radio frequencies for individual sites, which were Koper, Litija, Murska Sobota, Ilirska Bistrica, Dornberk, and the area between Ravne na Kroškem and Celje.

### **5.11 Resolving Issues with Italy**

In 2011 the Agency continued the activities for a permanent solution of issues with reception of Slovenian channels and stations at the border with Italy. It monitored the conditions at the border of the country and reported the interference to the Italian administration and the Radio communication Office at the International Telecommunications Union (ITU). It continued to notify the ITU bodies about breaches of international agreements and the inactivity of the Italian bodies in eliminating the interference. The Agency notified MVZT and MZZ on the issues and collaborated in the working group which dealt with the problems of reception of Slovenian channels and stations along the border with Italy.

In May 2011 the Agency also collaborated in the first multilateral meeting at the ITU headquarters in Geneva. ITU called the meeting because of the unauthorized use of the radio frequency spectrum and inactivity of the Italian authorities in resolving the interference of reception in neighboring countries. At this meeting the countries affected by Italian broadcasting presented their problems and demanded that ITU act more decisively. ITU presented its opinion and announced that it would focus more on resolving this issue. In October 2011 the Agency attended a bilateral technical meeting with Italy, which was organized at the ministerial level. The meeting was focused on the overview of the state of affairs of the TV frequency spectrum in the border areas and on

setting the agenda for follow-up activities.

The Agency continued with allocating additional radio frequencies to Slovenian holders of radio frequency allocations in the west of the country in order to mitigate the issues in reception of Slovenian signal because of the unauthorized interference of Italian stations and channels.

Throughout the year the Agency also provided technical and legal support to Slovenian holders of decisions on the allocation of radio frequencies, who filed legal claims in Italian and Slovenian courts, and sent various requests to the Agency.

### **5.12 Optimum Use of the UHF and FM Spectrum**

In the field of the UHF radio frequency spectrum the Agency conducted several early plans for digital television channels. The reasons for this were mainly in releasing the radio frequency spectrum for other services and the optimization of broadcasting channels of individual multiplexes.

In the field of FM audio broadcasting the Agency continued assigning additional radio frequencies. In 2011 it also issued decisions on assigning radio frequencies regarding the connecting radio stations into radio program networks, and there were also several changes to the existing radio program networks.

The option of acquiring new frequencies for FM audio broadcasting are very limited, mainly on the coordination of new frequencies for low power radio stations with very limited reach. These frequencies are therefore useful mainly for reducing interference of reception of the existing stations.

### **5.13 Testing New Technologies for Digital Television Broadcasting**

At the initiative of the Ministry for Higher Education, Science, and Technology (MVZT) the Agency prepared a project and began testing DVB-T2, cur-

rently the most advanced digital television broadcasting technology. It brings numerous possibilities that Slovenia can use for the introduction of high-definition television (HDTV), for terrestrial networks with a significantly higher capacity, and for numerous other services.

The option of having a greater number of television channels – including HD channels – in each individual multiplex, the option of integrating different services within one network, and considerably better resilience to interference are the key advantages of the DVB-T2 technology. It provides a more than 50% more efficient use of the radio frequency spectrum for data transfer as its predecessor DVB-T.

Because DVB-T2 brings numerous development opportunities that might be beneficial to TV broadcasters, operators, viewers, and last but not least also the country, the Agency decided to test the technology. DVB-T2 trials will take place in the west of the country. They are planned for early 2012 and will presumably last until the end of the year.

In 2011 the Agency prepared the goals of the project and selected the contractor. In 2012 several transmitters in the west of Slovenia will be broadcasting the DVB-T2 digital multiplex with various ranges of technical parameters. This will make it possible to test the potential capacity of the DVB-T2 network, and the option of integrating various services within a single network. The Agency will also conduct the appropriate measurements. The goal is to study the advantages of the new technology, especially from the aspect of possibilities for its use to cover the so-called white spots in Slovenia (areas that are not commercially interesting to electronic communication service providers, which means that the inhabitants do not have access to other platforms, such as cable TV, IPTV, mobile broadband internet access, etc.).

It has to be stressed that testing will not affect the regular transmission of existing television channels, and will not cause interference for the viewers, as it will be conducted on the free frequencies by transmitters that are not in use. Nor do the trails of new technologies mean that in Slovenia we will once again have to replace television sets or purchase new digital converters any time soon. The potential introduction of DVB-T2 will not abolish or replace DVB-T technology, but upgrade it.

#### **5.14 Supervision of the Radio Frequency Spectrum**

In order to ensure uninterrupted use of the radio frequency spectrum to all users of radio services, or operators with assigned radio frequencies (ODRF), the Agency operates its own radio supervision office in accordance with legal obligations. This service conducts supervision of the radio frequency spectrum, either systematically based on its annual plans, or based on internal orders for special measurement of the spectrum, or within the scope of research into reported radio interference.

When conducting supervision of the radio frequency spectrum, the Agency's authorized personnel use the appropriate provisions of the Inspection Act (ZIN). They can act as a minor offense authority, if they judge in the course of a procedure that the seriousness of the offense demands actions to be taken in accordance with the Minor Offences Act (ZP-1), and as experts help radio station owners with advice on handling various technical issues. The radio supervision office also conducts measurements for the requirements of the Agency's field of radio communications, which are taken into consideration when issuing decisions on assigning radio frequencies.

In 2011 the Agency did not find any interruptions to the radio frequency spectrum, except in the part of Slovenia that borders Italy. In that area interferences in the broadcasting area have been present

for several years, caused by uncoordinated Italian radio stations. Work by the radio supervision measurement service included the following activities:

- investigations into 84 reports of harmful radio interferences. It discovered that the reasons for radio interferences also include breaches of decisions from ODRF. Most of the cases (41) were the result of interference by Italian radio and television stations, which do not operate in accordance with the international agreements. The Agency reports each proven interference to the Italian administration, which in most cases does not respond. The Ministry for Higher Education, Science, and Technology also collaborates in resolving this issue, and the Ministry of Foreign Affairs is also notified;
- within the scope of a systematic supervision of radio frequency spectrum and based on reports it conducted 56 inspections. It processed breaches of the law (transmitting without an ODRF, breaches of ODRF and other), and in 7 cases conducted a minor offences procedure which resulted in a fine.
- conducted 59 recordings of radio frequency and television spectrum in various locations across Slovenia. The results were the basis for the international coordination of broadcasting stations and for issuing ODRFs;
- conducted several measurements in the microwave field because of reports of interference in microwave radio connections, and for the purpose of supervision. Because the microwave area is increasingly more interesting to providers of various radio services, the scope of supervision in this frequency area is also increasing. The Agency is adapting to that by training personnel in new technologies and by purchasing special measurement equipment;
- continuing systematic daily measurements of the broadcasting spectrum, where the measured data from all RNP are archived in a numer-

ic format, by conducting systematic monthly spectrum measurements, where the data is also archived in graphic format, and systematic semi-annual spectrum measurements, where along with spectral characteristics the identification data of each broadcasting transmitter is also archived;

- conducted the measurements of GSM and UMTS coverage for the purpose of checking whether the operators are fulfilling their obligations;
- intensively monitored the introduction of new technologies and took measures in cases where there were irregularities in their use (e.g. MMDS);
- regularly monitored the conditions in the broadcasting spectrum in the area of the border with Italy, where it intensively conducted measurements of the interference of our DVB-T transmitters and reported irregularities to the Italian administration.

#### **5.14.1 Construction and Maintenance of the Measurement System**

For the purpose of conducting its tasks in the scope of supervising the radio frequency spectrum the Agency is building the Radio Monitoring and Measurement System of the Republic of Slovenia (RNMS). The Radio Monitoring Service (RNS) re-

quires special measuring equipment for its work, and must have access to fixed remote or mobile radio monitoring stations (RNP). Currently there are 12 operating fixed RNPs in Slovenia, two of which are populated monitoring and measuring stations (RNMP), while three specialized vehicles operate as mobile RNPs. All of this fixed and mobile equipment is connected in the RNMS network, which allows RNS personnel to monitor radio spectrum remotely over the internet, and where that is not possible, through the fixed and mobile public telephone network.

The project of the construction of RNMS continued in 2011, and will be upgraded when necessary. The Agency upgraded RNP-Ljubljana and RNP-Jeruzalem. In June the final station, RNP-Maribor was put into operation, which was constructed on Žavcarjev vrh. This also concluded the construction of the radio monitoring and measurement system of the Republic of Slovenia.

At the end of 2011 ten remote RNPs were in operation. The Agency used both populated monitoring stations, RNMP-Jeruzalem and RNMP-Stegne, and conducted radio frequency spectrum measurements with the measurement vehicles locally and mobile. The Agency can monitor and conduct measurements only using special professional equipment, which must be regularly maintained and upgraded when necessary.



## POST

On 1 January 2011, the postal services market in the Republic of Slovenia was liberalized and the exclusive right of Pošta Slovenije to render reserved postal services was abolished. This allows other postal service providers to operate in this segment of postal services without price restrictions, which has also resulted in the expansion of the postal services market.

On 31 December 2011, one (1) provider of universal postal service was registered in the Agency's official register, and eighteen (18) providers of postal services, six (6) of which were issued a declaratory order by the Agency that they provide so-called interchangeable postal services.

Providers of interchangeable postal services provide services, which, from the users' aspect might be deemed as services from the segment of universal postal service, as they are sufficiently interchangeable with the universal postal service. These providers have also been granted access to postal infrastructure or services from the segment of universal postal service (i.e. access to Pošta Slovenije's postal network). Providers of interchangeable postal services in the Republic of Slovenia in 2011 were:

- CETIS d.d.
- DIMIKARSTVO DOVRTEL, d.o.o.
- EPPS, d.o.o.
- INFORMATIKA d.d.
- KRO, d.o.o.
- MAKSMAIL d.o.o.

The following postal service providers do not provide so called interchangeable postal services and

thus do not require a declaratory order but have notified the Agency about providing postal services in advance, and were registered in the Agency's official register in 2011:

- ACK d.d.
- ADI LAMPRET S.P.
- BUSINESS EXPRESS d.o.o.
- CITY EXPRESS d.o.o.
- DHL Ekspres (Slovenija), d.o.o.
- DPD d.o.o.
- EKSPRESNA DOSTAVA d.o.o.
- GENERAL LOGISTICS SYSTEMS d.o.o.
- IZBERI d.o.o.
- SPEED IN, d.o.o.
- TNT Express Worldwide d.o.o.
- UPS Adria (S) Ekspres d.o.o.

Universal postal service in the Republic of Slovenia is provided by Pošta Slovenije, to which the Agency issued a license for providing this service until 31 May 2013.

### 6.1 Effect of Liberalization on the Postal Services Market

In collaboration with the Ninamedia agency, the Agency conducted a survey on the effect that liberalization had on the postal services market in the Republic of Slovenia after 1 January 2011. The survey was conducted in the form of in-depth interviews with leading representatives of postal service providers, barring Pošta Slovenije. Only 10 postal service providers were willing to participate in the survey, and six of them also provide interchangeable postal services. The results of the survey showed that postal service providers were facing similar problems, i.e. high costs and low prices

of postal services, which make it hard to compete with Pošta Slovenije, which has kept its dominant position, having the great advantage of tradition and the density of its own broad postal network.

Providers of interchangeable postal services believe that their operations are hindered primarily by a number of restrictions set forth in the General Conditions of Access to the Postal Network of Pošta Slovenije<sup>5</sup>. Another significant problem for competitors lies in the fact that only Pošta Slovenije is exempt from paying VAT for delivering mail within the scope of the universal postal service, which restricts their competitiveness.

The majority of respondents are planning to expand their basic activity in the future or specialize in a certain segment of services, since they are aware that services will be dictated mostly by the wishes and needs of postal service users. Postal service providers believe that the postal services market liberalization has not brought any major changes in terms of quality or price policy (so far), and that the first changes can be expected in the coming years. The results also revealed the need and wish for more contact with the Agency, whose role the providers estimate as positive. In 2011,

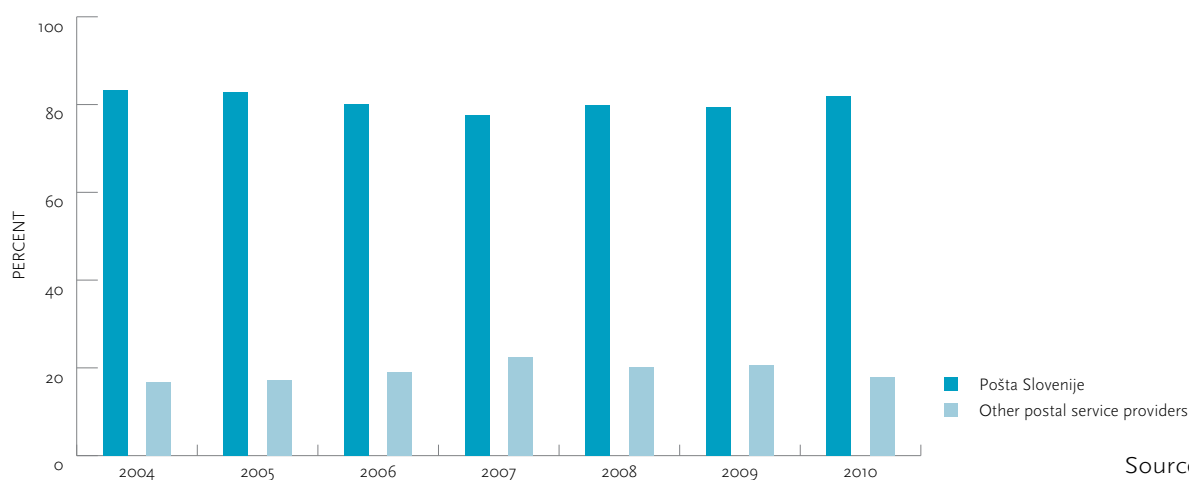
the Agency recorded more contact only with the postal service providers that have concluded an agreement with Pošta Slovenije regarding access to the network.

## 6.2 Analysis of the Postal Services Market

In 2011, the Agency also conducted an analysis of the postal services market in the Republic of Slovenia for 2010 and compared the results with the ones from the analyses for 2005, 2006, 2007, 2008, and 2009. The analysis was carried out based on publicly available data and data that the Agency acquired through questionnaires filled out by postal service providers that were registered in the Agency's official register in 2010. The Agency published the document on its website<sup>6</sup>.

Postal service providers generated around 0.4% less revenue in 2010 than in 2009. The trend of decreasing revenue from postal services thus continues, since this drop stood at 4% the year before and even at 14% in 2008. While the decrease in revenue in 2009 was the result of Pošta Slovenije's lower revenue, the reason for the drop in 2010 lies in an almost 14% decrease in the revenue of other postal service providers.

Graphic 32: Shares of Pošta Slovenije and other postal service providers in the total revenue (2004-2010)

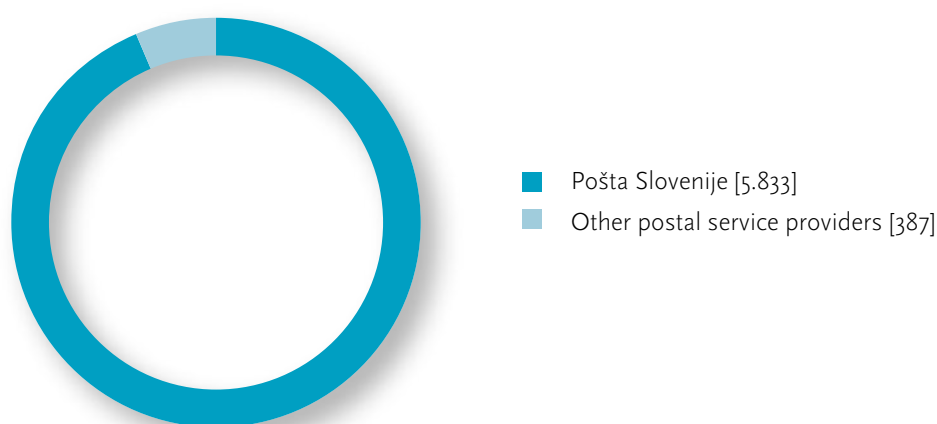


Source: APEK, 2011

<sup>5</sup>The General Conditions are available at: <http://www.posta.si/opis-storitve/495/Zakon-in-splosni-pogoj>  
<sup>6</sup>The analysis is available at: [http://www.apek.si/sl/analiza\\_trga\\_postnih\\_storitev\\_za\\_letu\\_2010](http://www.apek.si/sl/analiza_trga_postnih_storitev_za_letu_2010)

The postal sector in the Republic of Slovenia provided postal services by providing approximately 1.3% of all the jobs in the country on 31 December 2010. This is the same share as the year before. The total number of all employed people in the Republic of Slovenia dropped by approximately 0.1% compared to 2009, while the decrease in the postal sector stood at around 3.6%.

Graphic 33: Number of employees providing postal services in 2010



Source: APEK, 2011

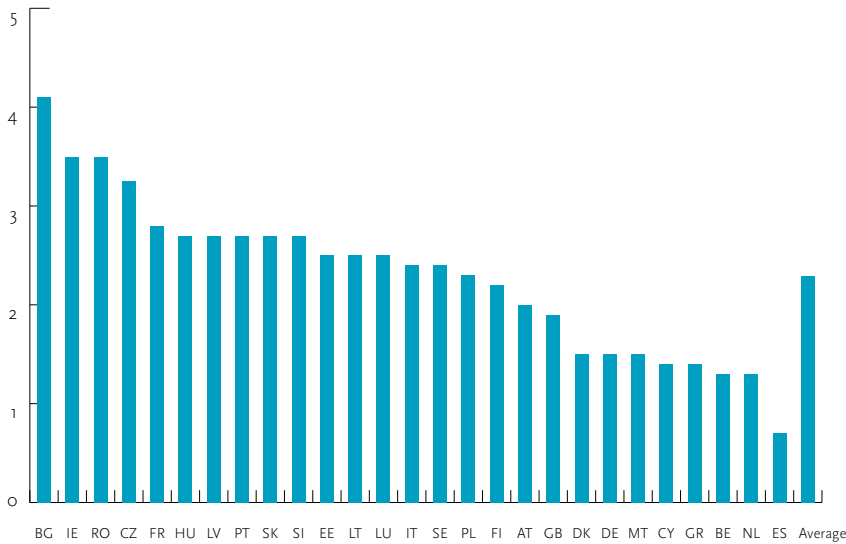
Pošta Slovenije's postal network comprises 560 access points (the same number as the year before), and Pošta Slovenije also accepts mail through some 2,500 mailboxes, which is around 300 less than the year before and the result of removing mailboxes due to the insufficient number of mail dropped in them daily. The decreasing trend in the number of mailboxes has also been observed in other EU member states, and the results of the survey "End users satisfaction and supervision of market outcomes"<sup>7</sup> conducted by

an ERGP working group, which operates under the auspices of the European Commission, show that the number of mailboxes has been dropping in the majority of EU member states, and in 2010 the largest drop was observed e.g. in Lithuania (23%) and Belgium (16%).

