

ANNUAL REPORT 2017



CONTENTS



A) BUSINESS REPORT	13
I IN PLACE OF AN INTRODUCTION	15
II SUMMARY: ACHIEVING KEY LONG-TERM OBJECTIVES	15
1 Occurrence of potential unacceptable or unexpected consequences and the estimate of the effects of operations on other areas	25
2 Assessment of the effectiveness and efficiency of operations	25
III AKOS AT A GLANCE	25
IV MARKETS IN NUMBERS	27
V LEGAL FRAMEWORK	32
VI MANAGING A LIMITED NATURAL RESOURCE	33
1 Background, objectives, markets	33
1.1 Legal framework	33
1.2 Annual Objectives	34
1.3 Radio Frequency Spectrum Utilization	35
1.4 Numbering Space Utilization	35
2 Activities for achieving the objectives	36
2.1 Preparing the General act on the frequency utilization plan (NURF-4)	36
2.2 Public Tender For Radio Frequencies For Mobile Communication Services.	37
2.2.1 The completion of the preparation for the public tender for radio frequencies for mobile technology (700 MHz+)	37
2.2.2 Public tender of radio frequencies for local use in the 10 GHz and 12 GHz bands, and the 3500 MHz band	37
2.2.3 Monitoring the Provision of Public Communication Services	38
2.2.4 Convergence of public mobile services in the UHF band, and a switch from DTT to LTE (5G) 5G.	38
2.2.5 Strategy of infrastructure development for critical communication of the Republic of Slovenia	39
2.3 Public tenders for radio broadcasting	39
2.3.1 Public tenders for FM frequencies	40
2.3.2 Digital terrestrial radio	40
2.3.3 Digital terrestrial television	40
2.4 Resolving issues with Italy	40
2.5 Register of frequencies in the VHF and UHF band for PMR and international optimization	41
2.6 Overview of standard operations	41
2.7 International coordination and cooperation	42
2.2.1 Numbering space	42
VII REGULATION	43
1 Electronic Communications	43
1.1 Framework, objectives, markets	43
1.1.1 Legal framework	43
1.1.2. Annual objectives	44
1.1.3 Market situation	45



1.1.3.1 FIXED TELEPHONE SERVICES MARKET	46
1.1.3.2 MOBILE TELEPHONE SERVICES MARKET	46
1.1.3.3 BROADBAND INTERNET ACCESS	47
1.1.3.4 ACCESS TO TV SERVICES	47
1.1.3.5 CONVERGED SERVICES	48
1.1.3.6 CARRIER BROADBAND ACCESS	48
1.2 Activities aimed at achieving goals	49
1.2.1 Proposed changes to general acts and an analysis of the impact of these changes for the universal service	49
1.2.2 Regulation of relevant markets	49
1.2.2.1 Markets 3a, 3b in 4	49
1.2.3 Access and distribution point	51
1.2.4 Audit of separate accounting records	51
1.2.5 The analysis of retail prices of broadband connections	51
1.2.6 Weighted average cost of capital (WACC)	51
1.2.7 International roaming	52
1.2.8 Data collection and reporting	52
1.2.9 Calculating the net cost of providing universal service	53
1.2.10 Cooperation with state institutions and other stakeholders	53
1.2.11 International cooperation	53
2 Electronic Media	54
2.1 Framework, goals, markets	54
2.1.1 Legal framework	54
2.1.2. Annual goals	55
2.1.3 Market situatio	56
2.2 Activities aimed at achieving goals	59
2.2.1 Assigning licenses for digital radio dissemination	59
2.2.2 Assigning licenses for terrestrial digital dissemination of television channels	59
2.2.3 Assigning the rights to use radio frequencies for analogue audio broadcasting	59
2.2.4 Analysis of the radio and television market	59
2.2.5 Standardizing audiovisual content classification and labeling	60
2.2.6 Amendment to the Directive on audiovisual media services	60
2.2.7 International cooperation: ERGA, EPRA, and CERF	60
3 Postal services	61
3.1 Framework, goals, markets	61
3.1.1 Legal framework	61
3.1.2. Annual goals	61
3.1.3 Situation in the market	62
3.2 Activities for Achieving Goals	62
3.3 Regulation of universal postal service provision	62
3.2.2 Encouraging competition in the postal services market	63
3.2.3 Establishing the situation in the postal services market	64
3.2.4 Regulation of separate accounting	64
3.2.5 International cooperation	65
4 Railway Transport	65
4.1 Framework, goals, situation in the market	65
4.1.1 Legal framework	65
4.1.2. Annual goals	65
4.1.3 Situation in the market	65
4.2 Activities for achieving goals	66



4.2.1 Realization of allocated train paths to carriers in railway traffic	66
4.2.2 Analysis of freight train delays	66
4.2.3 Analysis of the intensity of use of the railway infrastructure	66
4.2.4 Monitoring usage fee billing for access to the public railway network	67
4.2.5 International cooperation EC DG MOVE and IRG-Rail	67

VIII SUPERVISION

1 The supervision of telecommunications	68
1.1 Internet neutrality	69
1.2 Cooperation with other bodies in slovenia	69
1.3 Competition protection	70
1.4 Collecting and providing data and information	71
1.5 Consumer rights	71
1.6 Security and reliability of networks and services	71
1.7 Electronic communication privacy	72
1.8 Registry entries and network construction	72
1.9 Supervision of obligation fulfillment from the decisions on assigning radio frequencies for providing public mobile communications	72
2 Supervision of the radio frequency spectrum	72
2.1 Measurements of the spectrum and eliminating interference	73
2.2 Upgrades and maintenance of the measurement system	73
2.3 Monitoring the quality of service of fixed and mobile broadband networks	74
2.4 International cooperation	74
3 Supervision of electronic media	74
3.1 Rules on handling inappropriate audiovisual commercial messages accompanying the programming content aimed at children	75
3.2 Shares of audiovisual works	75
3.3 Registering on demand audiovisual media services	75
3.4 Protection of children and minors from potentially harmful content	75
3.5 Shares of slovenian music in radio programming	75
3.6 Television advertising	76
3.7 Audiovisual commercial messages for healthcare services	76
3.8. Product placement	76
4 Supervision of postal services	76



IX MONITORING INFRASTRUCTURE INVESTMENTS

1 Background, objectives, markets	77
1.1 Legal frameworks	77
1.2 Annual goals	77
1.3 Current state of the market	77
2 Activities for achieving the objectives	77

X DISPUTE RESOLUTION

1 User disputes related to electronic communications	79
2 Operator disputes	80
3 User conflicts related to postal services	80
4 Disputes between providers of postal services	80
5 Passenger complaints in railway traffic	80



XI CARE FOR END USERS	81
1 Consultations with operators and consumer organizations	81
2 Portal for accessing operators' plans	81
3 Call center	81
4 Clarifications to end users	81
5 Publishing documents and informing users through websites	82
XII LEGISLATION AND JUDICIAL PROCEDURES	83
1 Representing the Agency before the court	83
2 Interference in the spectrum and lawsuits in foreign courts	83
3 Normative activity	84
XIII INSTITUTIONAL ADMINISTRATION	86
1 The Agency's organization structure and number of employees	86
2 New Hirings at the Agency	87
3 Ensuring Public Transparency and Influence	88
4 Access to public information	88
5 Information support	89
6 Other support activities	89
7 Internal Audit	89
8 Support for the Slovenian Committee for Electronic Communication and the Broadcasting Council	90
XIV IMPLEMENTATION OF THE FINANCIAL PLAN	91
1 Revenue	94
2 Expenses	95
2.1 Salaries and Other Labor Costs	95
2.2 Expenses for Goods and Services	95
2.3 Investment Expenses	95
XV STATEMENT REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL AUDIT	96
B) FINANCIAL REPORT	101
XVI FINANCIAL REPORT	103
1 Legal Framework, Form and Content of the Report	103
2 Accounting Policies	103
2.1 Intangible Assets and Tangible Fixed Assets	103
2.2 Amortization and Depreciation	104
2.3 Receivables	104
2.4 Liabilities	104
2.5 Revenue	104
3 Financial Statements with Notes	104
3.1 Balance Sheet	107
3.1.1 Long-Term Assets and Assets under Management	107
3.1.2 Short-Term Assets Except for Inventory and Deferred Costs and Accrued Revenue	109
3.1.4 Own Resources and Long-Term Liabilities	111
3.2 Statement of Revenue and Expenses	111
3.2.1 Revenue	114
3.2.2 Expenses	116
3.2.3 Correction of Errors in the Statement of Revenue and Expenses	119
3.2.4 Realization of the financial plan on the accrual basis	120