The size of the postal network presents the measure for the accessibility of postal services, and the Republic of Slovenia exceeds the EU average in both elements.

<sup>7</sup>Available at [http://ec.europa.eu/internal\\_market/ergp/index\\_en.htm](http://ec.europa.eu/internal_market/ergp/index_en.htm)

Graphic 34: Number of access points per 10,000 residents in EU member states in 2010



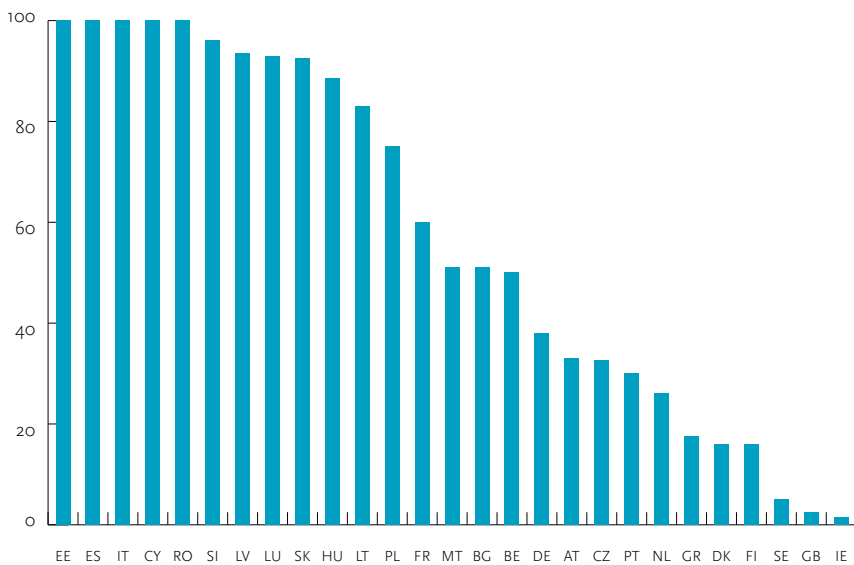
Source: APEK, 2011

The number of access points in EU member states did not change significantly in 2011, and the total decrease in the number of access points did not exceed 1%.

However, more significant changes have been observed in the share of access points managed by national postal operators compared to the number of access points managed by a third party. Regarding this, Slovenia is among the countries with

a very low share of access points operated by third parties, since for several years now only two such access points have existed. This is the segment in which the most significant changes occurred in EU member states, since a significant drop was observed in the number of access points operated by national postal operators (around 8%), while the number of access points managed by third parties grew (by approximately 10.5%).

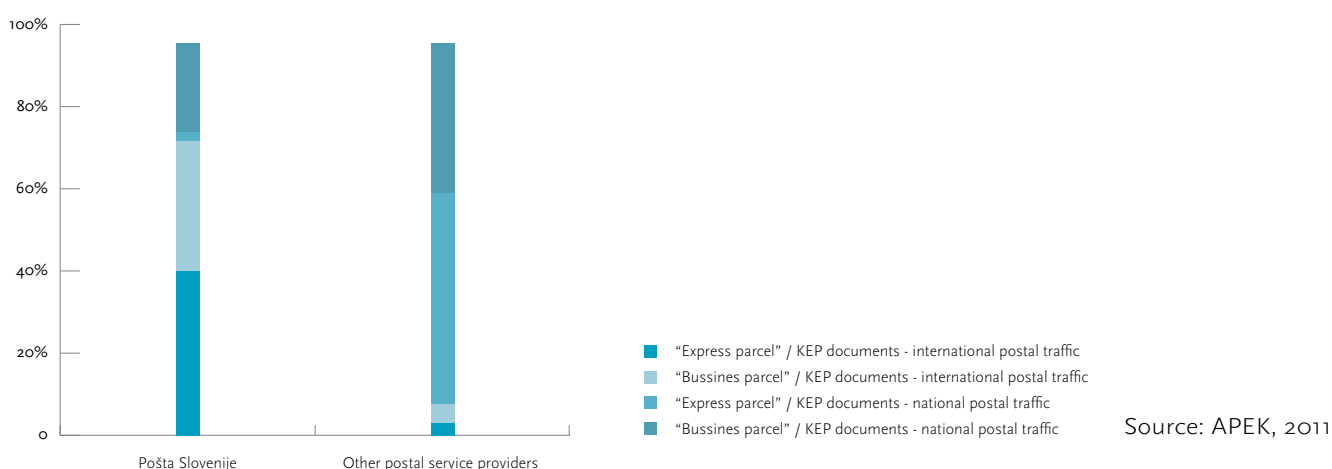
Graphic 35: Shares of access points managed by national postal operators in 2011



Source: APEK, 2011

Not only the means, but also the scope of postal services provided by Pošta Slovenije differs from the other postal operators. The only comparison can be made between Pošta Slovenije's Business Parcel and Express Mail services and CEP services<sup>8</sup> for parcel and document delivery by postal service providers.

Graphic 36: Comparison between different services of Pošta Slovenije and other postal service providers in domestic and international postal traffic in 2010



### 6.2.1 Short Summary of Analysis Results

A comparison between results of analyses of postal service providers' operations for 2010 and 2009 yields the following results:

- a slight drop in jobs in the postal sector;
- a significant increase in the number of Pošta Slovenije's motor vehicles;
- a noticeable drop in the number of motor vehicles of other postal services operators;
- the same number of Pošta Slovenije's access points;
- a drastic drop in the number of Pošta Slovenije's detached mailboxes;
- revenue from providing postal services somewhat decreased, which is the result of lower revenue generated by other postal service providers, while Pošta Slovenije's revenue slightly increased;
- an increase in the gap between shares of Pošta Slovenije and other postal service providers in the total revenue;
- a stabilized level of other postal service providers' quality of services;
- a slight drop in the amount of postal services rendered by Pošta Slovenije in the segment of the universal postal service in domestic and international postal traffic;
- a significant drop in the number of items delivered by direct post service;
- a slight drop in the total number of mail items delivered by other postal service providers in national and international postal traffic;
- a slight increase in the share of Pošta Slovenije's Business Parcel service compared to the CEP service of parcel delivery provided by other postal operators in domestic postal traffic;
- a slight drop in the share of Pošta Slovenije's Business Parcel service compared to the CEP service of parcel delivery provided by other postal operators in international postal traffic;
- a significant drop in the share of Pošta Slovenije's Express Mail service compared to the CEP service of document delivery provided by other postal operators in domestic postal traffic;

<sup>8</sup>CEP services comprise courier, express, and parcel services. The mail must be insured for loss, robbery, theft, or damage, and the user of these postal services receives a receipt confirming that the mail has been sent or delivered.

- a slight drop in the share of Pošta Slovenije's Express Mail service compared to the CEP service of document delivery provided by other postal operators in international postal traffic;
- a steady flow of mail deliveries;
- a noticeable decrease in the number of complaints regarding the provision of universal postal service by Pošta Slovenije;
- a significantly longer time for issuing the final report on complaints regarding the provision of the universal postal service by Pošta Slovenije;
- a stable level of justified complaints filed against other postal service providers;
- a stable level of quality for providing postal services;
- the prescribed quality of delivery of lettermail in the domestic postal traffic achieved by Pošta Slovenije.

The Agency used the data acquired when analyzing the postal services market also when collecting statistical data for the European Commission based on a questionnaire that it received from EUROSTAT, and in research conducted within the framework of the European Regulators Group for Postal Services (ERGP).

### 6.3 Quality of Mail Delivery

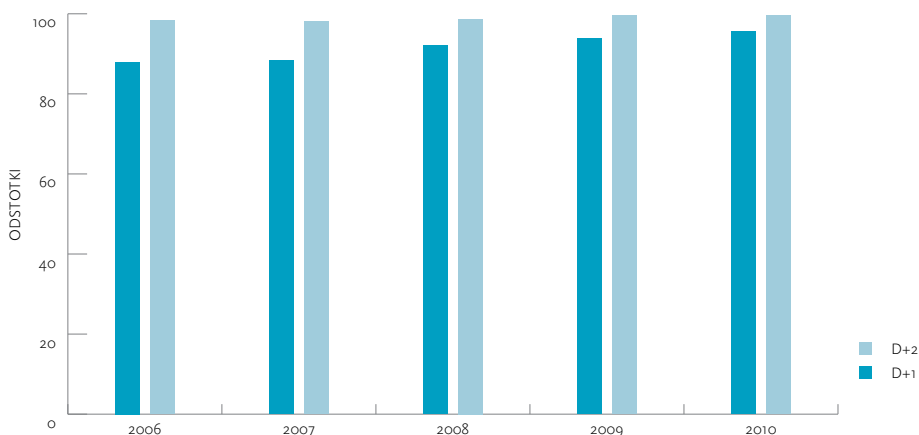
The General Act on the Quality of the Universal Postal Service Provision says that at least 95% of lettermail in domestic postal traffic must be delivered within one working day (D+1), at least 99.5% within two working days (D+2), and 100% within three working days (D+3).

An independent contractor measuring the times required to transfer mail conducted the fifth official measurement of delivery quality in 2010, and in June 2011 the Agency and SIQ d.o.o. reviewed the results and the methodology applied in 2010. The reviewed results of transfer time measurements for individual lettermail items in the Republic of Slovenia in 2010 were:

- D+1 = 95.5%
- D+2 = 99.6%
- D+3 = 99.9%

In 2010, the prescribed quality of delivery of lettermail within D+1 and D+2 was achieved for the first time.

Graphic 37: The quality of lettermail delivery within D+1 and D+2 (2006-2010)

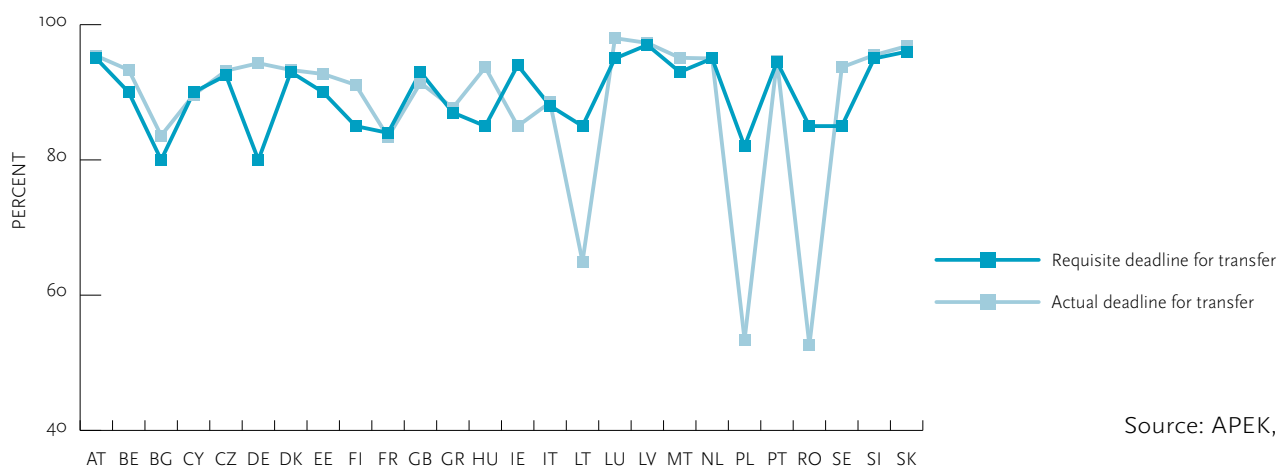


Source: APEK, 2011

The General Act on the Quality of the Universal Postal Service Provision also prescribes the quality of transfer of parcels in domestic postal traffic, according to which Pošta Slovenije must transfer at least 80% of parcels within two working days (D+2), and 95% within three working days (D+3) in a year. The Agency reviewed the method of measuring the quality of parcel delivery, and in 2012 it will also review the measuring of parcel delivery quality for 2011. Unofficial results indicate that the prescribed values were achieved.

In 2011 the Agency continued to monitor the quality of lettermail delivery in the internal postal traffic of EU member states for 2010, and established that Slovenia ranked 4th among 26 member states in 2010, which is eight places higher than in 2009 and by far the best result since the official measurement first took place.

Graphic 38: Prescribed and actual times of lettermail delivery within D+1 in 26 EU member states in 2010

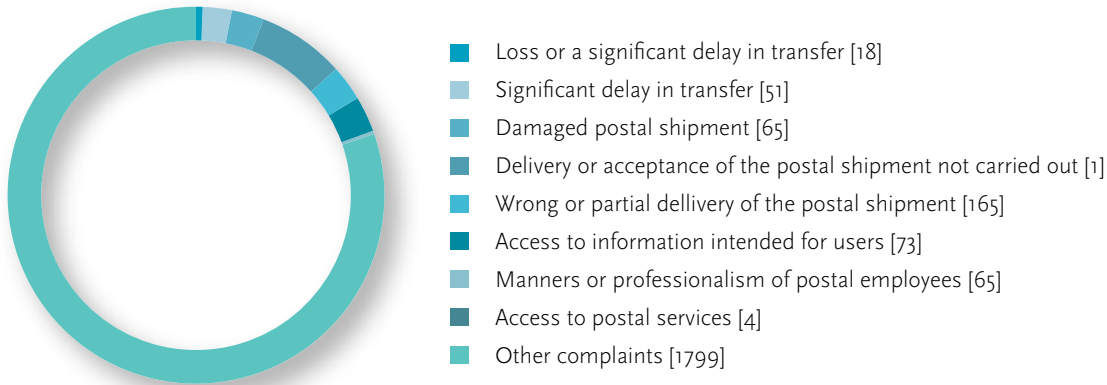


Source: APEK, 2011

The Agency also monitored the quality of lettermail delivery in international postal traffic as part of the UNEX project, in which Pošta Slovenije should deliver 85% of the mail in three working days (D+3) and 97% in five working days. Through November 2011, 87.7% of inbound mail and 85.6% of outbound mail was delivered in three working days. The final results for 2011 will be officially published in March 2012.

In 2011, 2,241 complaints, i.e. claims, were filed against Pošta Slovenije in relation to the provision of universal postal service, the majority of which because of lost mail or noticeable delays in delivery. 80% of the complaints were filed for these reasons. Compared to 2010, the number of claims filed increased by 16.

Graphic 39: Complaints filed against Pošta Slovenije in relation to the provision of universal postal service in 2011



Source: APEK, 2011

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

As part of supervising the quality of universal postal service, the Agency also monitored the settlement of complaints and objections according to the EN 14012 standard requirements, as well as replied to consumers' complaints. In 2011, the Agency handled and resolved 21 disputes, which were launched by unsatisfied users of postal services and of which 9 were related to the provision of universal postal service.

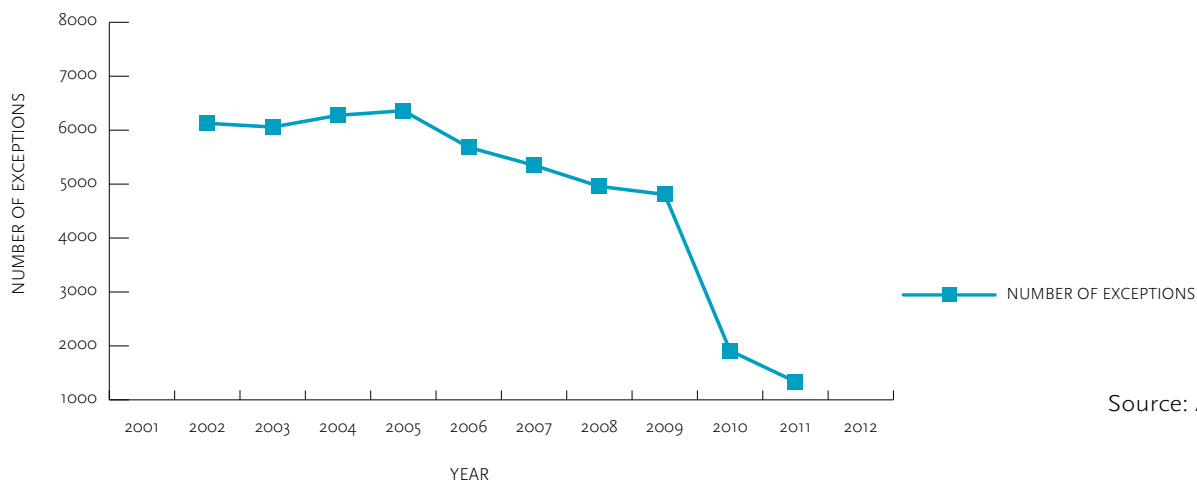
The decreasing trend in the number of exemptions in the provision of universal postal ser-

vice (delivery of mail to the address) continued in 2011, and the number of such households dropped by 557. 96% of the mail delivered in such way was delivered to detached mailboxes, while the remaining share was delivered and handed over at post offices. In more than one half of the total 1,335 cases of exemptions from delivery to the home address, the delivery was made to detached mailboxes at users' request, while other exemptions were the result of the criteria from the General Act on Exemptions from the Provision of the Universal Postal Service<sup>9</sup>. In approximately 70% of the exemptions the reason was because of the care for the health and safety of the delivery person, and the remaining 30% of cases were the result of difficult access to the addressees.

<sup>9</sup>Issued by the Agency, in force since 1 August 2010.



Graphic 40: Number of exemptions in the provision of the universal postal service (2002-2011)



Source: APEK, 2011

As part of supervising the quality of the provision of the universal postal service, the Agency issued two decisions in 2011, based on which Pošta Slovenije had to start delivering mail to the home addresses of ten households.

#### 6.4 Analysis of Prices and Delivery Times

In collaboration with Ninamedia, the Agency conducted the fifth comparative analysis of prices and delivery quality of postal service providers in the Republic of Slovenia for selected products in domestic and international traffic, and published the results on its website<sup>10</sup>. The survey is designed to help end users and interested members of the public in making a decision when selecting the postal service provider.

The survey was conducted using two methodologies: questionnaires were sent to all postal service providers, and a practical analysis of prices and delivery times was carried out, where service providers' services were also tested in practice.

The theoretical part of the survey yielded rather different results with regard to prices and delivery times, while the practical analysis revealed to some extent that the price of the service is not

necessarily correlated to the delivery time. The theoretical part of the survey showed that Pošta Slovenije is the cheapest provider for lettermail delivery in domestic traffic, while BUSINESS EXPRESS was the fastest provider, also providing the fastest service in parcel delivery. When it comes to delivering mail around Europe, different providers were the cheapest or fastest, while Pošta Slovenije was the cheapest provider in delivering lettermail and parcels around the world. However its delivery times were noticeably longer than those of other operators.

The practical analysis, which was made by sending mail with a weight of 50g from Ljubljana to either Maribor or Zagreb revealed the biggest differences in delivery from Ljubljana to Zagreb, where a lower quality service cost ten times more.

#### 6.5 Measuring User Satisfaction with Postal Services

In collaboration with the Ninamedia agency, the Agency carried out the fourth survey on users' satisfaction with postal services (general and business public), and compared the results with those from 2007, 2008 and 2010. The survey was aimed at establishing the extent to which users

<sup>10</sup>The analysis is available at: [http://www.apek.si/sl/primerjala\\_analiza\\_cen\\_in\\_rokov\\_prenosa\\_postnih\\_posiljk](http://www.apek.si/sl/primerjala_analiza_cen_in_rokov_prenosa_postnih_posiljk)

use postal services, their satisfaction with the quality of postal services, and customer awareness about postal service providers. The Agency published the survey results on its website<sup>11</sup>.

### **6.5.1 General Public**

The majority of the respondents visit a post office two to three times a month, two thirds of them only for conducting payment transactions. Almost one half of the respondents use mailboxes less than once a month, and one sixth have noticed that some mailboxes have been removed, and half of those who have noticed are dissatisfied with this. The majority find the distance to the nearest post office acceptable. Similar responses were given in previous surveys.

One third of the respondents mailed 1 to 2 letters per month last year, while a bit fewer respondents mailed over 5 letters per month. The results were similar in relation to mailed and received parcels. The respondents find location to be the most important factor in the quality of postal services and almost three quarters always visit the same post office, which was also the share of respondents satisfied with the speed of services at post offices.

The results of all surveys showed that the share of users who have mail delivered to their home addresses on Saturdays continues to drop, as does the share of those who find Saturday delivery reasonable.

Responses regarding unaddressed, advertising, marketing, and other promotional mail have remained similar throughout the years and show that users are annoyed by such mail, however a very small proportion of them (less than one fifth) uses APEK's sticker.

Over one third of the respondents said that Pošta Slovenije could provide services not only on its own premises but also through contractors. Less than one fifth of the respondents use services of other postal service providers in addition to Pošta Slovenije's, and in the majority of cases they do it if they require faster mail delivery.

### **6.5.2 Business Public**

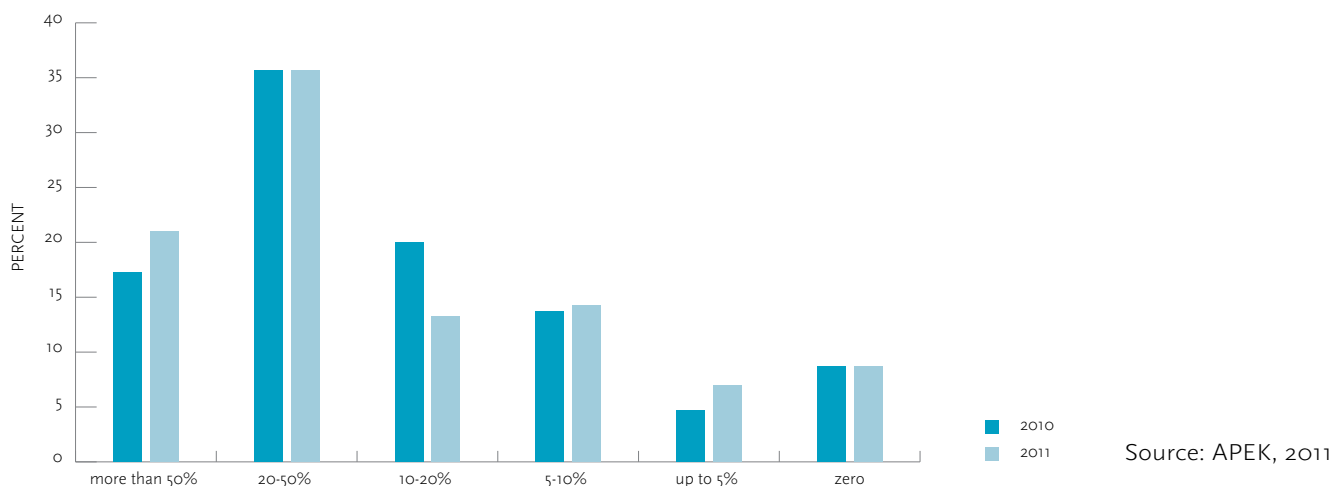
Slightly over one half of legal entities send their mail from post offices, and slightly over two thirds receive their mail at their business premises and one third at their post office boxes. The share of respondents receiving the mail at their business premises is noticeably higher than in previous surveys.

Legal entities find the reliability of delivery the most important factor in the quality of postal services, while, in contrast to general public, the location of post offices is the least important factor. More than one half of the respondents find it necessary that mail should be delivered to the addressee on the next working day.

Almost all respondents trust Pošta Slovenije and are satisfied with its services, and in the event they were to select a new provider, the price and quality would be the main factors. Less than one tenth of the respondents would change the provider if it offered lower prices but also poorer quality of services, while slightly over one third would make the change if the other provider offered higher prices but for better quality of services. The replacement of traditional postal services with internet and e-mail is noticeable and has increased compared to the year before, which is shown in the graphic below:

<sup>11</sup>The document is available at: [http://www.apek.si/sl/zadovoljstvo\\_uporabnikov\\_s\\_postnimi\\_storitvami\\_v\\_letu\\_2011](http://www.apek.si/sl/zadovoljstvo_uporabnikov_s_postnimi_storitvami_v_letu_2011)

Graphic 41: Replacing traditional postal services with internet and e-mail (2010–2011)



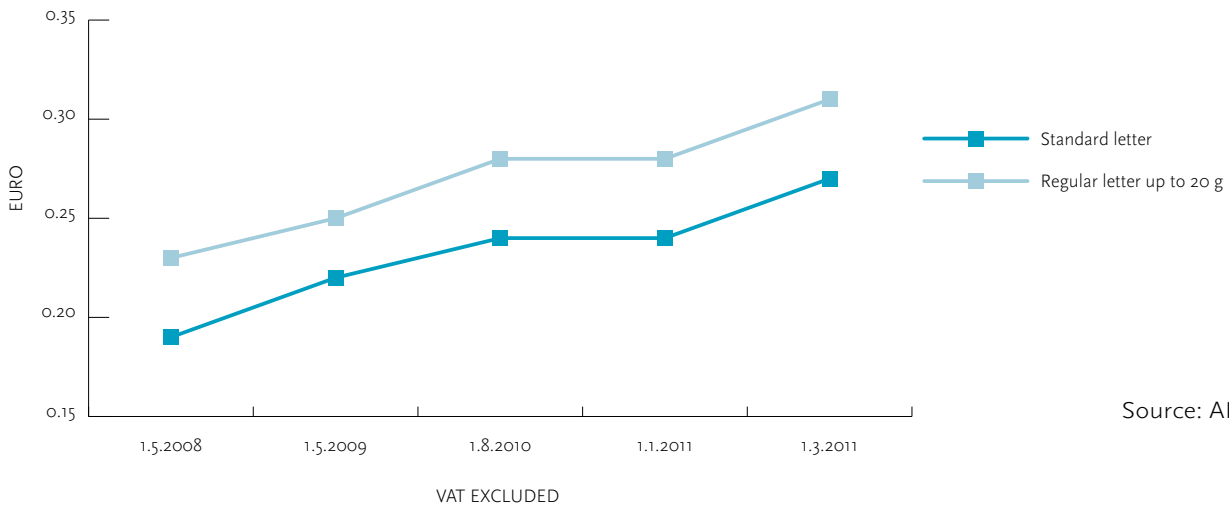
## 6.6 Price Regulation

In 2011, the agency received five requests from Pošta Slovenije for changing the price of services from the segment of universal service. The Agency approved the first request, which was for an increase in the price of delivering standard and ordinary letters of up to 20g and postal cards in domestic and international traffic. The average increase in the price of the above services stood at 10%. The Agency meanwhile rejected the other four requests filed by Pošta Slovenije, which referred to the prices of delivering publications in domestic traffic, and deleting the clauses regarding discounts on prices for the delivery of standard and ordinary letters and postal cards in domestic traffic, since the established irregularities and incomplete data made it impossible to establish with certainty and confirm that the proposed

changes in prices of services from the segment of universal postal service were cost-oriented, that they encourage efficient provision of the universal postal service, and that they were designed in accordance with the principles of transparency, non-discrimination, and ensuring of competition, as prescribed by the relevant legislation.

The graphic below shows changes in the prices of delivering standard and ordinary letters of up to 20g in domestic traffic in the 2008–2011 period. Delivery of these two types of letters presented, considering the traffic, the two most important services in the segment of universal postal service provided by Pošta Slovenije. The prices are in euros, VAT excluded, which was abolished on 1 January 2011, for more clarity.

Graphic 42: Changes in the prices of delivering standard and ordinary letters of up to 20g in the 2008–2011 period, without VAT



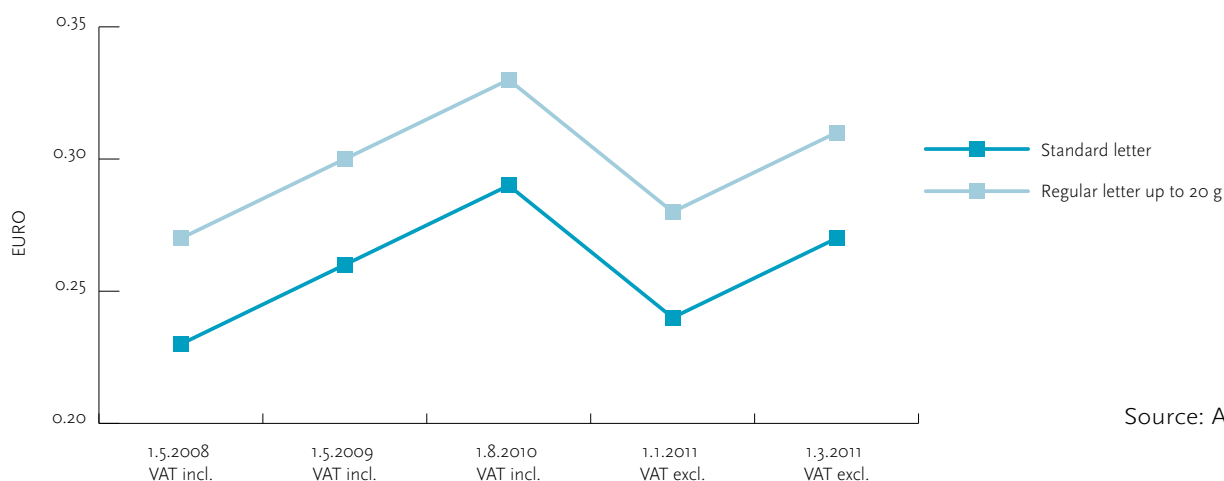
Source: APEK, 2011

On 1 January 2011, the amended Value Added Tax Act stepped into force, introducing full or partial VAT exemption for universal postal service and the supply of goods directly related to it. VAT exemption thus applies to the supply of postage stamps at nominal value, which are used in the Republic of Slovenia for confirming the payment of the postal service on the piece of mail itself. Said amendments to the Value Added Tax resulted in all services in the segment of the universal postal service being exempt from VAT, while other postal service providers must charge VAT for all postal services they provide, which they have emphasized as a problem in ensuring competitiveness in the postal services market. They also pointed out that being obliged to charge VAT for all services they provide makes it impossible

for them to compete with Pošta Slovenije in the provision of services in the lettermail segment. This is especially evident when it comes to postal service users that are not liable for VAT, such as the state administration, public service, natural persons etc., who are charged lower prices due to VAT exemption.

The graphic below shows changes in prices of delivering standard and ordinary letters of up to 20g in domestic traffic from 2008 to 2011, including the change in prices after introducing VAT exemption for the universal postal service segment on 1 January 2011. Prices are in € and represent retail prices, which included VAT until 2011, and have been exempt from VAT since 1 January 2011.

Graphic 43: Changes in retail prices of delivering standard and ordinary letters of up to 20g in the 2008–2011 period



Source: APEK, 2011

Based on irregularities and insufficiencies that were found in examining Pošta Slovenije's accounting data, especially when deciding on the requests for increasing the prices in the universal postal service segment in 2011, the Agency decided to carry out a detailed analysis of cost-orientation of prices calculated by Pošta Slovenije in its separate accounting system. The analysis was conducted with the support of the external independent agency KPMG Slovenija, which confirmed the Agency's assumptions that the separate accounting system used by Pošta Slovenije to calculate prices of postal services does not allow it to calculate cost-oriented prices as determined in Article 35 of ZPSto-2. Based on the analysis' findings, ZPSto-2, and relevant bylaws, the Agency will continue with its efforts to enforce implementation of statutory provisions regarding separate accounting of universal postal service provider, and as a result to ensure cost-oriented prices for services from the universal postal service segment.

In 2011, the Agency was a member of three working groups of the European Regulators Group for Postal Services (ERGP) in relation to price policy of universal postal service provider. The aim of the Agency's participation in these groups was above all to coordinate tasks in the field of price regulation for universal postal service providers in the EU and to acquire examples of best practice.

### 6.7 Postal Services Market Supervision

In 2011, the Agency's authorized person ex officio carried out three inspections based on ZPSto-2 and the Inspection Act. Two were related to the quality of providing the universal postal service, and one to General Conditions of Access to the Postal Network of Pošta Slovenije. The latter procedure is still underway.

In two inspections related to the quality of providing the universal postal service, Pošta Slovenije was given the obligation to start delivering mail at

least five times a week to home addresses of 10 households. In the inspection related to the General Conditions of Access to the Postal Network of Pošta Slovenije, which is still underway, Pošta Slovenije has already partly fulfilled said requirements and added to the general conditions provisions on levels of access that enable the sending of publications, registered, and insured letters, and ordinary and registered parcels.

Following a petition, the Agency's authorized person also reviewed two matters related to suspected discrimination in providing interchangeable services by Pošta Slovenije, and related alleged violations of the General Conditions of Access to Postal Network of Pošta Slovenije. Both procedures were halted and no irregularities were found.



## RAILWAYS

According to the Act amending the Railway Transport Act – ZZelP-H (Official Gazette of the Republic of Slovenia, No. 106/10) of 1 August 2011, the competencies of regulatory authority were transferred from the Ministry of Transport to the Agency. Together with the competencies, the civil servants working in this field at the ministry were also moved to the Agency. The tasks of the regulatory authority for railway traffic are handled by a new independent division of the Agency.

### 7.1 Development of the Service Market in Railway Traffic

In accordance with the provisions of the Railway Transport Act, the Agency is obliged to monitor competition in the markets of railway transport services and ex officio impose measures if it finds violations of free competition or violations of provisions regarding the train paths or user fees.

The fundamental principle of the European Union policy is to establish a unified European market. Sustainable development of the European Union traffic network is a prerequisite for reaching this goal. This is why member states began taking measures for gradually opening the service market to foreign competitors in the field of railway traffic as well.

The railway traffic service market started to open up to foreign competitors in two steps: By 1 January 2006 the rail carriers from EU member states were, under fair and equal conditions, granted the right to access the railway infrastructure of individual EU member states to provide services of international freight transport. As of 1 Janu-

ary 2007 this right was extended to providing all types of services in the railway freight transport in all EU member countries. The second step also opened the service market in the field of railway passenger transport. By 1 January 2010 passenger traffic rail carriers from EU member states were granted the right to access the railway infrastructure to provide services of international passenger transport.

The service market for railway traffic for foreign competitors in Slovenia was actually realized in early 2009 when the national rail carrier was joined by Rail Cargo Austria, AG in railway freight transport on the public railway infrastructure.

In 2011 railway freight transport on the public railway infrastructure was provided by three carriers:

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

A carrier license for railway freight transport and a safety certificate for providing services in the area of the Koper freight station were also granted to the carrier Luka Koper, d. d.

Services of international and national and cross-border regional railway passenger traffic on the public railway infrastructure are provided only by the national carrier, Slovenske železnice – Potniški promet, d.o.o.

In 2011 18.59 million tons of freight was transported on the public railway infrastructure of the Republic of Slovenia, and carriers made a total of 4.13 billion net ton-kilometers.

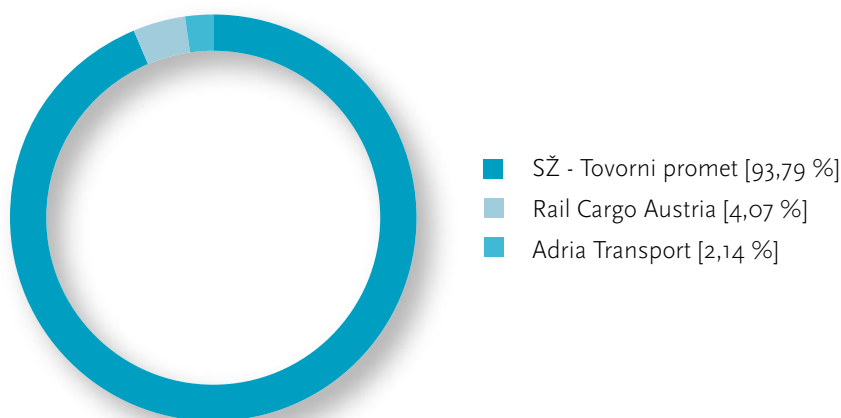
Graphic 44: Freight transport in 2011

Transport carried out on the public railway infrastructure in RS in 2011 [net ton-kilometers]				
	SŽ freight traffic	Rail Cargo Austria	Adria Transport	Total
International traffic	3.645.597.542	168.022.000	88.040.387	3.901.659.929
National traffic	223.607.175	-	245.410	223.852.585
<b>Total</b>	<b>3.869.204.717</b>	<b>168.022.000</b>	<b>88.285.797</b>	<b>4.125.512.514</b>

Source: APEK, 2011

Compared to 2010, the scope of transport on the public railway infrastructure of the Republic of Slovenia grew by 5.46%, which can mostly be attributed to higher traffic in Koper's port.

Graphic 45: Market shares of freight carriers in %



Source: APEK, 2011

## 7.2 Realization of Allocated Train Paths by Freight Carriers

The freight traffic analyses in the past showed a large share of allocated train paths which were unrealized or canceled (even over 50%), which points to the fact that railway freight traffic carriers (or applicants for train paths) regularly ordered a larger number of train paths than was actually needed. This also caused a distorted image about the availability of infrastructural capacities,

especially on main and most frequently used routes. This distorted image noticeably reduced the number of free (catalog) routes that could have been available for granting to current and potential new carriers through the ad-hoc process (allocating routes for special purposes). This lowered the competitive edge of the manager of the public railway infrastructure in attracting potential new carriers and offered them the actual available infrastructural capacities. Carriers claimed that



a large share of canceled train paths in railway freight traffic was caused by the lower demand for freight transport services via railway due to the economic downturn.