Index of Figures	5
Index of Tables	6
Abbreviations	7

Index of Figures

Figure 1: The institutional environment of the Agency for Communication Networks and Services of the Republic of Slovenia	25
Figure 2: The organization of the Agency for Communication Networks and Services of the Republic of Slovenia	26
Figure 3: Trends in markets within the Agency's competencies in the period of 2014–2017	27
Figure 4: Share of Valid Decisions on Assigning Radio Frequencies at the End of 2017	35
Figure 5: Daily number of trains per network kilometer	66
Figure 6: Supervisory procedures in telecommunications in 2017	68
Figure 7: Minor offense procedures in telecommunications in 2017	69
Figure 8: Number of construction projects published on AKOS' website	78
Figure 9: Interest in shared construction expressed	78
Figure 10: Disputes by reason for dispute	80
Figure 11: Received inquiries from end users by content	82
Figure 12: Comparison of the Agency's operating revenue in 2016 and 2017, and the 2017 FP	115
Figure 13: Comparison of the cost of goods, materials, and services in 2016 and 2017, and the 2017 FP	117
Figure 14: Comparison of realized and planned operating revenue on accrual basis	122



Index of Tables

Table 1: Achieving a key objective: encouraging competition and market development	15
Table 2: Achieving a key objective: protecting users and providing universal services	18
Table 3: Achieving a key objective: ensuring the efficient utilization of a limited natural resource	20
Table 4: Achieving a key objective: optimizing investments in infrastructure	22
Table 5: Achieving a key objective: increasing efficiency and reducing regulatory burdens	23
Table 6: Additional tasks that were not planned in the 2017 Action Plan and Financial Plan	24
Table 7: The number of operators/service providers entered into the official registry by service	45
Table 8: Number of postal service providers entered into the official registry as of 31 December 2017	62
Table 9: Statement of revenue and expenses for specific users on cash basis from 1 January to 31 December 2017, part 1	92
Table 10: Statement of revenue and expenses for specific users compiled on a cash basis for the period from 1 January to 31 December 2017, continued	93
Table 11: Revenue on cash basis for the period from 1 January to 31 December 2017	94
Table 12: Balance on 31 December 2017	105
Table 13: Major investments in intangible fixed assets	108
Table 14: Major investments in tangible fixed assets – property	108
Table 15: Major investments in tangible fixed assets – equipment and small tools	109
Table 16: Revenue and expenditure statement for the period from 1 January 2016 to 31 December 2017	112
Table 17: Operating revenue	114
Table 18: Cost of goods, materials, and services	117
Table 19: Regular Maintenance Costs	119
Table 20: Revenue and expenses statement for the period from 1 January to 31 December 2017	120
Table 21: Comparison of realized and planned operating revenue on accrual basis	122
Table 22: Comparison of realized and planned cost of goods, materials and services (accrual principle)	123



ABBREVIATIONS

The abbreviations used list Slovenian or English names and the meanings for those names that are original in one language and are often used untranslated.

Kratica	Slovensko ime ali pomen	Angleško ime ali pomen ¹
AKOS	Agencija za komunikacijska omrežja in storitve Republike Slovenije	Agency for communication networks and services of the Republic of Slovenia
AVMS	Avdiovizualne medijske storitve	Audiovisual media services
BB	Širokopasovni	Broadband
BEREC	Organ evropskih regulatorjev za elektronske komunikacije	The Body of European Regulators for Electronic Communications
BSA	Prenos z bitnim tokom	Bitstream access
BWA	Širokopasovni brezžični dostop	Broadband wireless access
CDMA-PAMR	Kodno porazdeljeni sodostop – mobilni radio z zasebnim dostopom Code	Division Multiple Access - Public Access Mobile Radio
CEF		Connectig Europe Facility
CEPT	Evropska konferenca za pošto in telekomunikacije	European Conference of Postal and Telecommunications
COCOM	Odbor za komunikacije	Communications Committee
CRM	Program za upravljanje odnosov s strankami	Customer relationship management
CRS	Centralni register subjektov	
DAB	Digitalna avdio radiodifuzija	Digital audio broadcasting
ČM	Človek mesec	
DG MOVE	Generalni direktorat za mobilnost in promet	Directorate-General for Mobility and Transport
DTT	Digitalna prizemna televizija	Digital terrestrial television
DVB-T	Prizemna digitalna video radiodifuzija	Digital Video Broadcasting Terrestrial
DVB-T2	Prizemna digitalna video radiodifuzija – druga generacija	Digital Video Broadcasting – Second Generation Terrestrial
ECC	Odbor za elektronske komunikacije	Electronic Communications Committee
EGP	Evropski gospodarski prostor	European Economic Area (EEA)
EKO	Elektronska komunikacijska omrežja	
EMC	Elektromagnetna združljivost	Electromagnetic compatibility
ENISA	Agencija Evropske unije za varnost omrežij in informacij	European Union Agency for Network and Information Security
ENRRB	Evropska mreža železniških regulativnih organov	European Network of Rail Regulatory Bodies
EPRA	Evropska platforma regulativnih organov	European Platform of regulatory authorities
ERGA	Skupina evropskih regulatorjev za avdiovizualne medijske storitve	European Regulators Group for Audiovisual Media Services

ERGP	Evropsko združenje poštних regulatorjev	European Regulators Group for Postal Services
ETSI	Evropski inštitut za telekomunikacijske standarde	European Telecommunications Standards Institute
EU	Evropska unija	European Union
EZR	Enotni zakladniški račun	
FM	Frekvenčna modulacija	Frequency modulation
FTTH	Optika do doma	Fibre to the home
FUP	Politika poštene uporabe storitev	Fair usage policy
FWBA	Nadomestek fiksnega širokopasovnega interneta	Fixed Wireless Broadband Access
GJI	Gospodarska javna infrastruktura	Public infrastructure
GURS	Geodetska uprava Republike Slovenije	The surveying and mapping authority of the Republic of Slovenia
HCM	Usklajena metoda za preračun	Harmonised calculation method
HFC	Hibridno koaksialen	Hybrid fiber-coaxial
IKT	Informacijsko – komunikacijska tehnologija	Information and communications technology
INEA	Izvajalska agencija za inovacije in omrežja	Innovation and Networks Executive Agency
INV	Investicije	Investments
IoT	Internet stvari	Internet of things
IP	Internetni protokol	Internet protocol
IPTV	Televizija preko internetnega protokola	Internet protocol television
IRG	Skupina neodvisnih regulatorjev	Independent Regulators Group
IRG - Rail	Združenje neodvisnih regulatorjev s področja železniškega prometa	Independent Regulators' Group - Rail
ITU	Mednarodna telekomunikacijska zveza	International Telecommunications Union
JAŽP	Javna agencija za železniški promet	
JŽI	Javna železniška infrastruktura	
LMR	Kopenski mobilni radio	
LSA	Licencirani sodostop	
LTE	Dolgoročna evolucija	Long term evolution
MBit/s	Megabit na sekundo	
MHz	Megahertz	
MIMO	Antenska raznolikost	Multiple input, multiple output
MMS	Sistem večpredstavnostnih sporočil	Multimedia messaging service
MMDS	Multimedijski večkanalni distribucijski sistem	Multipoint multichannel distribution system
M2M	komunikacija med napravami	Machine to machine
NATO	Severnoatlantska vojaška zveza	North Atlantic Treaty Organization
NDZ	Nadzor	
NGA BU	Omrežje naslednje generacije od spodaj navzgor	Next generation access bottom up
NICAM	Nizozemski inštitut za klasifikacijo avdiovizualnih medijev	Netherlands Institute for the Classification of Audiovisual Media
NURF	Načrt uporabe radijskih frekvenc	
ODRF	Odločba o dodelitvi radijskih frekvenc	
OPT	Omrežna priključna točka	
OPTM	Operater s pomembno tržno močjo	
OTT	Prenos video in avdio signala preko internetnih storitev	Over the top
PDC	Odbor za poštno direktivo	Postal Directive Committee
PDFN	Program dela in finančni načrt	
PLB	Osebni javljalnik lokacije	
PMR	Profesionalni mobilni radio	Professional mobile radio