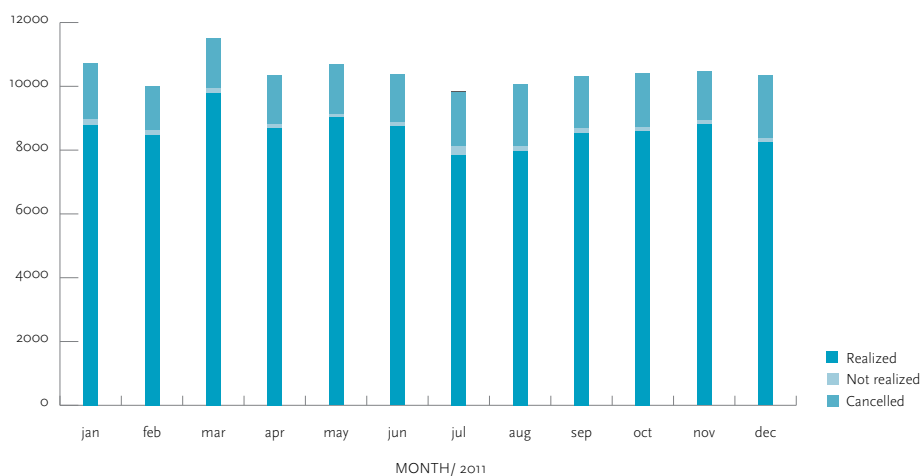
The Public Agency for Rail Transport of the Republic of Slovenia, which is responsible for granting available train paths, has also been informed about the issue of the high share of unrealized and canceled train paths. It was also called upon to collaborate with the manager of the public railway infrastructure (SŽ – Infrastruktura) and estab-

lish the reasons for these circumstances, and to take necessary measures for improving the realized capacities of the public railway infrastructure.

### 7.2.1 Carrier Slovenske železnice – Tovorni promet, d.o.o.

SŽ – Tovorni promet was allocated 125,046 train paths in 2011; 73,208 through the routine procedure and 51,838 through the ad-hoc procedure. Compared to the previous year, the number of train paths allocated to SŽ – Tovorni promet grew by 902 train paths.

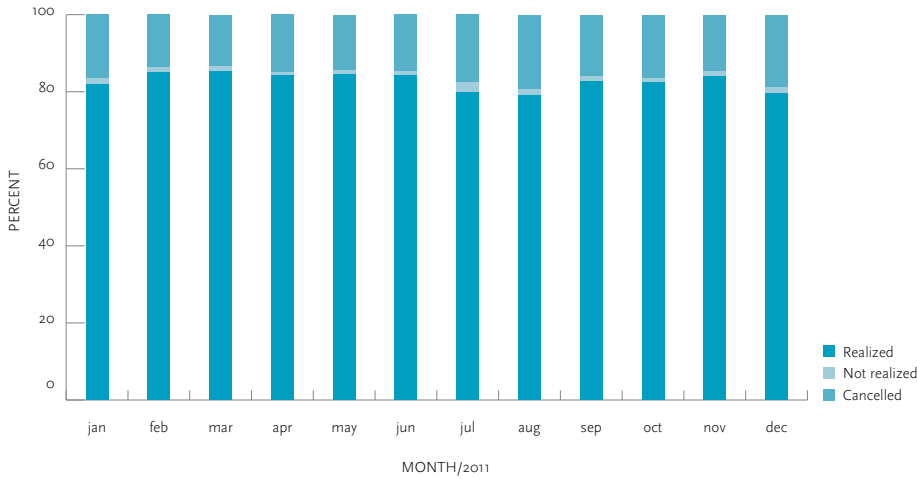
Graphic 46: Number of train paths allocated to SŽ – Tovorni promet in 2011



Source: APEK, 2011

The analysis of the realized train paths showed that the carrier reduced the number of unrealized train paths (-6,547) and at the same time increased the number of canceled train paths (+3,153). 2011 also brought a high increase in the number of train paths allocated through the ad hoc procedure, growing by 9,141 compared to 2010.

Graphic 47: Number of realized train paths of SŽ – Tovorni promet in 2011

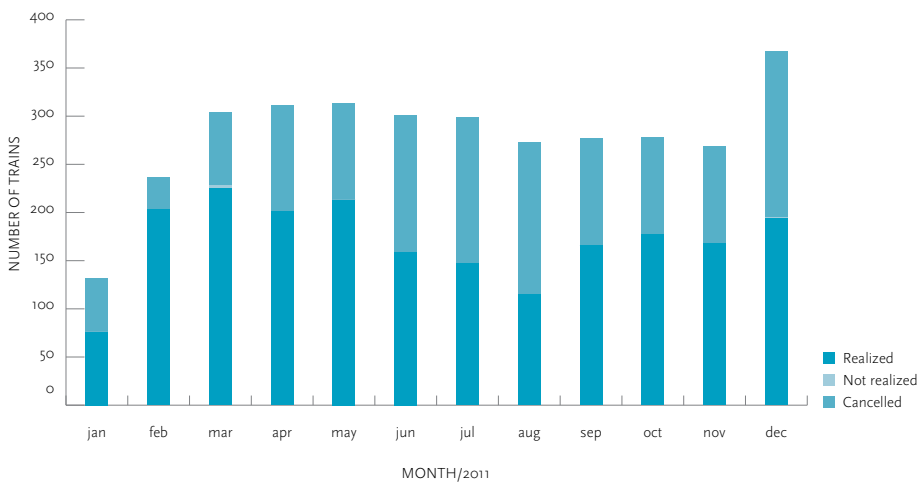


Source: APEK, 2011

### 7.2.2 Carrier Rail Cargo Austria AG

Carrier Rail Cargo Austria AG was allocated a total of 3,362 train paths in 2011. The number of train paths granted to this carrier fell by 1,287 compared to 2010. In spite of the lower number of allocated train paths, Rail Cargo Austria (hereinafter referred to as RCA) managed to increase the number of realized train paths by 691, thus reducing the numbers of unrealized (-24) and canceled (-1,954) train paths.

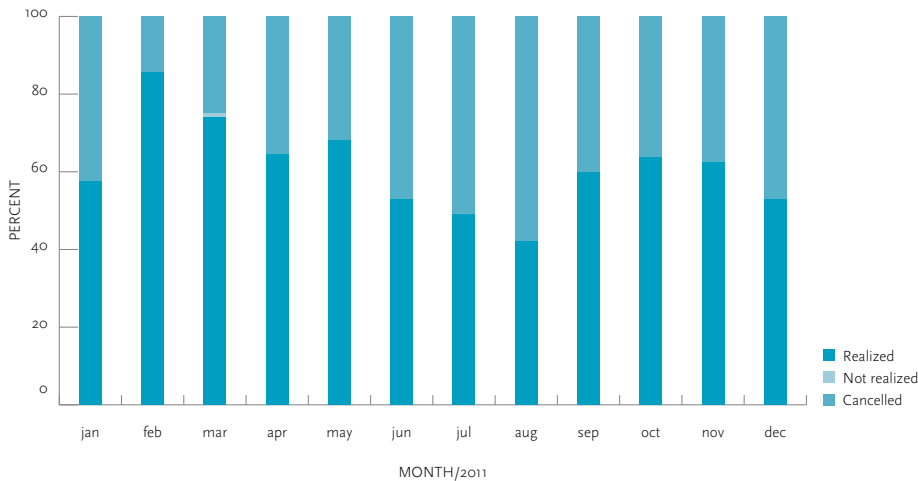
Graphic 48: Number of train paths allocated to RCA in 2011



Source: APEK, 2011

Compared to 2010 when RCA justified a high cancellation rate with cancellations from customers, we see a major decrease in the number of canceled train paths in 2011, which means that the carrier adjusted the ordering of train paths to the actual need by using routine procedures. However, the number of canceled train paths still presents a 39% share of all train paths allocated to RCA.

Graphic 49: Number of realized train paths of RCA in 2011

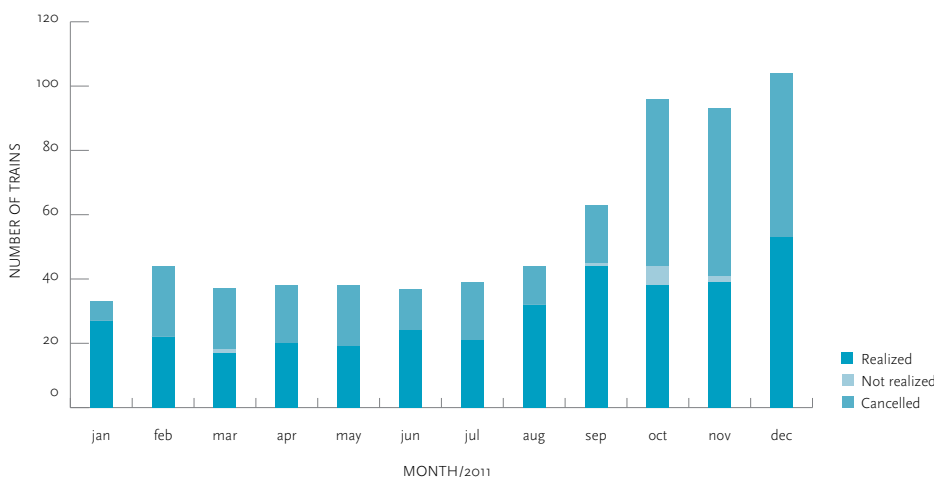


Source: APEK, 2011

### 7.2.3 Carrier Adria Transport, d.o.o.

Adria Transport was allocated 666 train paths in 2011; 504 through the routine procedure and 162 through the ad-hoc procedure. This carrier began to provide railway freight services with its own articulated vehicles in December 2010. Before that the national SŽ – Tovorni promet provided train haulage services to Adria Transport. Taking into account that the data on the number of train paths allocated to Adria Transport, which was acting as an applicant and not a carrier in the previous period, was included in the data of SŽ – Tovorni promet, the comparison of train paths allocated in 2011 to 2010 is not possible.

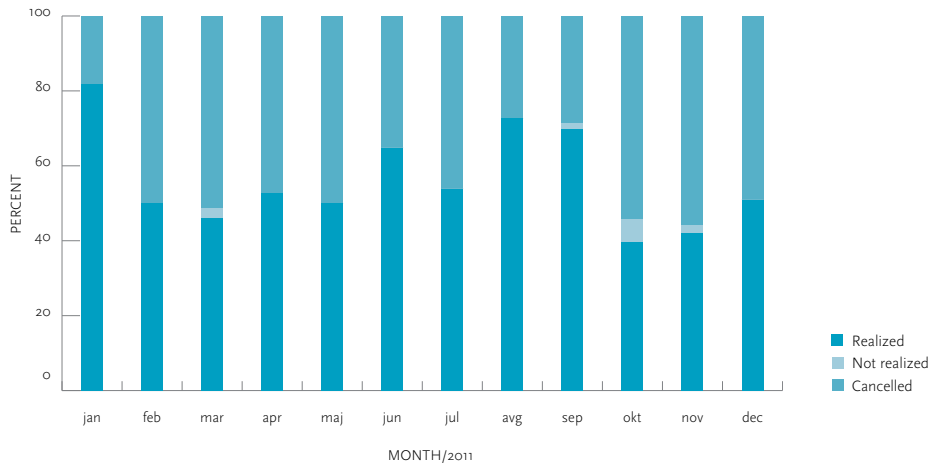
Graphic 50 Number of train paths allocated to Adria Transport in 2011



Source: APEK, 2011

The analysis of the realized train paths of Adria Transport showed that the carrier canceled as many as 300 train paths out of the total 666 it was allocated (45% share). The highest number of cancellations was carried out in the last trimester of 2011.

Graphic 51: Number of realized train paths of Adria Transport in 2011



Source: APEK, 2011

### 7.3 Realization of Allocated Train Paths of Carriers in Passenger Traffic

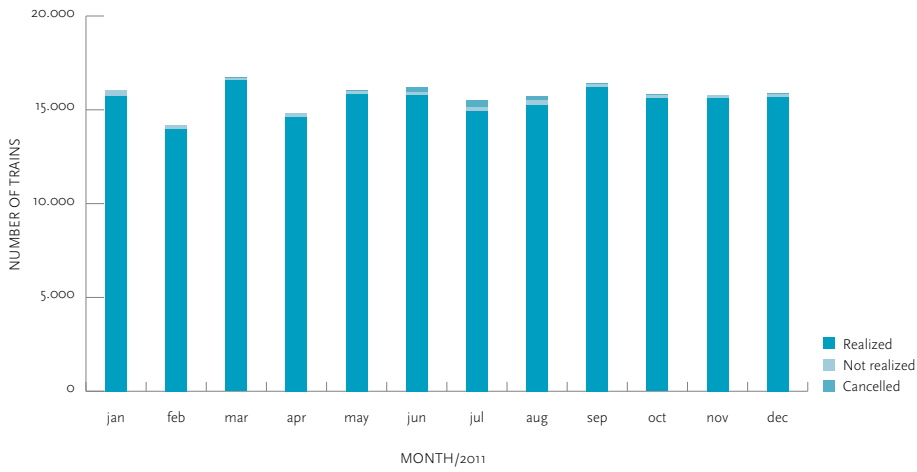
Unlike the railway freight traffic with its high share of unrealized and canceled train paths, the analyses of allocated train paths in railway passenger traffic show a much better picture. The share of unrealized and canceled train paths did not exceed 2% during the monitored period (since January 2009). The main reason for the low share of unrealized and canceled train paths lies in the fact that passenger transport services are mostly provided in the scope of the mandatory public utility service of national and cross-border regional railway passenger transport. To this end, the train paths were allocated to the carrier through the routine procedure. The ad-hoc procedure of

allocating train paths is used far less in the passenger traffic than it is in freight traffic. It is usually used for commercial transport (e.g. tourist agency trains).

#### 7.3.1 Carrier Slovenske železnice – Potniški promet, d.o.o.

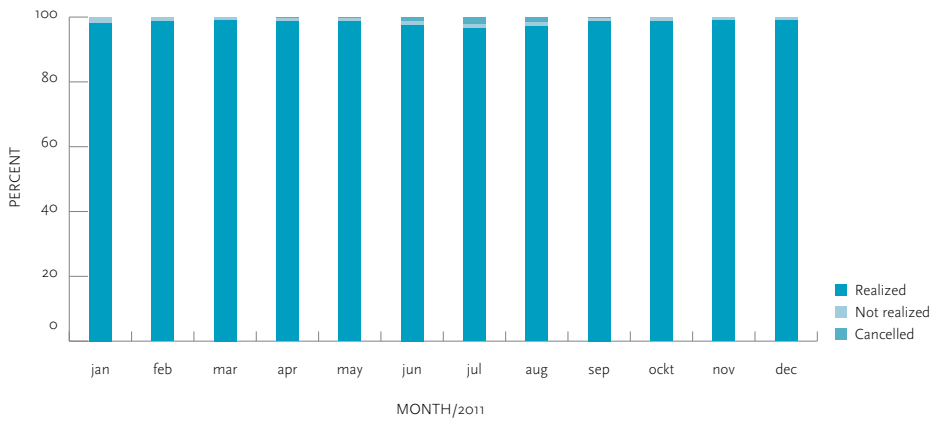
The only carrier in railway passenger transport, SŽ – Potniški promet, was allocated 189,031 train paths in 2011; 180,663 through the routine procedure and 8,368 through the ad-hoc procedure. Compared to 2010, the total number of train paths in passenger traffic granted to the carrier grew by 5,807 however the numbers of unrealized (+211) and canceled (+518) train paths were also on the rise.

Graphic 52: Number of train paths allocated to SŽ – Potniški promet in 2011



Source: APEK, 2011

Graphic 53: Number of realized train paths of SŽ – Potniški promet in 2011



Source: APEK, 2011

#### **7.4 User Fee for Accessing the Public Railway Infrastructure**

Carriers in railway traffic are obliged to pay the user fee for accessing the public railway infrastructure. It is the regulator's responsibility to ensure that user fees are set according to current legislation and that they do not discriminate against any of the carriers. Routine monthly reviews of the user fees charged to carriers, carried out by the regulator, ensure that all railway carriers are charged equal user fees.

According to the Railway Transport Act, setting the user fee falls within the competencies of the Public Agency for Rail Transport of the Republic of Slovenia. In the opinion of the European Commission, the current methodology for setting the user fee is not based on costs incurred with the use of the public railway infrastructure. This is why in 2010 the Public Agency for Rail Transport of the Republic of Slovenia began creating a new methodology and in 2011 began with parallel test calculations. The Agency is actively involved in the implementation of the new methodology.

Railway carriers did not file any complaints related to user fees to the regulator in 2011.

#### **7.5 Regulatory Measures**

Carriers and applicants for train paths have the right to file a complaint with the Agency if they think they were treated unfairly, discriminated against, or harmed in any other way, especially by the decisions of the manager and carrier in railway traffic. The Agency is obliged *ex officio* to take measures if it confirms violations of free competition or violations of provisions regarding train paths and user fees.

In 2011 the Agency received three complaints from Rail Cargo Austria AG regarding the decisions or actions of the manager of the public rail-

way infrastructure. The Agency found that all the carrier's complaints were unfounded. In two cases the carrier launched administrative disputes against the Agency's decisions. The Administrative Court already made a decision in one case (it dismissed the petition). The other lawsuit is still being processed.

In 2011 the Agency only took measures *ex officio* against decisions or actions of the manager of the public railway infrastructure. It was found in one case that the manager of the public railway infrastructure treated all carriers equally in calculating the costs incurred due to obstacles in traffic. The second case dismissed the act of the manager of the public railway infrastructure on establishing shunting operators on stations with shunting crews. In the third case the manager was ordered to provide all railway freight carriers with equal access to industrial siding. The fourth case resulted in an order to the manager of the public railway infrastructure about harmonizing the RS Network Statement 2012 (the chapter that defines freight stations as shunting stations) with the provisions of the Traffic Regulation.

The Agency's actions of 2011 did not comprise only decisions on complaints or actions by official duty. It also held several meetings with carriers, the manager of the public railway infrastructure, and the Public Agency for Rail Transport of the Republic of Slovenia (as a granting and safety authority) during which they tried to find common solutions to issues that had arisen in providing services mainly in freight traffic.

## SETTLEMENT OF DISPUTES AND COMPLAINTS

Based on the Electronic Communications Act (ZE-Kom) and the Postal Services Act (ZPSto-2), the Agency is authorized to settle disputes in the fields of electronic communications and postal services in the Republic of Slovenia.

### 8.1 Disputes in the Field of Electronic Communications

The Agency has the authority to settle disputes between entities in the electronic communications market. Disputes arise between users and operators providing electronic communication networks and services, as well as between operators themselves. Article 129 of ZEKom distinguishes between:

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

Regardless of the type of the dispute, the Agency is bound by the provisions of ZEKom and the regulations and general acts issued pursuant thereto in settling them. After receiving a petition for settling a dispute, the Agency tries to resolve the dispute through mediation, the purpose of which is for the parties to reach a mutual agreement. The Agency plays the role of a mediator in the mediation procedure, which is confidential. If an agreement is not reached, the Agency settles the dispute by issuing a decision pursuant to the provisions of the General Administrative Procedure Act.

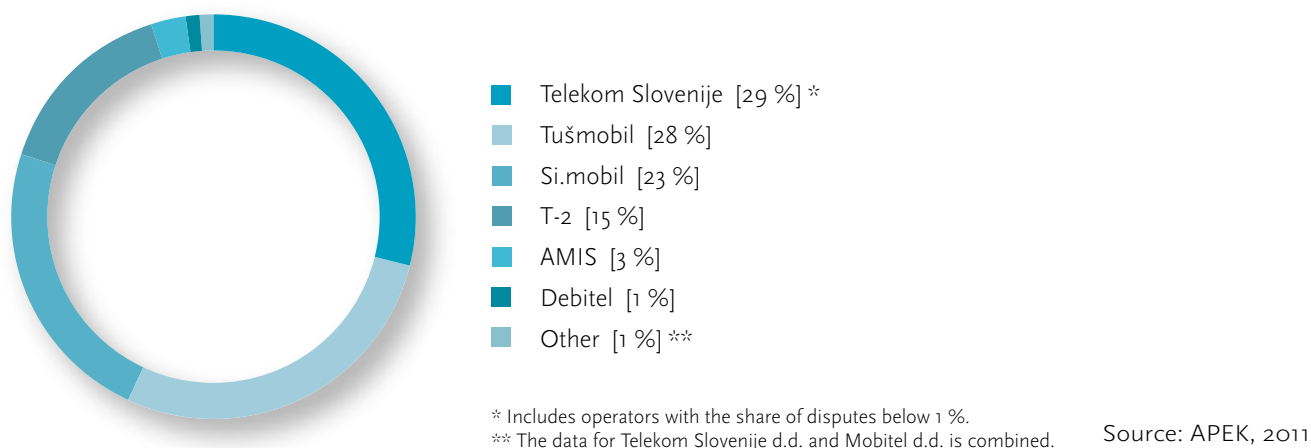
The prescribed deadline in which the Agency should settle the matter is 4 months after receiving the complete complaint for inter-operator disputes, and 2 months for user disputes.

Resolving a dispute before the Agency does not prejudice any potential legal jurisdiction, and the parties can always bring the dispute before a competent court. If during the settlement procedure conducted by the Agency any party to the dispute launches legal proceedings on the same matter before a competent court, the dispute settlement procedure before the Agency shall be halted.

#### 8.1.1 User disputes

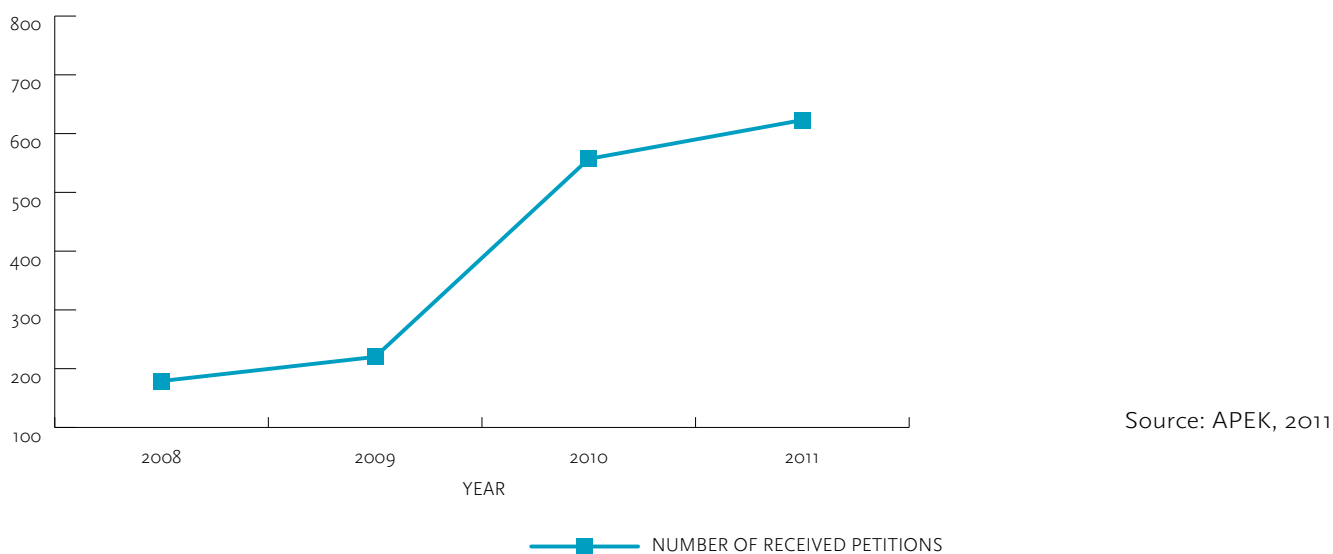
One of the Agency's main tasks is to protect the interests of the end users of electronic communications. In regard to this, it is the Agency's legal obligation to provide a high level of consumer protection, primarily by providing simple, effective, and affordable procedures for settling disputes with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

Graphic 54: Share of user disputes by operators in 2011



The Agency received a total of 841 petitions filed by end users, 623 of which were petitions to launch a dispute settlement procedure with communication services operators or providers. In other cases end users turned to the Agency with requests for certain data or short explanations of given situations. In 2011, the Agency received 218 such requests and responded to them within the prescribed deadline.

Graphic 55: Number of received petitions for settlement of disputes with operators from 2008 to 2011

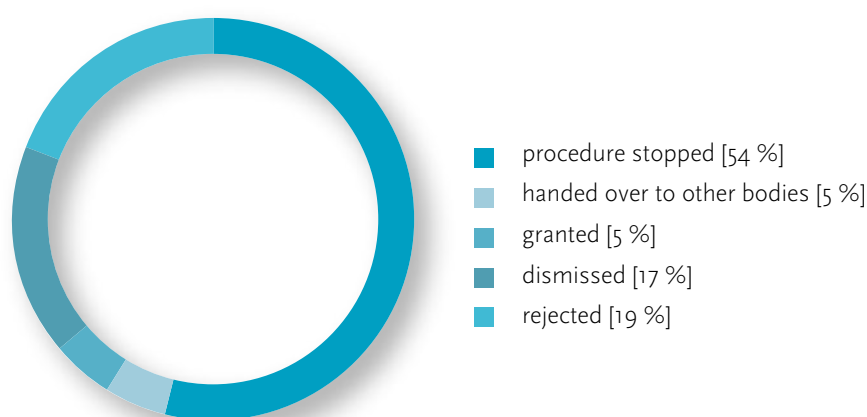


It is evident that the number of disputes continues to grow, however the increase in the number of cases was not as high as in 2010.



In addition to the 623 petitions received in 2011, the Agency continued with the settlement of 119 disputes launched at the end of 2010, while one procedure had to be repeated based on a decision of the Administrative Court. The total number of user disputes in which the Agency was involved in 2011 thus amounted to 743 cases, 612 of which were resolved, while the Agency will continue resolving 131 disputes in 2012.

Graphic 56: Share of cases based on outcomes



Source: APEK, 2011

The graphic shows that the Agency was very successful in mediation, as the operators and end users reached mutual agreements on dispute settlements in 54% of cases, which was followed by a decision on halting the procedure (333 cases). In other cases, the Agency concluded the procedures by issuing a decision. In 31 cases it upheld the proponent's complaint and in 115 cases it rejected it, while in 101 cases it issued a decision on dismissing the complaint as late or unallowed.

76% of the 612 disputes settled by the Agency in 2011 were settled within the two-month prescribed deadline, while in 24% of the cases this deadline was not met.

A review of the content of the disputes meanwhile shows that in 2011 the majority of disputes were related to the use of services in the networks of operators in non-EU members. In relation to

these disputes, one has to highlight the service of data transfer, where Slovenian operators either did not limit the usage, or informed the users on excessive usage only when this reached very high amounts. Considering the fact that these services were mostly used during summer holidays, the Agency will carry out certain activities in 2012, with the purpose of preventing the use of unwanted services.

In addition to these disputes, the Agency also recorded a rise in the number of disputes related to unwanted data transfer in the domestic network, which were either the result of the unskilled use of terminal equipment or of new services. Owing to the Agency's effective mediation, the majority of disputes ended in mutual agreement, which shows that operators and service providers in Slovenia also have understanding for such problems of end users.

In 2011, the Agency also recorded an increase in the number of disputes related to premium rate services, which are usually provided by companies that are not electronic communication providers. An increase in such cases shows that end users are still not sufficiently informed about how to use these services nor, above all, about their price. In relation to this matter, the Agency has actively collaborated with the Market Inspectorate, and this collaboration will continue in 2012, when the Agency will organize a workshop on consumer protection.

As expected, a drop was observed in 2011 in the number of cases that involved disputes between end users and the universal service provider. These cases involve disputes related to the (non-)provision of the universal service, when the provider does not provide the end user with connection to the public telephone network and access to publicly available telephony services on a fixed location. The drop in the number of such disputes could be a sign that universal service is provided to the vast majority of end users, and on the other hand the decrease can also be explained by the fact that people select other ways of accessing communication services (e.g. mobile telephony and mobile internet, broadband access over the fiber optic or cable network). The Agency resolved all the disputes related to the provision of universal service in favor of end users, and the universal service provider also started providing the service based on the Agency's decision.

In 2011, 5 lawsuits were filed with the Administrative Court of the Republic of Slovenia against the Agency's decisions issued in user disputes related to electronic communications.

### **8.1.2 Disputes between Operators**

The Electronic Communications Act stipulates that operators should manage business relation-

ships between them by themselves. The Operators thus have the obligation of negotiating about the technical and commercial issues of operator access and interconnections in good faith. Only when they fail to reach an agreement does every operator have the right to request that the dispute be settled before the Agency. The Agency has the power to settle by decision only those issues of interconnection or operator access on which the parties were unable to reach an agreement and which do not present a violation of ZEKom. In this case, the Agency adopts a decision in the dispute pursuant to Article 129 of ZEKom.

In 2011, the Agency received one petition to settle a dispute, and resolved two disputes between operators that started in 2010.

In a case related to conditions of operator access to the mobile network and call origination for service providers/resellers, the Agency issued a decision on partly halting and partly dismissing the case, since the parties managed to agree on all wholesale conditions of access to the network of the operator against which the case was initiated for the period from 1 January 2010 on. The Agency dismissed the case in the part related to the period before this date after it established that related to this case supervision has already been launched over the implementation of regulatory obligations of one of the operators.

The Agency issued a decision halting the dispute between operators related to the provision of access to the universal directory service, since the operator that filed the petition for dispute settlement fully withdrew the petition.

In a case launched in 2011 related to the refusal to establish a connection between the plaintiff's system and the system of the party against which the dispute was launched, the Agency established

that the party against which the dispute was filed was not an operator under ZEKom, i.e. it does not provide electronic communication networks or services and is thus not registered in Agency's relevant register. Based on this, the Agency dismissed the plaintiff's petition, since in such cases it has neither the power nor the legal basis for launching the procedure of dispute settlement between operators.

In 2011, 2 lawsuits were filed at the Administrative Court of the Republic of Slovenia against Agency's decisions issued in inter-operator disputes related to electronic communications.

## **8.2 Disputes in the Field of Postal Services**

One of the Agency's tasks is also to protect consumer rights in the postal services market. The Agency settles disputes between parties in the postal market if the disputes are related to rights and obligations determined by ZPSto-2 or by regulations and general acts based on it. Similarly to the field of electronic communications, disputes in the postal services market arise between users and postal service providers as well as between providers themselves.

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

The prescribed deadline in which the Agency should settle the matter is 4 months after launch-

ing the mediation.

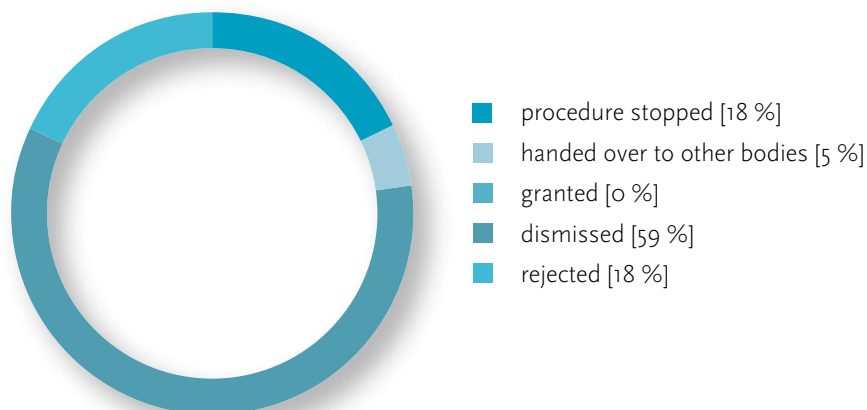
In 2011, 2 lawsuits were filed at the Administrative Court of the Republic of Slovenia against decisions the Agency issued in user dispute settlement procedures related to postal services.

### **8.2.1 User disputes**

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

In 2011, the Agency received 21 petitions filed by postal services users, and it had to repeat two procedures based on a ruling of the Administrative Court of the Republic of Slovenia. In 2011, the Agency was thus involved in 23 dispute settlement cases, 22 of which it resolved, while one was carried over to 2012. In 4 of the cases the Agency managed to help the parties in the dispute reach an agreement and halted the procedures, while in other cases it decided on the proponent's claim in an administrative procedure. It rejected four claims, dismissed 13, and referred one case to the competent body. All 22 disputes were resolved within the prescribed four-month deadline.

Graphic 57: Share of cases based on outcomes



Source: APEK, 2011

The reasons for the high number of dismissed claims in 2011 should be sought in the case-law of the Administrative Court of the Republic of Slovenia, which in a number of cases upheld the claims of the postal service provider that the Agency is not authorized to settle disputes related to damages for lost or damaged mail items. The court ruled that by settling a dispute that had been partly resolved in the complaint procedure managed by the postal service provider, the Agency

exceeded its material jurisdiction determined in Article 51 of ZPSto-2. Pursuant to administrative practice and case-law, the Agency will have to dismiss such users' claims also in the future.

### 8.2.2 Disputes between Providers of Postal Services

In 2011, the Agency did not receive any petitions for dispute settlement from postal service providers.

## END USER PROTECTION

### 9.1 Implementation of the Roaming Directive

The Agency continuously monitored whether Slovenian mobile operators were implementing the Directive on international roaming on public mobile networks within the EU<sup>12</sup>. Pursuant to the amendments to the Directive, which entered into force in the middle of 2009, the highest price for outgoing calls dropped from €0.39 to €0.35 per minute without VAT on 1 July 2011. The highest price for incoming calls meanwhile dropped from €0.15 to €0.11 per minute without VAT. The amendments to the Directive introduced the 1-second charging interval, while the first charging interval for the outgoing calls should not exceed 30 seconds. The price for a sent text message remains capped at €0.11 without VAT, while received text messages may not be charged. The provision that a received text message informing about a received voice message may not be charged has been in force since 1 July 2010.

Additional amendments to the Directive also cap the wholesale price of data services, which was decreased from €0.80 per MB of transferred data to €0.50 without VAT on 1 July 2011. It is expected that the cap on wholesale prices of data services will result in a drop in retail prices that operators charge to users, since the Directive does not directly determine the retail prices of data transfer in roaming. With the purpose of protecting users from the excessive costs of using data services, the operators had to offer by 1 March 2010 the possibility of activating a free-of-charge protection mechanism with a default financial cap, which should not exceed €50 in outstanding monthly liabilities without VAT or a corresponding amount

of data. On 1 July 2010, operators had to activate this default cap for all users who did not select another cap offered by their operators. Users must also be appropriately informed when their data service usage reaches 80% of the selected financial or data cap. Amendments to the Directive are expected to expire at the beginning of the second half of 2012.

### 9.2 The Single European Emergency Call Number “112”

Number “112” is the sole European number for emergency calls. This means that in the event of an accident or other emergency residents can call the toll-free number “112” in any EU member state. To improve the recognizability of the number and the broader public’s awareness, the Agency published on its website in 2011 the presentation of the single emergency number 112, and called on operators to inform their users in their general terms and conditions, on their websites, and on monthly invoices that the use of telephone services, including calls to emergency numbers “112” and “113”, is not possible if in the event of outages or interruptions in the electrical network or internet connection, or of malfunctioning terminal equipment. The operators must also inform users that they can ensure the accessibility of services in the event of outages in the public electrical network by using the uninterruptible power supply system for their network elements and terminal equipment. When saving lives proper information and the better awareness of all people about the sole European emergency number “112” are of extreme importance. The Agency examines the data on the quality of

<sup>12</sup><http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:167:0012:0023:SL:PDF>

the sole European emergency number twice a year and reports to the European Commission's Communications Committee.

### **9.3 Numbers for Services with Social Value "116 xxx"**

Based on the Recommendations of the European Commission about short, six-digit numbers with the prefix 116, which are reserved for access to services with social value, the Agency published at the beginning of June 2011 a public call for acquiring the interested public's opinion on allocating three short numbers with this prefix. By the deadline, the Agency received a response from the Slovenian Association of Friends of Youth, which wished to acquire the short European number 116111. This number is reserved for child helplines. The association fulfilled the conditions, so the Agency issued a decision on assigning the number in an administrative procedure.

Short dial numbers with prefix the 116 are reserved for access to services with social value. These are services that fulfill a special social need and contribute to the wellbeing or security of citizens or special groups of citizens, or are designed to help citizens in distress, and are, when applicable, of help to visitors from other countries. This allows citizens of all member states, including travelers and disabled persons, to access some of the services with social value through the same recognizable numbers in all member states.

The harmonized list of numbers reserved for services with social value in the EU comprises the following numbers:

- ① 116 000 – missing children hotline  
(in Slovenia the number was assigned to Zavod 116);
- ① 116 006 – crime victims helpline;
- ① 116 111 – child helpline  
(in Slovenia the number was assigned to the

Slovenian Association of Friends of Youth);

- ① 116 117 – non-emergency medical on-call service;
- ① 116 123 – emotional support helpline  
(in Slovenia the number was assigned to the Association of Slovenian Societies of Helpline Consultants);

The Agency thus assigned three more short numbers with prefix 116, and is successfully implementing the European Commission's directives.

### **9.4 Portals [www.apek.si](http://www.apek.si), [www.komuniciraj.eu](http://www.komuniciraj.eu) and <http://dvb-t.apek.si>**

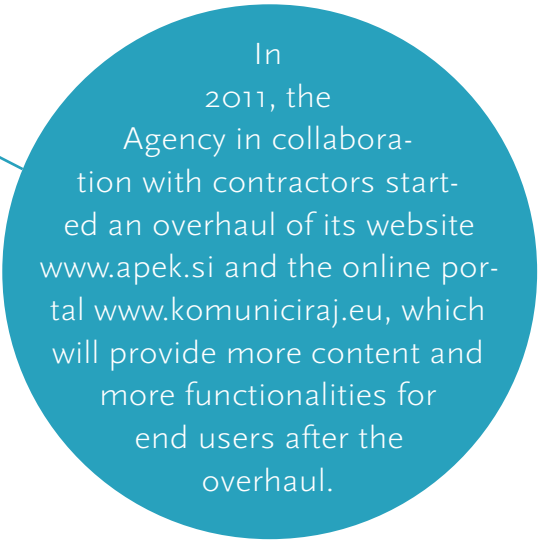
In 2011, the Agency in collaboration with contractors started an overhaul of its website [www.apek.si](http://www.apek.si) and the online portal [www.komuniciraj.eu](http://www.komuniciraj.eu), which will provide more content and more functionalities for end users after the overhaul.