P-P	Točka–točka	Point to point
PPDR	Javna zaščita in pomoč v nesrečah	Public protection and disaster relief
QoS	Kakovost storitve	Quality of service
QoSBB	Kakovost širokopasovnega dostopa	Broadband Quality of Service
RF	Radijske frekvence/ radiofrekvenčni	
RLAH	Gostovanje kot doma	Roam like at home
RMMS	Program spremljanja trga storitev v železniškem prometu	Rail Market Monitoring Scheme
RS	Republika Slovenija	
SEK	Svet za elektronske komunikacije	
SERAC	Odbor za enotno železniško območje EU	Single European Railway Area Committee
SIST	Slovenski inštitut za standardizacijo	Slovenian institute for standardization
SMS	Sistem kratkih sporočil	Short Message Service
SPIS	Pisarniški informacijski sistem	
SRDF	Svet za radiodifuzijo	
TETRA	Prizemni snopovni radio	Terrestrial Trunked Radio
TETRAPOL	Standard za potrebe policije in vojske	Digital PMR technology
TK	Telekomunikacije	Telecommunications
TRA-ECS	Prizemni radijski sistemi, ki lahko zagotavljajo elektronske komunikacijske storitve	Terrestrial Radio Applications Capable Of Providing Electronic Communications Services
TRG 1	Dostop do javnega telefonskega omrežja na fiksni lokaciji za rezidenčne in poslovne uporabnike (maloprodajni trg)	Access to the public telephone network at fixed location for residential and non-residential customers
TRG 3a	Veleprodajni lokalni dostop na fiksni lokaciji (ex trg 4)	Wholesale local access provided at a fixed location
TRG 3b	Veleprodajni osrednji dostop na fiksni lokaciji za izdelke za množični trg (ex trg 5)	Wholesale central access provided at a fixed location for mass-market products
TRG 3	Zaključevanje klicev v posamičnih javnih telefonskih omrežjih na fiksni lokaciji (medoperaterski trg)	Call termination on individual public telephone networks provided at a fixed location (wholesale level)
TRG 4	Veleprodajni visokokakovostni dostop na fiksni lokaciji (ex trg 6)	Wholesale high-quality access provided at a fixed location
TRG 5	Širokopasovni dostop (medoperaterski trg)	Broadband access (wholesale level)
TRG 7	Zaključevanje govornih klicev v posamičnih javnih mobilnih telefonskih omrežjih (medoperaterski trg)	Voice call termination on individual mobile networks (wholesale level)
TSM	Uredba (EU) 2015/2120 Evropskega parlamenta in Sveta z dne 25. novembra 2015 o določitvi ukrepov v zvezi z dostopom do odprtega interneta in spremembi Direktive 2002/22/ES o univerzalni storitvi in pravicah uporabnikov v zvezi z elektronskimi komunikacijskimi omrežji in storitvami ter Uredbe (EU) št. 531/2012 o gostovanju v javnih mobilnih komunikacijskih omrežjih v Uniji	Regulation (EU) 2015/2120 of the european parliament and of the council of 25 november 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union
UHF	Ultra visoke frekvence	Ultra high frequency
UPU	Svetovna poštna zveza	Universal Postal Union
VHF	Zelo visoke frekvence	Very high frequency
VOD	Video na zahtevo	Video on demand
VOIP	telefonija prek internetnega protokola	Voice over internet protocol
WACC	Izračun povprečnega tehtanega stroška kapitala	Weighted average cost of capital
WRC	Svetovna radijska konferenca	World Radio Conference
WSD	Naprave v belem spektru	White space device
5G	Mobilna omrežja pete generacije	5th generation mobile networks

The most important tasks that the Agency completed in 2017 include the much-expected implementation of the new regulations, adapted to the new conditions in 3 relevant markets of carrier market for broadband network access.

BUSINESS REPORT



I IN PLACE OF AN INTRODUCTION



Dear readers,

You are reading the Annual Report of the Agency for Communication Networks and Services of the Republic of Slovenia for the year 2017, which is comprised of reports on operations, accounting, and business, shows the Agency's results in priority and regular tasks, and details the Agency's financial expenditures. A detailed reading of the Report reveals that the Agency accomplished most of its set goals for 2017. The few derogations are the result of altered priorities either in response to current market conditions or to strategic guidelines from the relevant ministry.

For this year the Agency has set particularly ambitious goals, especially with the object of suitably adapting regulation to the situation and trends in the market. With all of that, along with regular tasks and all the international activities, the year was full of demanding challenges, especially with the limited available resources. The Agency nonetheless managed to realize most of the goals it set, while some of them are still underway, and will be concluded in 2018. Because of changes in circumstances and priorities the Agency also launched some unplanned tasks.

The most important tasks that the Agency completed in 2017 include the much-expected implementation of the new regulations, adapted to the new conditions in 3 relevant markets of carrier market for broadband network access. Complex

regulations have been imposed with regulatory decisions on two markets (3a "Wholesale local access provided at a fixed location" and 3b "Wholesale central access provided at a fixed location for mass-market"), while the procedure for issuing a regulatory decision on the third market (4 "Wholesale high-quality access provided at a fixed location") is in the final phase. The Agency expects that the new regulation, which allows other operators access to Telekom Slovenije's network independently of the topology of the network's construction, will increase the utilization of Telekom Slovenije's already constructed fiber optics network, and encourage investment growth. According to the Agency's expectations this should in the future have also a positive effect on the development of effective competition on the retail market.

Other good news for end users is the change of three general acts related to the provision of the universal service. In 2017 the Agency noticed changing trends and decided to re-analyze the effects of the change in the transfer speed adequate for functional internet access, while at the same time giving proposals for changes to three general acts that deal with this area. One significant change that the

Agency's new proposals bring is an increased transfer speed adequate for functional internet access to 10 Mbps downlink, and consequently the inclusion of broadband access into the universal service.

Another important task of the Agency is to encourage investments in electronic communications. In 2017 the implementation of the Directive 2014/61/EU of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks resulted in the adoption of the amended Electronic Communications Act (ZEKom-1C), in which the Agency gained new tasks in this area. The Agency prepared the drafts for three general acts pertaining to this, and, as the institution in charge of monitoring infrastructure projects and consequently providing support to operators in obtaining information on potential shared construction of new infrastructure and shared use of existing infrastructure, set up an portal for online submissions of intent for construction and calls for shared construction, as well as online submissions for interest for shared construction.

At the end of 2017 the Agency began, in line with the strategic

guidelines from the Ministry of Public Administration and the Ministry of Culture, preparing its three-year Strategy of Radio frequency Spectrum Management, which will be the foundation for holding public tenders for assigning radio frequencies. This is an important task from the perspective of awarding frequencies in the future and ensuring a predictable regulatory environment for all the stakeholders on the market. In order to ensure the effective use of the radio spectrum the Agency amended the General act on the radio frequency utilization plan (NURF-4) after the change to the Decision on the Plan for the Allocation of Radio-Frequency Bands.

In 2017 the Agency, in collaboration with the Ministry of Public Administration, introduced the initiative for submitting projects for first trials and future use of 5G technology. With this initiative the Agency also aims to support the introduction of 5G networks as soon as possible. Parts of the spectrum in the 3400 – 3800 MHz band and the frequencies in UHF channels were made available for testing, and the Agency also offers help in establishing contact with foreign regulators. In relation to the 5G initiative the first consortium was formed for preparing the 5G project in public safety, protection and rescue.

Another task worth mentioning is the Agency's efforts towards the introduction of pay television on the digital terrestrial platform. In January 2017 the Agency published a public discussion on the possibility of developing digital terrestrial pay television. In spite of the tepid response the Agency continued with activities for introducing pay TV, and in November 2017 published a public tender for awarding relevant rights. The main reason for choosing this path was to make it possible for households that only have this option of accessing TV content to receive greater diversity of channels, while at the same time also taking into account the middling occupancy and consequently poor profitability of

multiplex C, which puts the continued existence of this network under question.

At the end of 2017 the radio (DAB+) multiplex was also not fully occupied yet, but there was interest among radio channel publishers to onboard this platform. The Agency began preparing a public tender for awarding five rights for disseminating radio programming using digital broadcasting technology, which was published in the beginning of 2018. During this process the Agency coordinated with the Broadcasting Council (SDRF) and prepared everything required for holding the tender and awarding the available local FM radio frequencies.

In protection of media consumers the Agency put most of its focus on the implementation of the Gledoskop system, through which it plans to raise awareness and help the public become more equipped for an informed, deliberate, and responsible selection of media content.

In regulation of postal services the Agency focused mainly on open questions related to ensuring universal service and the gradual decrease in the number of post offices.

In 2017 the Agency prepared 13 general acts (either new or amended) and 3 recommendations, and was also very active in collaboration with relevant ministries in the adoption of at least 8 new acts. At the European level there were 8 directives or regulations that pertain to the Agency's operations in the process


of adoption, so the Agency was also active in shaping its positions on the proposals of these legal acts. During the year the Agency actively participated with other relevant bodies in various strategic events at the national and international level. The Agency participated in more than 40 working groups to co-create the future regulatory policies.

The Agency was once again active in the implementation of changes to roaming conditions that are the result of changes of the European legislation regarding roaming in the EU, and has provided operators support in implementing and fulfilling the requirements of this legislation. In the scope of this project the Agency organized 3 consultations with operators and prepared a special document with 146 answers to operators' questions.

This were just a few stand-out tasks the Agency focused on in 2017, while also conducting numerous other tasks in other areas, for example in railway traffic, where bigger challenges appear to be coming in the future. Throughout the year the Agency strived to establish a dialogue with stakeholders, holding dozens of workshops and public consultations in nearly all of the areas of its operation.

With all of its big plans and goals the Agency was exceptionally successful in 2017, but that does not mean that it ran out of challenges or open questions awaiting a solution for the next year.

Mag. Tanja Muha,
Director



IN 2017
THE AGENCY
PREPARED 13
NEW OR AMENDED
GENERAL ACTS AND 3
RECOMMENDATIONS.

II SUMMARY: ACHIEVING KEY LONG-TERM OBJECTIVES

The achievement of the Agency's 5 strategic objectives– (1) encouraging competition and market development, (2) protecting the users and ensuring universal service, (3) ensuring the optimum use of a limited public resource, (4) increasing efficiency and decreasing regulatory limitations, and (5) optimization of investments – is presented with a

table of the completed phases and the results of the activities the Agency pursued in achieving said objectives. Tables 1 through 5 outline key tasks and activities that were planned and are conducted as permanent tasks throughout the whole year (they are repeatable and often depend on outside submissions or reports) or as projects. Because the Agency

follows market trends in its activities for fulfilling the set objectives, its activities or priorities of planned activities may change. Table 6 therefore lists key tasks and activities the Agency completed 2017, even though they were not planned for the year.

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

OBJECTIVE A: ENCOURAGING COMPETITION AND MARKET DEVELOPMENT

TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Regulation (analyses) of relevant markets for fixed broadband network access (markets 3a, 3b, and 4).	Analysis of relevant market 3a. Analysis of relevant market 3b. Analysis of relevant market 4.	●	■	The analyses of relevant markets 3a and 3b were published in the first half of 2017, and were the foundation for the issued regulatory decision to the operator with significant market power. The analysis of relevant market 4 was published in the second half of 2017, and will be the foundation for the regulatory decision to be issued next year.
Regulation (analysis) of relevant market 1 (2007)	The analysis of relevant market 1 based on the test of three measures.	○	■	The Agency launched the analysis of the relevant market based on the test of three measures, and will put it to public consultation in the first quarter of 2018.
The analysis of retail prices and wholesale prices of broadband connections	The periodic survey of retail prices for broadband access services, and the Survey on monthly household expenditures for electronic communications services in October 2017, and the analysis of the current demand for higher speeds of internet access and e-content.	○	■	The Agency published the results of both surveys on its website in January 2018. The Agency collected the data from the operators on retail prices of broadband access, and started verifying them and entering them into its own geographic information system (GIS).

<p>Audit of separate accounting records of the operator with significant market power (OPTM)</p>	<p>An audit and the final report of the audit of separate accounting records of the OPTM.</p>	<p>○ ■ After several public tenders for selecting an auditor the Agency selected one at the end of last year. The contract with the auditor was signed in January 2018. The audit will be completed in 2018.</p>
<p>Collaboration in amending the regulatory framework for telecommunications at the EU level.</p>	<p>Active collaboration in drafting material for a contribution to a revision of the regulatory framework of the Body of European Regulators of Electronic Communications (BEREC).</p>	<p>● ■ The Agency actively collaborated in amending the proposal for renovating the legal framework of electronic communications, and thoroughly reviewed the proposed new Directive for establishing the Code of European electronic communications, and the separate draft regulations on the jurisdiction and operation of BEREC and the expansion of wireless networks in public spaces and local community areas.</p>
<p>Support in the implementation of the roaming directive</p>	<p>Support for operators in the implementation of the changes to the regulation on international roaming</p>	<p>○ ■ The Agency held several consultations with stakeholders on the market regarding the implementation of the changes, and promptly responded to the questions posed by the operators.</p>
<p>Expert support to the realization of the Digital Agenda</p>	<p>Active collaboration with Slovenian bodies for the support of the realization of the Digital Agenda.</p>	<p>● ■ The Agency participated in working groups and provided expert support.</p>
<p>Verification of the data entered into GURS's databases</p>	<p>The Agency regularly verifies the correctness of data entry.</p>	<p>● ■ The Agency regularly verified the data and took appropriate measures when errors were found.</p>
<p>Monitoring the performance of obligations of the operator with significant market power (OPTM) in accordance with the regulatory decisions</p>	<p>The Agency monitors the performance of obligations in the event of possible violations begins with appropriate procedures.</p>	<p>● ■ The Agency has monitored the performance of OPTM's obligations and took action when violations were discovered.</p>
<p>Monitoring the quality of service of fixed and mobile broadband networks</p>	<p>The construction of a measurement point for fixed networks and equipping it with measurement instruments.</p>	<p>○ ■ The infrastructure of various operators has already been delivered to the measurement point. In 2017 the Agency has reviewed the quality of service of individual providers. The new measurement instruments made it possible to take measurements according to RFC standards with speeds of up to 10 Gbps.</p>
<p>Ensuring the transparency of electronic media publishers</p>	<p>Completing the activities for registering unregistered providers of non-linear AVMS. Changes to the existing licenses for conducting TV activities and obtaining new ones for the purpose of registering themed television channels.</p>	<p>● ■ An analysis of over 100 potential on-demand audiovisual media services in Slovenia. Inspection procedures of providers who meet the criteria for being entered into the record of on demand AV media services have been completed. ● ■ The Agency has registered the thematic TV channels.</p>