On the portal [www.komuniciraj.eu](http://www.komuniciraj.eu), users will be able to choose and/or compare telecommunication service providers. At the end of the year, the Agency invited operators to test the portal and enter their information to present themselves to end users. The portal will be useful also for operators, who will be able to compare their range of services and products and prices to the ones offered by their competitors. Other of the portal's functionalities will allow end users to measure the data rate of their broadband access and enter the actual data for their location.

In 2011, the Agency also continued to manage and upgrade the web portal for digital terrestrial television – DVB-T The portal provides information about the switch to digital television broadcasting, instructions for purchasing digital receivers, the state of digital multiplexes, information on aerials, and a forum where users can get or provide help regarding the reception of the digital signal.

### **9.5 Call Center (080 2735)**

Support for end users is also provided through the Agency's call center. Users can call a toll-free number every working day from 9 to 11 AM and get expert advice and explanations regarding general issues on all areas of work of the Agency and dispute settlement procedures. Users can also get information on concrete dispute settlement procedures; it is provided by the official conducting the matter.



In 2011, the Agency in collaboration with contractors started an overhaul of its website [www.apek.si](http://www.apek.si) and the online portal [www.komuniciraj.eu](http://www.komuniciraj.eu), which will provide more content and more functionalities for end users after the overhaul.





## INSTITUTIONAL ADMINISTRATION

### 10.1 Regulatory Framework of Work Areas

The Agency is actively involved in preparing amendments to the legislation and harmonizing general acts with these changes in legislation. It issues general acts in the fields of electronic communications, postal services, and electronic media, which regulate in more detail the issues governed by the Electronic Communications Act (ZEKom), the Postal Services Act (ZPSto-1), the Media Act (Zmed) and the Digital Broadcasting Act (ZDRad).

In 2011, the Agency participated in drafting amendments to the Electronic Communications Act (ZEKom), the Railway Transport Act (ZZelP), and the Media Act (ZMed). It also commented on the Audiovisual Media Services Act (ZAvMS), with which the Audiovisual Media Services Directive was transposed into Slovenian legislation in November 2011.

It also drafted and issued the General act on modifications of the General act on number portability, which entered into force on 12 August 2011, and the General act on modifications and supplements to the General act on the transparency and the publication of information, which entered into force on 31 January 2012. The following general acts are meanwhile still being drafted or are in the process of adoption:

- the General act on modifications of the General act on numbering plan;
- the General act on registering audiovisual media services on demand;
- the General act on protecting children and minors (working title);

- the General act on product, service, or brand placement and sponsoring (working title);
- the methodology for supervising audiovisual media services and radio programs.

In addition to this, the Agency issued two recommendations. The Recommendation on affordable price of universal service, which entered into force on 7 May 2011, is aimed at improving the accessibility of the universal service for users with low income and special needs. With the Recommendation on methods and conditions of measures when terminating access contracts<sup>13</sup>, which stepped into force on 28 December 2011 and about which the European Commission was also notified, the Agency defined transparent and proportional measures that operators can apply in the event of unpaid disputed liabilities under operator access agreements. Thus the Agency wishes above all to protect end users if agreements between operators are terminated due to operators' payment default and as a result the provision of services to end users ceases.

In 2011, the Agency got actively involved in the group for drafting the Broadband Networks Development Strategy, which is being prepared by the Information Society Directorate. It submitted to the Directorate its proposals and working documents, which mostly refer to the future regulation of the frequency spectrum allocated for mobile services.

### 10.2 Transparency of the Agency's Work

The Agency pays special attention to informing the public about its work and issues related to

<sup>13</sup>[http://www.apek.si/sl/priporocilo\\_o\\_ravnanju\\_operaterjev\\_v\\_primeru\\_nerazumnih\\_zahtev\\_za\\_operaterski\\_dostop](http://www.apek.si/sl/priporocilo_o_ravnanju_operaterjev_v_primeru_nerazumnih_zahtev_za_operaterski_dostop)

electronic communications and postal and railway transport services. Pursuant to the Access to Public Information Act, the Agency provided as up-to-date and complete public information as possible to all applicants in the shortest time possible. It also replied to journalists' questions. The Agency was able to grant the majority of requests for access to public information received in 2011, and it also provided the requested information in the form of a document. In a few cases, applicants requested access to information that the Agency did not have, and in some cases applicants requested access to information that the Agency had, however the information was labeled as a business secret by the original holders. In such cases the Agency issued decisions rejecting the request.

In 2011, the Agency handled 58 requests for access to public information, resolving 55 of them. It carried forward three requests received at the end of the year, which it had already resolved within the statutory deadline. The Agency thus resolved all the cases within the statutory deadline. It rejected 6 out of 58 requests, 5 of which are being handled as part of an appeal procedure, two cases have already been upheld, and the Information Commissioner is still deciding on three matters.

It has become the tendency that applicants request public information also in cases where they could acquire the information as a party to the proceeding. The second trend observed related to requests for access to public information is that applicants try to access information that was labeled a business secret. The applicants try to persuade the Agency that the business secret label has no legal foundation. The Agency rejected such requests and turned the cases over to the Information Commissioner since the Agency's independent judgment on whether or not the business secret label was justified could result in

an action for damages. It has also occurred that the Agency received a request for access to public information which it possessed, however the information was originally held by another public body which is also obliged to disclose public information, which means that the applicants tried to acquire the information the long way.

The Agency also regularly replied to journalists' questions. In 2011, the Agency received 126 questions, to which it replied within the statutory deadline. In addition to this, the Agency tried to improve the understanding of and support for its positions by formally and informally communicating with its partners (e.g. invitations to participation, public presentations of bylaws, public debates, etc.), proactively engaging with the public, performing formal activities, and updating its websites.

### **10.3 Human Resource Management**

As of 31 December 2011 the Agency had 79 employees and the director. Of these, 75 employees have indefinite term contracts, which are financed by the Agency's own funds, while 2 employees of the Area for railway transport are financed from the budget of the Republic of Slovenia.

Two employees have fixed-term contracts, as they are employed in the SEE Digi.TV European project headed by the Agency. They are employed for the duration of the project and financed by European funds (80%) and Agency's own funds.

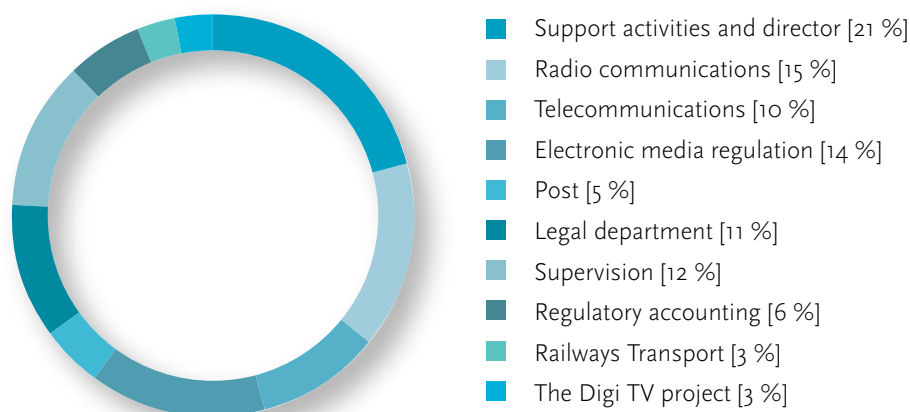
In 2011 there were two contracts for copyright work made in the IT sector because of work requirements, while 5 employees were on maternity leave in 2011 and were therefore temporarily replaced.

The Agency has one employee who has the right by decision of the Pension and Disability Insur-

ance Institute of the Republic of Slovenia to work for only half a workday, which in accordance with the Vocational Rehabilitation and Employment of Persons with Disabilities Act means that the Agency is partially exempt from paying contributions to pension and disability insurance for disabled persons, which must be paid by companies not fulfilling the required 2% quota.

In accordance with the legislation on occupational safety and health the Agency provides regular preliminary and targeted regular medical examinations and work safety training through an authorized doctor and an external work safety expert of, respectively.

Graphic 58: Share of employees by Organizational Units and Areas



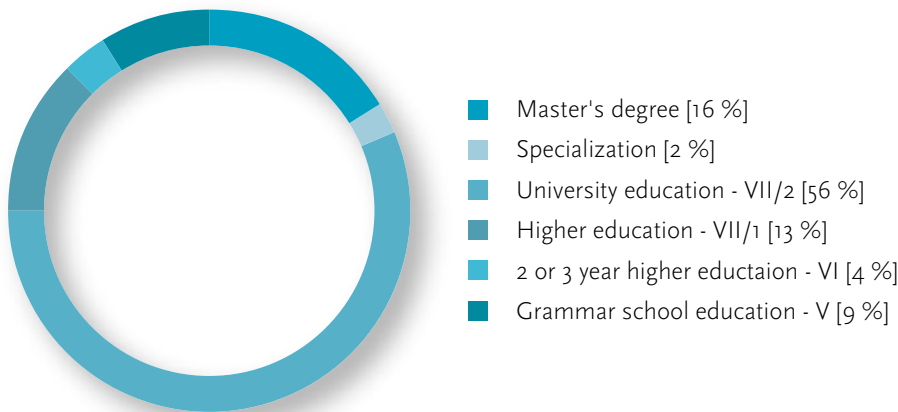
Source: APEK, 2011

In accordance with the Agency's requirements and with the goal of upgrading knowledge and capabilities, employees attended various conferences and workshops that are important for the expert and high-quality execution of the Agency's basic regulatory mission.

In 2011 the Agency also organized a class of business English and French for employees. In 2011 one of the employees completed his master's studies. Three employees continued studying part time at the graduate level, and two at the post-graduate level.

The educational structure of the Agency's employees is high, as more than 85% of employees have at least university level education.

Graphic 59: Educational Structure of Employees at the Agency



Source: APEK, 2011

#### 10.4 IT Support

In 2011 the Agency organized its own software development team, which took over the development of the business information system. During last year they upgraded the Agency's software to the latest versions. The Agency switched to the Windows 7 operating system and began using Microsoft Office 2010 and Lotus Notes 8.5. Several computers were replaced, as some were not capable of running the latest versions.

With the transition to the new operating system, a new system for software provisioning and upgrades, the Microsoft System Center Configuration Manager (SCCM), was implemented, along with the Windows Server Update Services (WSUS). Also implemented were new centrally managed antiviral software and the Lync internal instant messaging system, which provides greater connectivity between employees and encourages collaboration.

Because of the great complexity of the internal network infrastructure system, which was becoming too complex for maintenance, the complete system was simplified using existing hardware. The Agency also implemented server virtualization. All of the essential servers have been moved to the

virtual environment: the e-mail server, the scanned documents server, the file server, the application server, the database server and the application server for connecting with external services, which is in the DMZ.

Another important project was the implementation of the new eAPEK IT system to the fields of radio communications, numbering space and amateur radio records management. The Agency wants to unify the systems for managing internal and official records and registers. This system enables managing different phases of decisions, generating documents and publishing them online, and connections with expert applications (ATDI, HCM). The advantages of switching to the new IT system include updating the central database of businesses with the data from the AJPES Business Register of Slovenia. The data on subjects is therefore constantly fresh and uniform, and as such published in registers and on the Agency's website.

The Agency also updated the ePARTNER online portal for collecting data and connected it with the [www.komuniciraj.eu](http://www.komuniciraj.eu) portal, which is still in beta. Now users will be able to use a uniform login to access Agency's various portals, and data transfer

will also be possible.

The software development team also heads the development of the Agency's new website, which will go live in the first half of 2012, and will provide a comprehensive overhaul of the content, as well as open registers and official records in a semantic format. The new website will also use many open source products and third party libraries.

For the purposes of e-collaboration, internal communication, and project management the tailored open source tool TeamLab was implemented at the end of 2011. The goal of the system is to achieve a higher level of organization and project transparency, as well as better collaboration among employees. It went live with the new year.

### **10.5 Collaboration with Slovenian and International Institutions**

The Agency regularly and productively collaborated with bodies, whose work ties to and indirectly influences its decisions. Especially: The Ministry of Higher Education, Science, and Technology, the Ministry of Culture, the Ministry of Transport, the Ministry of the Environment and Spatial Planning, the Inspectorate for Electronic Communications, the Electronic Signature and Post, the Competition Protection Office, the Institute of Macroeconomic Analysis and Development, the Consumer Protection Office, the Traffic Information Centre for Public Roads, the Council for Electronic Communications, the Broadcasting Council, the Slovenian Institute for Standardization, the Statistical Office of the Republic of Slovenia, and the Bank of Slovenia.

In the international field the Agency's work was first and foremost focused on regular collaboration in bodies and working/project groups at the European Commission level (BEREC, COCOM, PDC, ERGP RSPG, RSC, EPRA, RBWG, RMMS),

at the CEPT/ECC level (especially the Working Group Frequency Management (WGFM), Working Group Spectrum Engineering (WGSE), Working Group Regulatory Affairs (WGRA), as well as the accompanying project groups, CEPT/CERP and their project groups). The Agency also actively collaborated with the International Telecommunications Union (ITU), the Universal Postal Union (UPU), NATO, regulators from other countries, and other foreign partners.

The most important collaborations were with the Body of European Regulators for Electronic Communications (BEREC), European Platform of Regulatory Authorities (EPRA), and the International Telecommunications Union (ITU). At BEREC, which among other functions prepares regulatory documents and recommendations and enables mutual assistance of national regulators in finding solutions for various challenges, one of our employees was delegated to a deputy position for one year. Within the scope of collaboration with EPRA the Agency is focusing on preparations for the 35th international conference of the Platform, which brings together more than 50 countries. The conference, to be hosted by Slovenia, will take place at the end of May in Portorož. In 2011 strengthened collaboration with ITU led to the first multilateral meeting on the unauthorized use of the radio frequency spectrum along the border with Italy and on Italy's inactivity in attempts to abolish the interference of reception in neighboring countries. The meeting between Italy and all the affected countries was called by the ITU.

### **10.6 Managing the European Project SEE Digi.TV**

The Agency is the leading partner in a consortium of institutions from the broader neighborhood of Slovenia which are collaborating in the European project SEE Digi.TV. The project, co-financed with European Union funds in the scope of the pro-

gram of transnational cooperation for Southeastern Europe, is aimed at accelerating the digitalization of countries in Southeastern Europe and the cross-border coordination of the digital dividend. It includes 15 partners from 10 countries. After extensive preparations lasting several years the project officially started in 2011 and will run until April 2013.

Along with the Post and Electronic Communications Agency the SEE Digi.TV project also includes:

INFORMEST and AGCOM (an agency for economic cooperation and the national electronic communications and media regulator of Italy);  
RTR (the national electronic communications and media regulator of Austria);  
ISVZ and NMHH (an association for the field of ITC and the national regulator of Hungary);  
HAKOM and AEM (national regulators for electronic communications and electronic media of Croatia);  
RAK (the national electronic communications and media regulator of Bosnia and Herzegovina);  
RRA (the national regulator for broadcasting media of Serbia);  
BAM and EKIP (national regulators for electronic communications and electronic media of Montenegro);  
SRD (the national regulator for broadcasting media of Macedonia);  
NCRT (the national regulator for radio and television of Albania);  
Sintesio (a non-profit test laboratory for NGN of Slovenia).

With the uncoordinated digitalization in participating countries because of different geographical, technological, legal, economic, social, and infrastructure conditions, the goals of the project are focused on bridging the divides between the

countries; creating conditions for accelerating the process of switching off analog broadcasting in the countries has yet to happen; improving the legal and technical framework harmonization; stopping market fragmentation; optimizing the use of released radio frequencies for new broadband services and the efficient use of the digital dividend. The project partnership is establishing a network of national regulators, whose cooperation is of key importance for the harmonization of activities in switching to digital broadcasting and the harmonization of the digital dividend.

In 2011 partners met at an introductory meeting in Ljubljana at the end of April, a month later in Vienna, in Budva in September, and in Italian Gorizia in November, and prepared several documents in the scope of the legal and technical package, which will be the basis for preparing regional guidelines and recommendations. The consortium also launched the website <http://www.see-digi.tv>, where it publishes news, announcements of upcoming events, and reports from past events, as well as final drafts of all the adopted documents in the part that is open to the public, while the private part serves work-related communication between partners and document management for ongoing procedures.



## SUMMARY OF THE AGENCY'S MAIN ACTIVITIES IN 2011

Here is a short summary of the activities that the Agency focused the most human and/or financial resources on in 2011.

In the telecommunications field the Agency focused the most attention on the regulation of relevant markets 4 "Access to (physical) network infrastructure with shared or unbundled access on a fixed location (carrier market)", and 5 "Broadband access (carrier market)". By issuing the decision on relevant market 4, the Agency designated Telekom Slovenije as an operator with significant market power in this relevant market, imposing on it the following obligations: the obligation of allowing operator access to certain network capabilities and their use, the obligation of non-discrimination, the obligation of transparency, the obligation of price control and cost accounting, the obligation of separating accounting records. Based on the Agency's aforementioned regulatory decision, Telekom Slovenije began allowing alternative operators access to its optic fibre network, which is already in use by a few operators. By issuing the decision on relevant market 5 the Agency designated Telekom Slovenije as an operator with significant market power, imposing on it the following obligations: the obligation of allowing operator access to certain network capabilities and their use, the obligation of non-discrimination, the obligation of transparency, the obligation of price control and cost accounting, the obligation of separating accounting records.

In the field of electronic media, which became an independent field last year, most work was focused on the amendment of the Media Act, which was

not passed, and on preparations of assuming new competencies of the Agency. With the adoption of the Act on On Demand Audiovisual Media Services (ZAvMS) the Agency was granted the competency to independently regulate and supervise the implementation of the act. ZAvMS introduced the expansion of regulation to non-linear media, which include on demand audiovisual media services. For the Agency this means that it will also be conducting supervision of system requirements and limitations of these media. At the same time the Agency must adopt a general act that will govern the system of notifying on demand media services, and manage an official record of providers of on demand audiovisual media services. It is now also obliged to manage an official record of permit holders for conducting television activities. The Agency has consequently been significantly focusing on executive acts as dictated by ZAvMS. It also establishes inspection supervision of ZAvMS providers and content in electronic media, for which it must adjust human resource and technical capabilities. This represents a major financial hurdle for the Agency. According to projections, financing the Agency's new activities will take more than half a million euros per year.