Analysis of the condition of the radio and television market and the possibilities for development	An analysis of the economic potentials of the radio market.	●	■	An analysis of the economic potentials of the radio market was completed and published on the Agency's website.
	An analysis of Slovenian and global trends of watching TV and similar AV media services.	●	■	The analysis was obtained.
Collaboration in shaping the frameworks for sorting the AV media services at the EU level	Collaboration with the European Commission and ERGO.	●	■	Throughout the process of changing the European regulative media framework the Agency actively participated in the amendments to the Directive on audiovisual media services and in ERGO, a consulting platform of European regulators of media, and reviewed the areas of the Directive in the amendment process with priority.
Supervising the conditions and prices for accessing the postal network	An analysis of the planned changes to access to the network from the perspective of competition law.	○	□	The task was stopped because the Post of Slovenia withdrew the new General Terms and Conditions from publication before they came into effect. The task will continue if or when the new General Terms and Conditions and prices for access to the network are prepared.
Regulation of separate accounting and the universal postal service	Verifying the calculation of the net cost of the universal service provider (phase one).	○	□	The Agency has received a calculation of the net cost, and the administrative procedure is continuing into 2018.
	Analysis of the cost efficiency of the universal service provider with the option of introducing a cost cap.	●	■	The analysis of the cost efficiency of the universal service provider with the option of introducing a cost cap was successfully completed.
Collaboration in amending the regulatory framework cross-border parcel delivery services at the EU level	The Regulation of the European Parliament and the Council on cross-border parcel delivery services	○	■	The content of the Regulation was coordinated in 2017. The Agency proactively collaborated with the relevant ministry and the SPBR.
Ensuring non-discriminatory charging of usage fees in railway traffic	Regular monthly monitoring of charging usage fees	●	■	A permanent task that the Agency consistently conducts according to plan
	Analysis of the cost base for usage fees	○	■	Analysis of the cost base for usage fees in 2017 will be completed in 2018 because of the difficulty of the task.
Ensuring equal access to extra services in railway traffic	Concluding agreements on providing extra services, resolving potential complaints, and reacting ex officio to unwanted developments.	●	■	The Agency has ruled on a complaint from a carrier and issued an ex officio measure to resolve the unwanted development.

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

OBJECTIVE B: PROTECTING USERS AND ENSURING THE PROVISION OF THE UNIVERSAL SERVICE				
TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Dispute resolution between end users and operators, and between operators themselves, and ensuring the rights of passengers in railway traffic.	Regular and up-to-date dispute resolution in the electronic communications and postal markets and passenger complaints against the carrier's decisions.	●	■	<p>A permanent task, with the results partly achieving the set goals The Agency did fulfill the objective of resolving at least as many disputes as it receives, and it also managed to achieve a consensual resolution in more than 60 % of the cases.</p> <p>However, it did not fulfill its goals related to time to resolution: within the recommended deadline of 4 months 75.69 % of all the disputes were resolved (goal: 80 %).</p> <p>The underlying cause for the longer duration in dispute resolution was in longer sick leave and maternity leave for two colleagues.</p>
Informing and increasing end user's awareness	Operation of the call center, explanations to end users, publishing documents and informing users through the Agency's website, preparation of brochures with tips and explanations, and the operation of the www.komuniciraj.eu portal.	●	■	The Agency regularly informed users through website posts, prepared and printed several brochures with tips and tricks, started the renovation of the komuniciraj.eu portal, and cooperated with other bodies.
Protection of viewers from excessive and misleading television advertising	Systemic supervision of advertising per hour on local and foreign TV channels	●	■	Completed.
	Preventive supervision of decisions on product placement in the most viewed local television shows	●	■	Completed.
Protection of children from potentially harmful content in audiovisual media services	Operating the Gledoskop system for the classification and labeling of audiovisual content and a signature of the agreement on cooperation with TV publishers and VOD providers	●	■	The Gledoskop system for the classification and labeling of content harmful for children and minors has been launched, and now the Agency is entering the appropriate classifications. An agreement on cooperation with relevant publishers and service providers was signed.
Promotion of a responsible attitude of the providers of audiovisual media services to the underage audience	Signing the agreement on cooperation with TV publishers and VOD providers	●	■	An agreement on cooperation with relevant publishers and service providers was signed and published on the website.

Supervision of the implementation of the requirements from the General act on the quality of providing universal postal service	Supervising the methodology and the results of quality measurements of letter mail delivery (mail/parcels).	●	■	The evaluation of the measurement results of the delivery quality for 2016 was completed.
	Supervision of contact points and post boxes.	●	■	The Agency inspected 12 contract post offices. In supervising contract post offices the Agency also held interviews with contractors. Also a supervision of post boxes was conducted at 5 contact points.
	Supervision of the lack of the provision of the universal service.	●	■	A notice was issued in a minor offence procedure because of the lack of provision of universal service.
	Supervision of the open hours of mobile post offices.	●	■	Supervision of the working hours of mobile post offices to make sure they are open for two or one hours at a time.
Care for the interest of users in the transformation of the postal network	General act on the quality of the universal postal service provision.	●	■	The General act on the changes and amendments to the general act on the quality of the universal postal service provision was published in the Official Gazette of the Republic of Slovenia, no. 14/2017. The change allows for more flexible transformation of contact points and a later start to the required working hours, at least once per week until 18:00.
	Ensuring a sufficient number of contact points and sufficiently long business hours.	●	■	The Agency issued 21 approvals to the proposed transformations of contact points as well as 15 approvals to proposals for closing contact points.
Supervision of exemptions from providing universal postal service	Supervision of derogations from delivery time and delivery to home or detached mailbox, namely by delivery method.	●	■	The Agency conducted supervisions at 3 locations with detached mailboxes.
The price and quality studies on postal services, and an analysis of the postal services market for 2016	Comparative analysis of prices and delivery times of postal service providers.	●	■	All of the surveys and the market analysis were successfully completed in full.
	A survey on user satisfaction with contract post offices (general and business users).	●	■	
	A survey on user satisfaction with postal services.	●	■	
	Analyses of the postal services market in the Republic of Slovenia for 2016.	●	■	

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

OBJECTIVE C: ENSURING OPTIMUM USE OF A LIMITED RESOURCE				
TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Tenders for radio frequencies for mobile communication services	Public tenders for radio frequencies for mobile communication services.	○	☒	Preparing the positions and adopting the guidelines to hold a public tender only for the frequencies in the 700 MHz band, after the strategy is prepared in 2018.
	Awarding frequencies through a public tender in the 3500 MHz, 3700 MHz, 10 GHz, and 12 GHz bands for local use.	●	■	The awarded frequencies in the 3500 MHz band for local use, while there was no interest for the 10 and 12 GHz frequencies.
	The report on monitoring the fulfillment of obligations, as defined in the decisions for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands.	○	■	This Agency task lasts for several years and it is going according to plans. The Agency verified the operator's obligations 3 years after they were awarded the decisions. All the operators have exceeded the coverage obligations in the 800 MHz band after 3 years.
	Convergence of public mobile and radio broadcasting services in the UHF band, and a switch from DTT to LTE, 5G.	○	■	The Agency collaborated and provided support to the 5G initiative and signed a Memorandum of Understanding with the Hungarian regulator for the support of PPDR 5G broadband services.
Tenders for radio frequencies for audio broadcasting	Public tender for FM frequencies – local.	○	□	Restarting talks with the Broadcasting Council after its composition changed in 2017. Drafts of tender documentation are in the final phase.
	Public tender for FM frequencies – specialized.	○	☒	This is planned at a later stage (after completing the tender for local radio stations).
	Public tender for FM frequencies – general.	○	☒	This is planned at a later stage (after completing the tender for specialized radio stations).
	DVB-T	●	■	After some stations exited, the Agency amended the decision for MUX-C, making it possible to introduce pay TV.
Assigning radio and TV station publishers access rights to the digital terrestrial platform	Public tenders for digital rights to transmit television channels.	●	■	A public tender was conducted for awarding 4 digital rights for broadcasting television channels.
	Public tender for awarding rights to disseminate pay TV channels.	○	■	Because of interest from the publishers the tender was launched and published in December and continues into the next year.

Activities for the defence of the Republic of Slovenia's spectrum	Notifying ITU bodies and the Radio Spectrum Policy Working Group with the European Commission regarding the violations of international treaties and the inactivity of the Republic of Italy in the elimination of interference.	○	■	Two meetings with the ITA administration, the second under the ITU's sponsorship.
	Collaboration in the inter-departmental working group.	○	■	This is a permanent task of the Agency, conducted according to the needs of the country. Informing relevant ministries and providing technical and legal support to Slovenian holders of radio frequency decisions who are in legal proceedings.
Monitoring the provision of public communication services	A revamp of the system for collecting notifications on network disruptions and outages.	●	■	Because of process rationalization the project was merged with the project to renovate and automate data collection for obligatory reporting.
	Ensuring network security and integrity, and interrupted service provision.	●	■	This is a permanent task of the Agency – in 2017 the Agency completed the monitoring of the System for managing information protection and the System for managing uninterrupted operations also with a few smaller operators.
	Systematic supervision of the provision of regulatory measures.	●	■	This is a permanent task of the Agency – in 2017 the Agency verified the provision of obligations on relevant markets 4 and 5.
	Systematic supervision of operators and action in the event of violations of the obligation to send relevant data.	●	■	This is a permanent task of the Agency – in 2017 the Agency took appropriate sanctions against those breaching them.
	Workshops with operators for finding the best solutions at the operative level.	●	■	The Agency held about 10 workshops focused on different topics with operators. An open topic relating to the scope and deadlines for storing traffic data because of the implementation of the roaming regulation, which is in coordination with the Information Commissioner of the Republic of Slovenia, and has not been concluded yet.
	Supervising the provision of measures for traffic management with internet service providers.	●	■	The Agency is still obtaining the first set of information through questionnaires. After that measurements will have to be taken with the proper instruments, which will be completed in 2018.
	Verifying operators' transparency regarding the provision of open and non-discriminatory access to the internet.	●	■	The Agency has verified subscriber agreements and General terms and conditions for providing internet access services.

TABLE 4: ACHIEVING A KEY OBJECTIVE: OPTIMIZING INVESTMENTS IN INFRASTRUCTURE

OBJECTIVE D: OPTIMIZING INVESTMENTS IN INFRASTRUCTURE				
TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Mapping and analyzing the telecommunications infrastructure in the RS	The Agency has established and upgraded a single database of spatial data on telecommunication infrastructure, which is essential for producing legal framework for effective investments in the NGA networks, and for regulating the relevant markets of broadband access and BB USO.	●	■	Establishing a single GIS database and updating it.
Monitoring and encouraging investment into the construction of public electronic communications networks (EKO)	Publishing intentions to build public utility infrastructure elements on the Agency's website, and monitoring the notifications of construction and a review of easement agreements.	●	■	This is a permanent task, and is going according to plans. The Agency continues to receive a high number of notifications and applications to joint construction. It has increased the number of times it supervises the publication of construction and completed all (1,600) supervisions of easement agreements.
A technical analysis and the general act on technical details of access and distribution points	Preparing a draft general act on technical details of access and distribution points.	○	□	The Agency started preparing the general act and submitted the proposal to public consultation in the beginning of 2018. It also held a workshop related to this topic.
The implementation of the Directive EU/61/2014 into ZEKom-1 for providing savings in the construction of broadband networks	Collaboration in the process of transposing the Directive EU/61/2014 on lowering the costs of the construction of electronic communication networks.	●	□	The implementation has been fully completed by holding 3 workshops with stakeholders on the changes the amended act is introducing. Two executive general acts are still to be adopted.
Analysis and promotion of conducting shared use of other types of public service infrastructure (GJI) with EKO	Conducting the analysis of the option of (shared) use of smart grids with the goal of making the construction of EKO cheaper and optimize.	○	■	Preparations are underway and will be completed in early 2018.

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

OBJECTIVE E: INCREASING EFFICIENCY AND REDUCING REGULATORY BURDENS				
TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Renovation and automation of data collection for obligatory reporting	Modernization of the system for collecting telecommunications data.	○	■	In the second half of the year the Agency held a public tender and selected the provider for modernizing the data collection system. The project will be completed next year.
Improving informational support for work processes and customer communication	Maintenance of ICT and user support, developing business IT solutions.	○	□	This is a permanent task, but due to a lack of human resources its performance is less than optimum. In the scope of this task the Agency maintains and upgrades the ICT equipment, but cannot provide further development, for example of e-business.

TABLE 6: ADDITIONAL TASKS THAT WERE NOT PLANNED IN THE 2017 ACTION PLAN AND FINANCIAL PLAN

TASK/2017	DESCRIPTION (PERMANENT ACTIVITIES OR PROJECTS)	STATUS	RESULT	COMMENT
Analysis and determining the speeds for broadband access as universal service	The analysis of the effect of the changes to the transfer speed for functional internet access, and proposals for amendments to the three general acts: on determining the transfer speed for functional internet access, on the quality of the universal service, and on the method of calculating net costs of the universal service.			In December the Agency submitted the Analysis of the effect of the changes to the transfer speed for functional internet access, and the three general acts into public consultation, and plans in 2018, based on received comments, to issue the following general acts: on determining the transfer speed for a functional internet access, on the quality of the universal service, and on the method of calculating the net costs of universal service.
Preparing a draft Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU	The proposed Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU.			The proposed Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU was submitted to public consultation. When reviewing the comments and new evidence, the Agency will decide on potentially publishing the final version of the recommendation in the beginning of next year.
Preparing a Strategy of radio frequency spectrum management	Proposed Strategy of radio frequency spectrum management for a 3-year period.			At the end of 2017 the Agency began, in line with the strategic guidelines from the Ministry of Public Administration, preparing its three-year Strategy of radio frequency spectrum management, which will be the foundation for holding public tenders for awarding radio frequencies.

Legend:

STATUS	RESULT
● Realized	■ According to plan
○ Unrealized	□ Partly according to plan
⊙ Discontinued/Stopped	⊗ Not to plan

1 OCCURRENCE OF POTENTIAL UNACCEPTABLE OR UNEXPECTED CONSEQUENCES AND THE ESTIMATE OF THE EFFECTS OF OPERATIONS ON OTHER AREAS

The Agency's work affects the operations of the regulated organizations in telecommunications, radio frequency broadcasting, media, post and railways. The tables above show that the Agency has concluded most of the tasks it set for 2017. As a result of responding to market conditions the Agency also conducted some additional tasks that were not part of the 2017 Operational and Financial Plan. Implementation of the Agency's Financial Plan is detailed in chapter XIV Implementation of the Financial Plan. It was realized in 102.3 % on the revenue side, and 89.9 % on the expenditure side. The Agency estimates that there were no unexpected or unacceptable consequences resulting from its operations.

2 ASSESSMENT OF THE EFFECTIVENESS AND EFFICIENCY OF OPERATIONS

The Agency estimates that with regard to the 2017 Financial Plan it operated effectively and efficiently, as it achieved the set goals, as the above tables show. The relevant ministry did not give the Agency any guidelines regarding the assessment of effectiveness and efficiency.

III AKOS AT A GLANCE

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

The Agency is competent for implementing public policy, gathering information on relevant markets, supervision, issuing sanctions, and resolving disputes in said areas. The acts it issues are final and may be challenged only before a court. It is financed through fees paid by

providers, holders of licenses for frequencies and the numbering space, providers of postal and railway services, and providers of TV and VOD services. Transparency in the Agency's operations is ensured through collaboration with the public (carriers and service providers, end users, the general public, and NGOs), the Electronic Communications Council, the Broadcasting Council, state bodies, and courts. Depending on its field of work, the Agency has 4 line ministries: Ministry of Public Administration, Ministry of Culture, Ministry of Infrastructure, and Ministry of Economic Development and Technology.