In the field of radio communications the Agency prepared a draft of the Strategy of Development of Broadband Networks, which is prepared by the Information Society Directorate. It also spent a lot of resources and time in preparation for testing DVB-T2 in the west of the country. Testing began at the end of 2011, and is planned to last at least 1 year. The Agency prepared expert references, set the goals of testing, selected the contractor, and will

be conducting the measurements itself. The total value of the project is 240 thousand euros. The field for radio communications, which issues decisions on assigning radio frequencies, processed 997 cases in 2011.

In the field of postal services the market was liberalized with the start of 2011. Pošta Slovenije lost the exclusive right to conduct reserved postal services, specifically delivering postal items weighing below 50g and costing less than a 2.5 times the price of delivery of a standard category first weight class postal correspondence item. In 2011 the Agency conducted research into the effect of liberalization on the postal services market and began supervision of the General conditions for access to the postal network of Pošta Slovenije, which is still ongoing. It also processed numerous incentives, helped clear up uncertainties, and encouraged the operators of exchangeable postal services in entering the market.

In 2011 the Agency also became a regulator of railway transport. This meant it had to establish work conditions for new colleagues, and especially handle financing, as, unlike the new area for railway transport, the Agency is not financed directly from the budget of the Republic of Slovenia. The Agency spent most time on changes to the Railway Transport Act.

The field of control spent most of its focus on the supervision of the fulfillment of obligations that RTV Slovenija has as an operator with significant market power in the broadcasting market. In 2011 it first issued a partial, then the final decision. It checked whether the prices for terrestrial digital broadcasting that RTV Slovenija published in its pricelist of 1 June 2011 are correct. The Agency issued a decision imposing RTV Slovenija with abolishing the irregularities found. Because RTV Slovenija had already published a new pricelist for digital terrestrial broadcasting during the afore-

mentioned supervision, the Agency began a new supervisory procedure for checking whether the prices in this pricelist are correctly calculated. During this procedure the Agency acquired all the relevant information for making its decision and will soon conclude the supervision procedure. In 2011 the supervision field handled 245 inspection procedures in the telecommunications market supervision, and 56 inspection procedures in the radio spectrum supervision. The supervision field also upgraded the Radio Monitoring Measurement System. For this purpose the Agency set aside somewhat over 530 thousand euros.

In the legal field, which provides legal support to all fields, the Agency is increasing its resources for solving user disputes, as their numbers have been growing. In 2011 it received a record of 841 end user complaints, whereby 623 users requested an initiation of proceedings for resolving a dispute with a communication service operator or provider. In the other cases the end users turned to the Agency with a request to send them certain data, or asked for a brief clarification.

The Agency invested significant labor and financial resources (nearly 150 thousand euros) in IT systems and the purchase of new computers when switching to the Windows 7 operating system. The Agency began using the Microsoft Office 2010 suite and Lotus Notes 8.5, and with them a new system for software provisioning and upgrades, the Microsoft System Center Configuration Manager (SCCM), was implemented, along with the Windows Server Update Services (WSUS). New centrally managed antiviral software was also implemented. The Agency virtualized servers, and unified the systems for managing internal and official records and registers. It also updated the ePARTNER online portal for data collection, and connected it with the [www.komuniciraj.eu](http://www.komuniciraj.eu) portal, which will go live along with the Agency's new website in 2012.



## FINANCIAL REPORT

The Agency is a legal entity committed to the provisions governing the composition and submission of annual reports of certain users using a uniform chart of accounts (UCOA). The preparation of this financial report is laid down and regulated by the following regulations:

- The Public Finance Act (The Official Gazette of the Republic of Slovenia, no. 79/99 and later),
- The Accounting Act (The Official Gazette of the Republic of Slovenia, no. 23/99 and later),
- Guidelines for preparing annual accounts and the methodology for the preparation of the report on achieved objectives and results (The Official Gazette of the Republic of Slovenia, no. 12/01 and later),
- Rules on the compilation of annual reports for the budget, spending authorities, and other public bodies (Official Gazette of the Republic of Slovenia, no. 115/02 and later),
- Slovenian Accounting Standards (The Official Gazette of the Republic of Slovenia, no. 118/05 and later),
- The decision on the establishment of the Post and Electronic Communications Agency of the Republic of Slovenia (The Official Gazette of the Republic of Slovenia, no. 30/10 and later).

The regulations are used in the following order: The Accounting Act, statutory regulations issued by the Minister of Finance, and Slovenian Accounting Standards. The accounts of the Agency are prepared in accordance with the aforementioned regulation.

In the preparation of the accounts, the Agency's management shall, in accordance with the Slovenian Accounting Standards, present evaluations, appraisals, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenditures.

The Accounting Report consists of the balance sheet with attachments:

- Balances and changes in intangible and tangible assets,
- Balances and changes in financial investments and loans.,
- Revenue and expenditure statements of certain users along with attachments,
- Revenue and expenditure statements of certain users by type of activity,
- Revenue and expenditure statements of certain users on the cash flow principle,
- Statement of the financial claims and investments of certain users,
- Statement of financing certain users,
- Statement on the evaluation of Public Finance Internal Control.

All of the aforementioned statements and the accompanying notes are an integral part of this report and are included in the Annex.

## 12.1 The Agency's Financial Statements

The financial statements have been prepared on the historical cost basis. The consolidated financial statements are prepared in Euro (€), rounded to the nearest whole number.

Graphic 6o: Balance sheet as at 31 December 2010

ACCOUNT GROUP BREAK-DOWN	ACCOUNT GROUPS	AOP CODE	AMOUNT	
			Current year	Previous year
1	2	3	4	5
	<b>ASSETS</b>			
	<b>A) LONG-TERM ASSETS AND MANAGED ASSETS (002+003+004+005+006+007+008+009+010+011)</b>	001	6.024.574	5.672.141
00	INTANGIBLE ASSETS AND LONG-TERM ACCRUALS	002	1.161.087	1.010.340
01	CORRECTION OF VALUES OF INTANGIBLE ASSETS	003	482.876	335.769
02	PROPERTY	004	4.929.019	4.825.518
03	CORRECTED PROPERTY VALUE	005	894.263	749.723
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	4.935.857	4.436.844
05	CORRECTION OF VALUE OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3.624.250	3.515.069
06	NONCURRENT FINANCIAL ASSETS	008	0	0
07	NONCURRENT LOANS GIVEN AND DEPOSITS	009	0	0
08	NONCURRENT RECEIVABLES FROM OPERATIONS	010	0	0
09	RECEIVABLES FOR MANAGED ASSETS	011	0	0
	<b>B) SHORT-TERM ASSETS; EXCEPT FOR SUPPLIES AND ACCRUALS AND PREPAID EXPENDITURES (013+014+015+016+017+018+019+020+021+022)</b>	012	1.572.067	1.724.819
10	CASH IN HAND AND BANKABLE SECURITIES	013	0	0
11	CASH IN BANK AND OTHER FINANCIAL INSTITUTIONS	014	287.559	485.222
12	TRADE RECEIVABLES	015	202.678	250.631
13	PAID ADVANCES AND DEPOSITIS	016	3.635	4.475
14	SHORT-TERM RECEIVABLES FROM USERS OF THE UNIFORM CHART OF ACCOUNTS	017	896.813	949.144
15	SHORT-TERM FINANCIAL INVESTMENTS	018	0	0
16	SHORT-TERM RECEIVABLES FROM FINANCING	019	0	0
17	OTHER SHORT-TERM RECEIVABLES	020	125.621	7.570
18	EXPENDITURES NOT YET PAID	021	0	0
19	LONG-TERM ACCRUALS	022	55.761	27.777

ACCOUNT GROUP BREAK-DOWN	ACCOUNT GROUPS	AOP CODE	AMOUNT	
			Current year	Previous year
1	2	3	4	5
	<b>C) SUPPLIES</b> (024+025+026+027+028+029+030+031)	023	0	0
30	MATERIALS USED	024	0	0
31	MATERIAL SUPPLIES	025	0	0
32	SMALL TOOLS AND PACKAGING SUPPLIES	026	0	0
33	UNFINISHED PRODUCTS AND SERVICES	027	0	0
34	PRODUCTS	028	0	0
35	MATERIALS USED	029	0	0
36	SUPPLIES OF MATERIALS	030	0	0
37	OTHER SUPPLIES	031	0	0
	<b>I) TOTAL ASSETS</b> (001+012+023)	032	7.596.641	7.396.960
99	ACTIVE ACCOUNTS OF THE OFF-BALANCE RECORDS	033	0	0
	LIABILITIES TOWARDS SOURCES OF ASSETS			
	<b>D) SHORT-TERM LIABILITES AND ACCRUED COSTS AND DEFFERED REVENUES</b> (035+036+037+038+039+040+041+042+043)	034	425.463	346.410
20	SHORT-TERM LIABILITIES FOR RECEIVED ADVANCES AND DEPOSITS	035	0	0
21	SHORT-TERM LIABILITIES TOWARDS EMPLOYEES	036	215.491	214.210
22	SHORT-TERM LIABILITIES TOWARDS SUPPLIERS	037	49.777	81.171
23	OTHER SHORT-TERM LIABILITIES FROM OPERATIONS	038	148.738	41.909
24	SHORT-TERM RECEIVABLES FROM USERS OF THE UNIFORM CHART OF ACCOUNTS	039	1.267	0
25	SHORT-TERM LIABILITIES TOWARDS FINANCIERS	040	0	0
26	SHORT-TERM LIABILITIES FROM FINANCING	041	0	0
28	REVENUE DUE	042	0	0
29	SHORT-TERM ACCRUALS AND REVENUE COLLECTED IN ADVANCE	043	10.190	9.120
	<b>E) OWN RESOURCES AND LONG-TERM LIABILITIES</b> (045+046+047+048+049+050+051+052+053+054+055+056+057+058+059)	044	7.171.178	7.050.550
90	GENERAL FUND	045	0	0
91	RESERVE FUND	046	0	0
92	LONG-TERM ACCURED COSTS AND DEFERRED EXPENDITURES	047	0	0
93	LONG-TERM PROVISIONS	048	0	0
940	ASSET FUND IN PUBLIC FUNDS	048	0	0

ACCOUNT GROUP BREAK-DOWN	ACCOUNT GROUPS	AOP CODE	AMOUNT	
			Current year	Previous year
940	ASSET FUND WITH OTHER PUBLIC INSTITUTES, OWNED BY THEM FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	048	0	0
9410	ASSET FUND WITH OTHER PUBLIC INSTITUTES, OWNED BY THEM FOR FOR FINANCIAL INVESTMENTS	050	0	0
9411	SURPLUS OF REVENUE OVER EXPENDITURE	051	0	0
9412	SURPLUS IN EXPENDITURE ON REVENUES	052	0	0
9413	LONG-TERM FINANCIAL LIABILITIES	053	0	0
96	OTHER LONG-TERM LIABILITIES	054	0	0
97	LIABILITIES FOR NON-TANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	055	0	0
980	LIABILITIES FOR NON CURRENT FINANCIAL ASSETS	056	6.024.574	5.672.141
981	SURPLUS OF REVENUE OVER EXPENDITURES	057	0	0
985	SURPLUS IN EXPENDITURE ON REVENUES	059	1.146.604	1.378.409
986	<b>I) TOTAL LIABILITIES (034+044)</b>	059	0	
	PASSIVE ACCOUNTS OF THE OFF-BALANCE RECORDS	060	7.596.641	7.396.960
99	PASIVNI KONTI IZVENBILANČNE EVIDENCE	061	0	0

Graphic 61: Revenue and expenditure statements of certain users for the period 1 January – 31 December 2011

ACCOUNT GROUP BREAK-DOWN	ACCOUNT GROUPS	AOP CODE	AMOUNT	
			Current year	Previous year
1	2	3	4	5
	<b>A) OPERATING REVENUE (861+862+864)</b>	860	5.365.315	5.355.366
760	REVENUE FROM SALE OF PRODUCTS AND SERVICES	861	5.358.825	5.349.481
	INCREASE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	862	0	0
	DECREASE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	863	0	0
761	REVENUE FROM SALE OF GOODS AND MATERIALS	864	6.490	5.885
762	<b>B) FINANCIAL REVENUE</b>	865	39.937	22.497
763	<b>C) OTHER REVENUE</b>	866	35.203	14.276

ACCOUNT GROUP BREAK-DOWN	ACCOUNT GROUPS	AOP CODE	AMOUNT	
			Current year	Previous year
1	2	3	4	5
	<b>Č) REVALUATION OPERATING REVENUE (868-869)</b>	867	483	16.797
part of 764	REVENUE FROM SALE OF FIXED ASSETS	868	483	0
part of 764	OTHER REVALUATION OPERATING REVENUE	869	0	16.797
	<b>D) TOTAL REVENUE (860+865+866+867)</b>	870	5.440.938	5.408.939
	<b>E) COSTS OF GOODS, MATERIAL AND SERVICES (872+873+874)</b>	871	1.581.590	1.335.780
part of 464	COST OF SOLD MATERIAL AND GOODS	872	0	0
	COST OF MATERIAL	873	101.985	101.579
	COST OF SERVICES	874	1.479.605	1.234.201
	<b>F) LABOR COSTS (876+877+878)</b>	875	2.994.722	3.034.818
part of 464	SALARIES AND WAGE COMPENSATIONS	876	2.375.329	2.380.583
part of 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	414.675	425.034
part of 464	OTHER LABOR COSTS	878	204.718	229.201
462	<b>G) AMORTIZATION AND DEPRECIATION</b>	879	0	0
463	<b>H) PROVISIONS</b>	880	0	0
465	<b>J) OTHER COSTS</b>	881	0	0
467	<b>K) FINANCIAL EXPENSES</b>	882	2.631	1.459
468	<b>L) OTHER EXPENSES</b>	883	180	350
	<b>M) REVALUATION OPERATING EXPENSES (886+887)</b>	884	137.131	28.833
part of 469	EXPENSES FROM SALE OF FIXED ASSETS	885	0	0
part of 469	OTHER REVALUATION OPERATING EXPENSES	886	137.131	28.833
	<b>N) TOTAL EXPENSES (871+875+879+880+881+882+883+884+885)</b>	887	4.716.254	4.402.162
	<b>O) SURPLUS OF REVENUE (870-887)</b>	888	724.684	1.006.777
	<b>P) SURPLUS OF EXPENSES (887-870)</b>	889	0	0
part of 80	Income tax	890	0	0
part of 80	Surplus of revenue from the accounting period after income tax (888-890)	891	724.684	1.006.777
part of 80	Surplus of expenses from the accounting period after income tax (889+890) oz, (890-888)	892	0	0
	Surplus of revenue from previous years allocated for covering the expenses from the accounting period	893	0	0
	Average number of employees based on performed working hours in the accounting period (total number)	894	74	73
	Months of operations	895	12	12

Graphic 62: Revenue and expenditure statement on the cash flow principle for the period 1 January – 31 December 2011

REVENUE AND EXPENDITURE STATEMENT ON THE CASH FLOW PRINCIPLE		FP 2011	JAN-DEC 2011	% REAL, PLAN
<b>ACCOUNT</b>	<b>TOTAL REVENUE</b>	<b>6.003.102</b>	<b>5.264.249</b>	<b>87,69 %</b>
71	<b>NON-TAX REVENUE</b>	<b>5.005.187</b>	<b>5.178.267</b>	<b>103,46 %</b>
710	<b>PROFIT SHARING AND ASSET REVENUE</b>	<b>11.187</b>	<b>24.832</b>	<b>221,97 %</b>
7102	Interest revenue	11.187	24.832	221,97 %
713	<b>REVENUES FROM SALE OF GOODS AND SERVICES</b>	<b>4.988.900</b>	<b>5.143.768</b>	<b>103,10 %</b>
7130	Revenues from payments based on notifications	1.180.000	1.235.608	104,71 %
7130	Revenues from broadcasting license fees	2.646.000	2.602.836	98,37 %
7130	Revenues from numbering fees	652.500	786.889	120,60 %
7130	Revenue from payments for conducting postal services	505.000	510.683	101,13 %
7130	Revenue from the sale of postal stickers	5.400	7.115	131,76 %
7130	Other revenues from sale of goods and services	0	637	
714	<b>OTHER NON-TAX REVENUE</b>	<b>5.100</b>	<b>9.667</b>	<b>189,55 %</b>
	Other non-tax revenue	5.100	9.667	189,55 %
72	<b>CAPITAL REVENUES</b>	<b>0</b>	<b>483</b>	
74	<b>TRANSFER REVENUE</b>	<b>0</b>	<b>37.955</b>	
78	<b>FUNDS RECEIVED FROM THE EUROPEAN UNION</b>	<b>997.915</b>	<b>47.544</b>	<b>4,76 %</b>
	<b>TOTAL EXPENDITURE</b>	<b>7.142.365</b>	<b>5.526.674</b>	<b>77,38 %</b>
	CURRENT EXPENDITURE	6.298.273	4.612.791	73,24 %
<b>400</b>	<b>SALARIES AND OTHER EXPENDITURE FOR EMPLOYEES</b>	<b>2.685.950</b>	<b>2.575.638</b>	<b>95,89 %</b>
del 4000	Salaries and bonuses	2.488.807	2.357.081	94,71 %
del 4001	Annual leave pay	51.900	50.459	97,22 %
del 4002	Refunds and compensations	142.500	150.294	105,47 %
del 4003	Funds for efficiency at work	0	0	
del 4004	Funds for overtime	0	0	
del 4009	Other expenditure for employees	2.743	17.804	649,07 %
<b>401</b>	<b>EMPLOYER'S CONTRIBUTION FOR SOCIAL SECURITY</b>	<b>427.398</b>	<b>407.022</b>	<b>95,23 %</b>
4010	Contribution for pension and invalidity insurance (8,85 %)	220.259	209.889	95,29 %
4011	Health insurance (6,56 % + 0,53 %)	176.456	168.148	95,29 %

4012	Subsidies for employing (0,06 %)	1.494	1.423	95,25 %
4013	Contribution for maternity leave (0,10 %)	2.489	2.372	95,30 %
4015	Voluntary pension insurance for civil servants	26.700	25.190	95,34 %
<b>402</b>	<b>MATERIALS AND SERVICES</b>	<b>2.333.365</b>	<b>1.624.479</b>	<b>69,62 %</b>
4020	Office supplies and services	1.271.352	571.444	44,95 %
4021	Special supplies and services	43.460	27.020	62,17 %
4022	Power, municipal utility services, communications	135.690	129.056	95,11 %
4023	Transport	45.100	36.877	81,77 %
4024	Business trips (daily allowances, transport, lodging)	235.316	210.933	89,64 %
4025	Current maintenance	239.698	313.401	130,75 %
4026	Rent	27.750	14.980	53,98 %
4027	Penalties and damages	12.000	0	0,00 %
4028	Tax on salaries	0	0	
4029	Contribution of employment of the disabled	10.100	4.170	41,29 %
4029	Total other operative expenditure	312.899	316.598	101,18 %
<b>403</b>	<b>PAYMENT OF DOMESTIC INTEREST</b>	<b>0</b>	<b>0</b>	
<b>412</b>	<b>TRANSFERS TO NON-PROFIT ORGANIZATION AND INSTITUTIONS</b>	<b>0</b>	<b>5.652</b>	
<b>414</b>	<b>CURRENT TRANSFERS ABROAD</b>	<b>851.560</b>	<b>0</b>	<b>0,00 %</b>
<b>42</b>	<b>INVESTMENT EXPENDITURE</b>	<b>844.092</b>	<b>913.883</b>	<b>108,27 %</b>
<b>42</b>	<b>Purchase and construction of fixed assets</b>	<b>844.092</b>	<b>913.883</b>	<b>108,27 %</b>
4200	Purchase of buildings and offices	0	23.828	
4201	Vehicles	115.000	117.606	102,27 %
4202	Equipment (computers)	504.770	590.721	117,03 %
4203	Other fixed assets	0	0	
4204	New constructions, reconstruction and adaptation	80.000	68.495	85,62 %
4205	Maintenance and refurbishing investments	6.000	0	0,00 %
4206	Purchase of land and natural wealth	0	0	
4207	Purchase of intangible assets	120.822	103.165	85,39 %
4208	Studies on project feasibility, project documentation	17.500	10.068	57,53 %
4209	Stockholding and intervention stocks	0	0	
	<b>PROFIT (LOSS)</b>	<b>-1.139.263</b>	<b>-262.425</b>	<b>23,03 %</b>

## **12.2 Accounting Policies**

### **12.2.1 Property, Plant and Equipment**

Property, plants, and equipment are shown according to their cost price, reduced by a value adjustment. The cost price includes expenses that are directly attributable to the acquisition of assets. The costs of replacing / upgrading a component of tangible fixed assets are recognized in the book value of the asset, when it is probable that future economic benefits associated with the component of these assets will flow into the company, and if the cost price can reliably be measured.