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



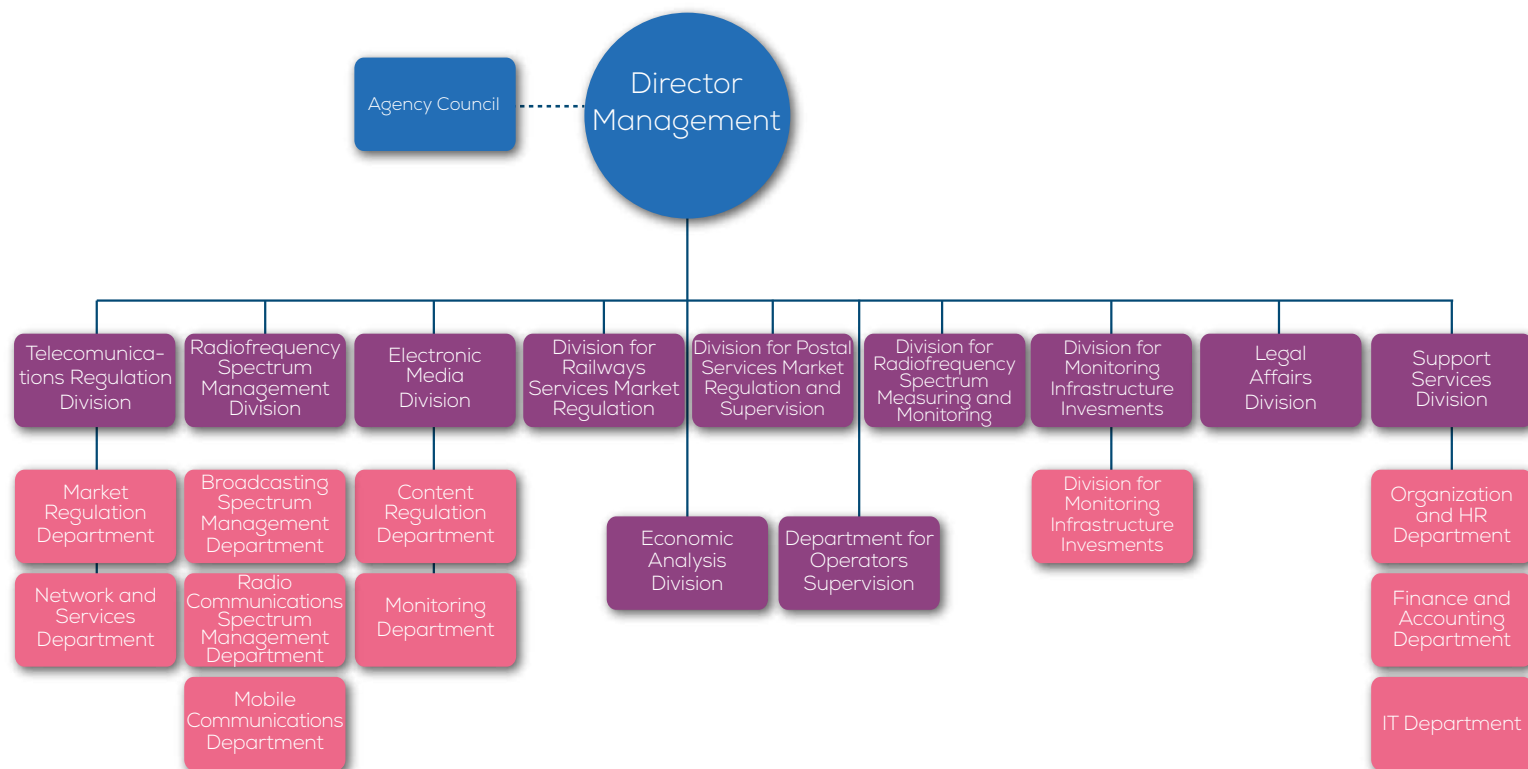
In accordance with its strategic objectives the Agency undertakes to ensure the accessibility and high quality of universal services to all residents of Slovenia at affordable prices and regardless of their geographic location, effective competition in the market, and competitiveness among service providers.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

electronic communications and the use of the radio frequency spectrum for providing services in times of extraordinary circumstances.

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

The Agency undertakes to improve the system of administration with the goal of performing its tasks successfully, effectively, and in accordance with valid legislation. The Agency's Director and Council form the Agency's bodies; further there are sectors for: regulating telecommunications, managing the radio frequency spectrum, electronic media, regulating the railway services market, regulating and supervising the postal services market, economic analyses, measuring and supervising the radio frequency spectrum, supervising providers, monitoring infrastructure investments, legal affairs, and supporting activities.

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



IV MARKETS IN NUMBERS

Trends in markets within the Agency's competencies in the period of 2014–2017. It is understood that:

- Figures are shown on an annual basis;
- In calculating the penetration of individual services we used data from the Statistical Office of the Republic of Slovenia, specifically taking the number of residences from the census and the EU-SILC study (up to Q4 of 2015), and the number of residents from officially published data for individual periods.
- A user of fixed telephone services is a residential user who uses

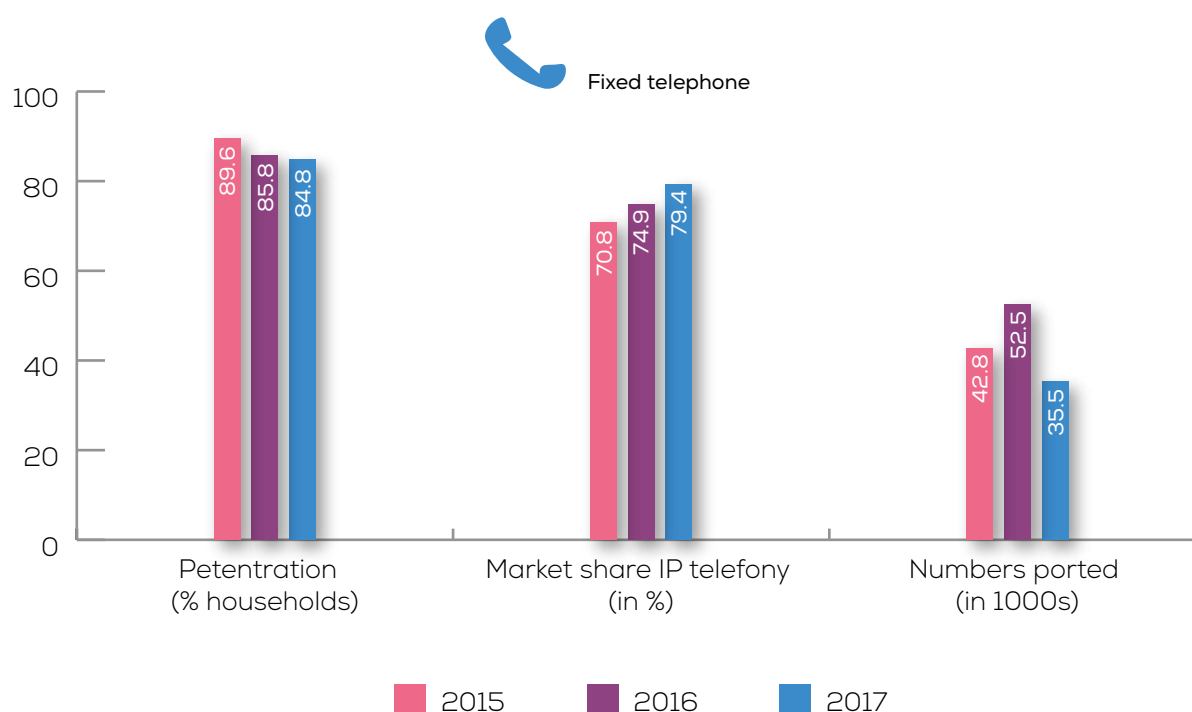
fixed telephone services. The data pertains to the average amount of calls made by residential users in fixed networks.