### **12.2.2 Amortization and Depreciation**

Depreciation is calculated using the straight-line method and by taking into account the Rules on the method and rates of depreciation of intangible fixed assets and tangible fixed assets (Official Gazette of the RS, no. 112/2009 and later).

### **12.2.3 Intangible Assets**

Intangible assets acquired by the Agency are shown at cost value reduced by a value adjustment. All the other costs are shown in the income statement as expenditure, that is, when they occur.

### **12.2.4 Liabilities**

Short-term liabilities are valued at the amount obtained from relevant documents related to accrual. Commitments for short-term employee benefits are measured on an undiscounted basis and are shown as expenditure when an employee's work in relation to a specific short-term earning has been completed.

### **12.2.5 Claims**

Due to impairment and the elimination of the impairment all claims shall be re-evaluated. Receivables are classified as impaired when there is reasonable doubt as to the payment thereof. They are grouped at the end of the year, and calculated in such a way that all outstanding unsecured claims

which as of 31 December are older than a year are re-evaluated. Value adjustments reduce the claims book value and increase the re-evaluated operating expenditure.

### **12.2.6 Provisions**

The Agency establishes provisions for current liabilities arising from the actuarial accrued liabilities that are expected to be settled within a period of time that cannot be determined with certainty, and whose size can be reliably estimated. The Agency establishes a provision only if this increases the plaintiff's probability of success. As of 31 December 2011 the Agency has established no provisions.

### **12.2.7 Revenue**

Revenues are recognized on the basis of the amounts set out in decisions related to each individual payment (frequency, notifications, mail, and numbers) valid for the 2011 accounting period.

### **12.2.8 Financial expenses, financial revenues**

These include revenues and expenditures from interest on deposits and funds in the sub-account at MJU. Revenue is recognized in the accounting period to which it relates.

## **12.3 The More Significant Disclosures of Accounting Information**

### **12.3.1 Fixed Assets – Account Groups 00 to 05**

The source for investment in intangible and tangible fixed assets represents an obligation for intangible and tangible fixed assets in the form of surplus revenue over expenditure.

In 2011 the value of new property right purchases was €151,045. These rights include the upgrade of the software package for the digital system for capture, playback, and analysis of audiovisual media content acquired last year, the rights for development of the [www.komuniciraj.eu](http://www.komuniciraj.eu) website and the purchase of software for updates and upgrades



of the ROMES measurement system for radio frequency spectrum monitoring (account group 00).

In 2011 the Agency transferred the activated modules of the Agency's business information system from intangible assets under construction into use in the total value of €172,507 (account group 00).

Based on the minutes from the acceptance of the work completed, and on the operating permit the Agency activated the antennae tower and RNP-Maribor in the total value of €125,060. The remaining investments are imperative investments in office buildings (account group 02).

In accordance with the financial plan the Agency upgraded its car fleet and invested in a measurement vehicle, which is listed among the equipment in procurement in the amount of €67,009, a measurement SUV, and a sedan (account groups 03 and 04).

The largest share of funds for equipment purchases the Agency made in 2011 went for computer equipment (procurements were made in line with the adopted financial plan, and the grounds for procurement was the signed framework agreement with the supplier), telecommunications equipment and audiovisual equipment for playback and analysis of audiovisual media content. The total amount of investments in equipment was €629,233 (account group 04).

After the inventory the Agency conducted a write-off of assets (assets rendered unusable because they are dated, destroyed or missing) in the total value of €201,567, with the remaining value of €4,487. The Agency conducted the regular annual inventory as of 31 December 2011, taking into account the regulation and the internal policy. The inventory was taken at locations managed by the Agency.

The Agency, i.e. the Republic of Slovenia, has the right to property on a part of the real estate of the building S7, while the procedures for rights for rest of the building are pending.

### **12.3.2 Short-term Assets**

The Agency has a TSA (Treasury Single Account) sub-account with the Public Payments Administration, through which it conducts electronic payments in accordance with the regulations for this area. As of 31 December 2011 the Agency's balance in the account was €287,558.

On 31 December 2011, the Agency's balance sheets showed €202,6678 in short-term receivables against taxable persons and €891,647 in receivables against UCOA users (account group 14).

Claims from time deposits at EZR were €880,000, while the receivables for deposit interest amounted to €5,369 (account group 14).

Short-term receivables for the use of radio frequencies, numbers, receivables based on notification, and from postal services are paid to the Agency's account. In 2011 the Agency disclosed receivables against liable parties on the basis of decisions on levying payments for notifications, radio frequencies, numbers, and post in account group 120, while the revenue from the respective decisions was disclosed in account group 76, separately for each type of payment.

The Agency has receivables in the amount of €379,898 (account group 12). Of these, €48,718 in receivables are in the procedures of forcible collection, and are older than one year. An adjustment to the value of receivables was made in the amount of €177,220, which is the total amount of adjustments for receivables older than one year (from before 1 January 2011). The Agency disclosed the adjustment of the value as a reevaluated business

expenditure, which lowers the 2011 profit or loss. In 2011 the Agency continued the recovery of all outstanding receivables. Based on the provisions of ZEKom, the recovery of financial liabilities is performed by the tax authority in accordance with the procedure prescribed for the recovery of tax liabilities. Under this title the Agency eliminated any impairments in already formed corrections, which had been recorded as revenue, and wrote-off the receivables in the amount of €18,277, based on the court decision of the deletion of business entities from the court register.

Other short-term receivables are receivables against ERDF for the SEE Digi TV project, and against HIIS for nursing care and sickness lasting more than 30 days, in the total amount of €125,621 (account group 17).

Accruals and prepaid expenditures include short-term deferred costs, especially for telephone subscriptions, membership fees, and insurance fees, as well as the already included revenue in the amount of €8,023 from the SEE Digi TV project (account group 19).

All short-term receivables from liable entities amount to €379,898, of which €98,572 are due receivables, and €281,326 are overdue. €177,220 of the receivables are older than one year. They are disclosed in amounts that comply with the documents at the initial recognition. The Agency has no receivables from financial investments.

### **12.3.3 Short-term Liabilities**

Short-term liabilities are liabilities towards employees in the amount of €215,491, liabilities towards suppliers in the amount of €49,777, and other short-term liabilities from business operations (liabilities for wages II gross, VAT for December, liabilities towards partners for the SEE Digi.TV project) in the amount of €148,738.

Accrued costs and deferred revenues amount to €10,190, which includes accrued costs (account group 29).

The Agency settles its liabilities within 30 days, and with shorter deadlines only in cases where the Agency has a business interest and there are available financial funds.

All the liabilities stated in the Balance sheet of 31 December 2011 are due in 2012.

### **12.3.4 Own Resources and Long-term Liabilities**

The Agency shows the liabilities in regard to the resources received in management, consisting of obligations for intangible assets and tangible fixed assets. Liabilities as of 31 December 2011 match the total funds under management.

The government of the Republic of Slovenia issued consent for the use of the 2010 surplus. In accordance with the confirmed revised financial plan it is a resource for investment and a resource for material, service, and work costs, and will be transferred to the appropriate account.

### **12.3.5 Off-balance Sheet Assets and Liabilities**

The Agency does not show any funds / liabilities in the off-balance.

### **12.3.6 Revenue**

The legal foundations for the recognition of revenue in 2011 are:

- The Electronic Communications Act (The Official Gazette of the Republic of Slovenia, no. 43/04 and later),
- The Rules on the method of calculating payments on the basis of a notification regarding the use of radio frequencies and numbers (The Official Gazette of the Republic of Slovenia, no. 118/04 and later)
- The Postal Services Act (The Official Gazette of

- the Republic of Slovenia, no. 51/09 and later),
- The Rules on calculating and paying the licenses for conducting postal services (The Official Gazette of the Republic of Slovenia, no. 109/09 and later)
- The Tariff on the point value for payment based on a notification, for the payment for the right to use radio frequencies, and for the payment for the right to use numbers in 2011 (The Official Gazette of the Republic of Slovenia, no. 11/12)
- The Tariff on payments for the provision of postal services for 2011 (The Official Gazette of the Republic of Slovenia, no. 11/12)
- The agreement on the provision of funds to the budget of the Republic of Slovenia regarding the transfer of the tasks of the regulatory body in the field of railway transport from the Ministry of Transport to the Agency.

The Agency generates revenue from non-profit activities. The Agency generates transfer revenue from other government institutions for financing the railway regulatory body, revenues from the sale of products and services (frequencies, num-

bers, post, notifications, the SEE Digi.TV project – ERDF), and revenue from the sale of goods and materials (postal stickers).

In the scope of the Program for Southeastern Europe APEK is heading the Digi TV project. The project started in the first quarter of 2011, and it will last for 28 months. From this account the Agency generates revenue, expenditures, liabilities and claims.

The Agency generated total revenue on the principle of accrual accounting in the amount of €5,408,939. 98.5% of revenue is from the sales of goods and services; 0.12% from postal stickers, 0.73% from financial revenue, and 0.64% from extraordinary revenue.

Revenue from the sale of postal stickers is sufficient to cover the Agency's costs of issuing the postal stickers in accordance with ZPSto-1. The Agency generated financial revenue from investing surplus financial assets into the Treasury of the Republic of Slovenia.

Graphic 63: Revenue from the Sale of Goods and Services in %

REVENUE FROM THE SALE OF GOODS AND SERVICES IN %	%
Revenues from current transfer	0,71
Revenues from postal services	9,50
Revenues from number licensing fees	13,07
Revenues from notice fees	23,18
Revenues from frequencies	51,74
Revenues from ERDF transfer	1,80

Source: APEK, 2011

The structure of revenue by types of payment show that revenue from payments for the use of radio frequencies amounts to a 52% share, followed by revenue from payments based on notifi-

cation with a 23% share, revenue from payments for the use of numbers with a 13% share, and payments for conducting postal services with a 9% share.

The Agency also generated financial revenue in the amount of €39,937, mainly revenue from interest on time deposits and revenue from reimbursed travel expenses and other revenue in the amount of €35,203, which is revenue from previous accounting periods. The Agency generated revenue from the sale of fixed assets in the amount of €483.

In 2011 €37,955 was generated in transferred revenues in respect to the regulatory body for railway traffic, which amounts to 0.7% of total revenue. This revenue was generated between August and December 2011.

Total 2011 revenue is comparable with the revenue from 2010.

The point value remained unchanged from 2010.

The Act on Audiovisual Media Services, which was adopted in October 2011, awards new competencies to the agency, while also defining a new, additional source of financing, but the Agency has not yet generated revenue from this source.

### **12.3.7 Broadcasting License Fees**

Payments for the use of radio frequencies are tied to decisions on assigning radio frequencies, issued by the Agency at the request of the applicant. Requests for use of frequency space fluctuate considerably, whereas the method and utilization of the spectrum depend on technological developments, the possibilities of individual investor's, and market demand. The Agency has no control over these parameters. The point value in 2011 amounted to €1.09.

### **12.3.8 Number License Fees**

The point value amounted to €1.13.

### **12.3.9 Payments for Postal Services**

The price charged by a postal service operator is

the product of the number of points, determined in accordance with Article 3 of the Rules governing the value of points when the decision is issued. Point value for the year 2011 was set at €10.09.

### **12.3.10 Expenditures – Account Group 46**

In the accounts of group 46 costs and expenditures of certain users of the uniform chart of accounts are represented. The expenses and expenditure in this account group are shown separately according to their individual types.

Costs of materials (office supplies, newspapers, electricity, expert literature, etc.) amount to €101,985 (account group 460).

Costs of services (cleaning, IT and auditing services, legal consulting, current maintenance, business travel expenses, costs of telephony, hospitality, meeting attendance fees for councils, research, study, and analysis services) amount to €1,479,985 (account group 460).

Depreciation is not an expenditure but it is booked as a debit to the managed funds.

Work costs amount to €2,994,722 (account group 464). This amount also includes expenditures arising from wage compensation for a former employee of the Agency in the amount of €7,546, based on a court decision.

Financial expenditures amount to €2,631 (account group 467).

Expenditures for the revaluation of impairments from business operation amount to €137,161. The basis for preparing an adjustment is a decision by the director.

Total expenditures of the Agency amount to €4,716,254 and are 7% higher than in 2010.

The Agency only summed up the individual accounts in subgroup 46, which include costs that have an important effect on total expenditures. Expenditures are shown according to the principle of accrual accounting. The statement includes all costs incurred in 2011 regardless of the date of payment.

### 12.3.11 Surplus of Revenue Over Expenditure

The operating result is the difference between the revenue and expenditure achieved in the accounting period. The rules on the classification of revenues and expenditures define that the declared surplus by a given user must first be used to cover any excess of expenditures over revenues from previous years and only the remainder may be allocated for purposes under the sectorial rules. Surplus of revenue over expenditure in 2011 amounts to €724,684.

The Agency is preparing a cash flow based financial plan, which is also the basis for the point value that the government must approve. The preparation of the cash flow based financial plan is stipulated in the Public Finances Act, the Accounting Act, and the Guidelines on preparation of financial plans of indirect users of state and municipal budgets. The Agency prepares its annual accounts according to cash flow and accrued revenue, with regard to the sectorial legislation. The Government of the Republic of Slovenia approves the surplus or the deficit, with regard to the Statement of revenue and expenditures (related to accrual), which is transferred in accounts to the credit of managed assets. Considering the fact that legislation in the field of accounting the public finances of certain users of the uniform chart of accounts is designed so that surplus represents a source of investment for the following year, it is essential the Agency reaches a surplus (at least in the amount of depreciation), as it is the source for new procurement in the following year. Depreciation costs in 2011 amounted to €597,908.

### 12.3.12 Revenue and Expenditure on the Cash Flow Principle

Total planned expenditures were lower by 22.6% with regard to the generated expenditures. The reason for lower total expenditures is in lower cost of wages and other expenditures on employees – by 4.75%, as well as lower costs of material and services – by 30.38%, while investment expenditures were higher than planned by 8.27%.

The reason for deviating from the plan and the paid wages and expenditures is understaffing in 2011, while for the material and services plan the reason is that not all the projects have been realized, especially the project of constructing and operating the test DVB-T2 networks (it only came into production at the end of 2011 because of long public procurement procedures). Another factor is that not all cost models in the field of telecommunications market regulation were executed.

Some costs also grew, for example current maintenance grew by 30.75%. The reason is the purchase of licenses in the radio communication field.

A plan lower than realization is also the result of changes in the Agency's management. The Government of the Republic of Slovenia only appointed a director with full power on 24 October 2011. Before that 2 acting directors headed the Agency.

### 12.4 Events after the Balance Sheet Date

In 2012, there was no accrued income on the balance sheet, which could affect the financial statements for 2011.

Št. Zadeve: 0100-1/2012-1

po pooblastilu št. 0202-1/2012/2 z dne 15.2.2012

Mark Pohar  
Namestnik direktorja



## Auditor's Report



### Poročilo neodvisnega revizorja

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

Revidirali smo priložene računovodske izkaze Agencije za pošto in elektronske komunikacije Republike Slovenije, Ljubljana, ki vključujejo bilanco stanja na dan 31. decembra 2011, izkaz prihodkov in odhodkov za tedaj končano leto ter priloge k računovodskim izkazom in druge pojasnjevalne informacije.

#### **Odgovornost posloводства za računovodske izkaze**

Posloводство je odgovorno za pripravo teh računovodskih izkazov v skladu z Zakonom o računovodstvu (Uradni list RS, št. 23/1999 in 30/2002) in z njim povezanimi podzakonskimi predpisi ter za tako notranje kontroliranje, kot je v skladu z odločitvijo posloводства potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

#### **Revizorjeva odgovornost**

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi naše 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 pomembne 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 pomembno napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanim računovodskim izkazom organizacije, da bi določil okoliščinam ustrezne revizijske postopke. 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 zadostni in ustrezni kot osnova za naše revizijsko mnenje.

#### **Mnenje**

Po našem mnenju so računovodski izkazi Agencije za pošto in elektronske komunikacije Republike Slovenije za leto, končano 31. decembra 2011, v vseh pomembnih pogledih pripravljeni v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi predpisi.

#### **Poročilo o drugih zakonskih in regulativnih zadevah**

Agencija za pošto in elektronske komunikacije Republike Slovenije je izdelala letno poročilo za poslovno leto 2011 v skladu z zahtevami Zakona o javnih financah (Uradni list RS, št. 79/99, 124/00, 79/01, 30/02, 56/02-ZJU, 110/02-ZDT-B, 127/06-ZJZP, 14/07-ZSPDPO, 109/08, 49/09, 38/10-ZUKN in 107/10), Zakona o računovodstvu in Sklepa o ustanovitvi Agencije za pošto in elektronske komunikacije Republike Slovenije (Uradni list RS, št. 60/01, 52/02, 80/04 in 35/11). Poslovno poročilo je skladno s priloženimi računovodskimi izkazi.

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

Mag. Renata Eržen Potisek  
pooblaščenca revizorka

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

Ljubljana, 17. februar 2012

KPMG Slovenija, d.o.o.



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