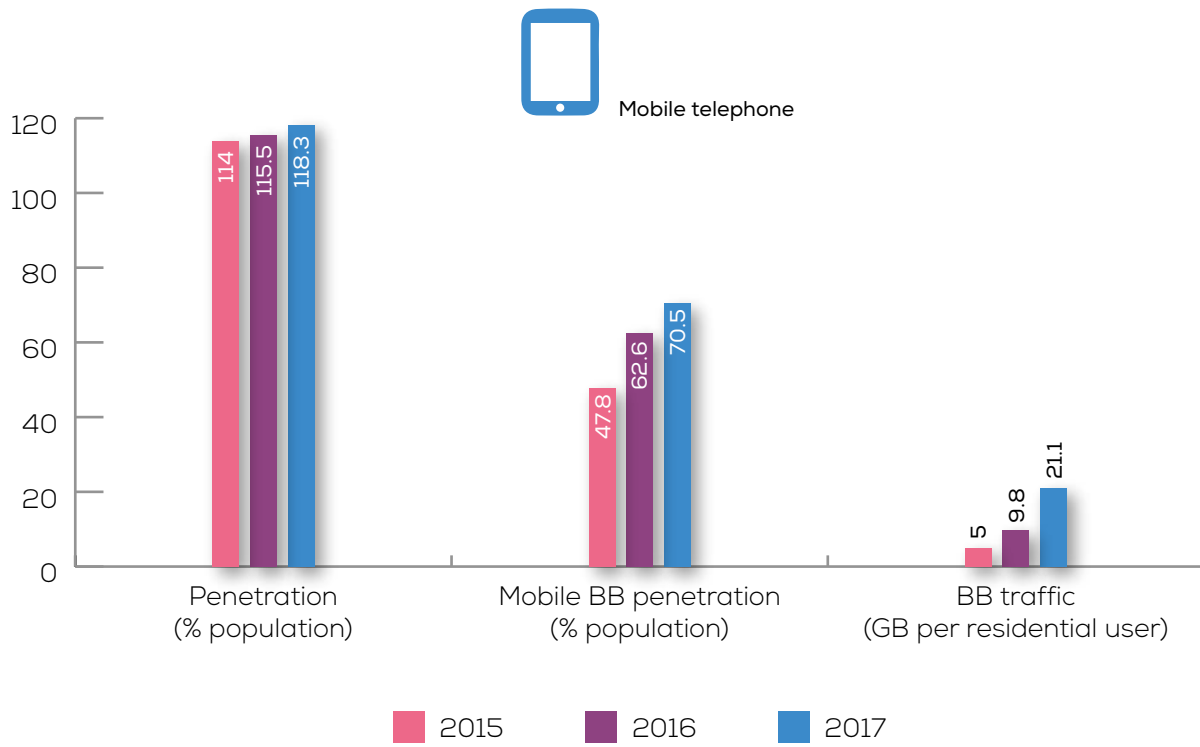
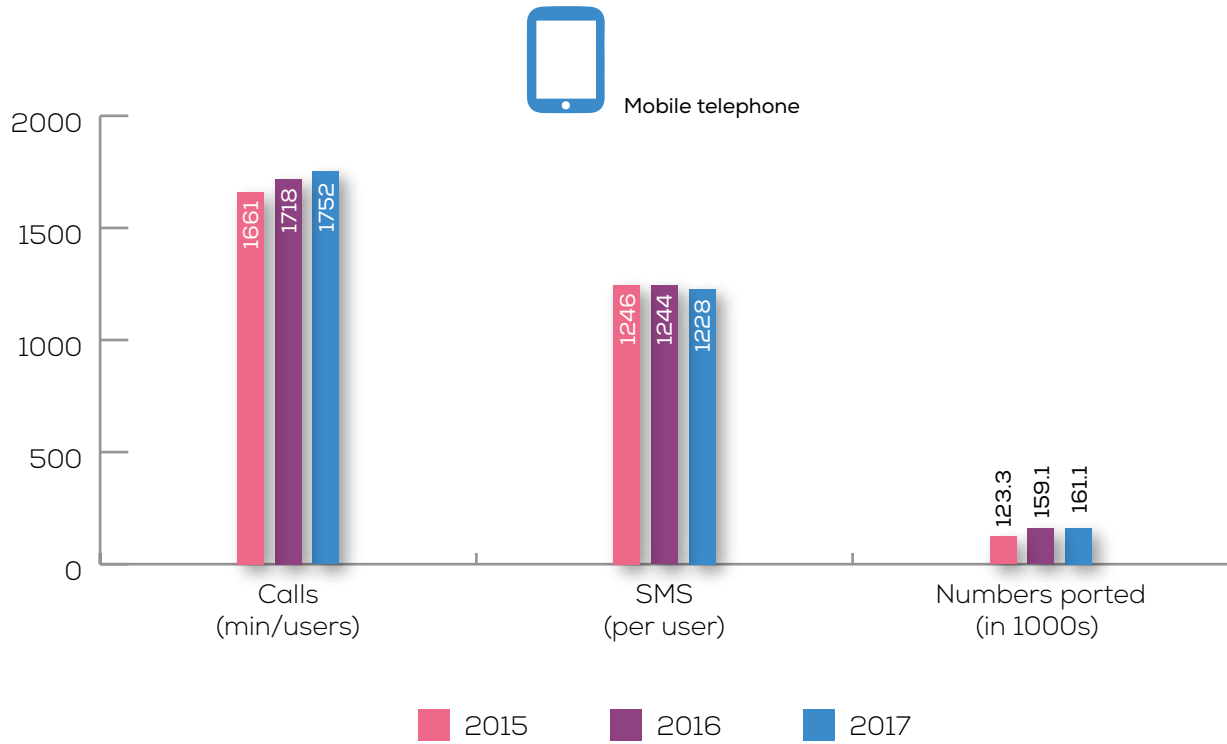
- A user of mobile telephone services is a residential user who uses mobile telephone services. The data pertains to the average amount of calls made from mobile networks or text messages sent or mobile broadband internet access data transferred by residential users.
- Number porting means the number of ported mobile phone numbers (transactions) to providers in the observed period,

which includes all transactions (to various providers and back to the original provider).

- For the number of television or radio channels data are based on the number of holders of licenses (publishers) for conducting television or radio activities.
- A digital right is a license to perform television and radio activities in a digital format.
- Due to subsequent amendments providers made to the data there is the possibility that there could be some deviation from the previously published figures.

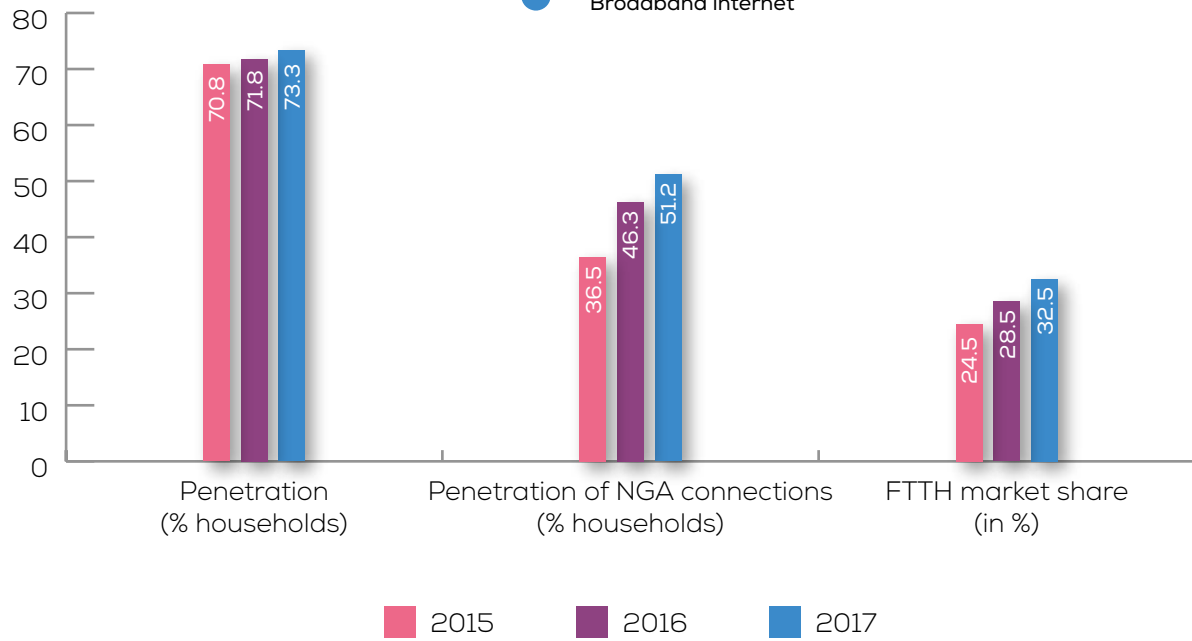
FIGURE 3: TRENDS IN MARKETS WITHIN THE AGENCY'S COMPETENCIES IN THE PERIOD OF 2014–2017







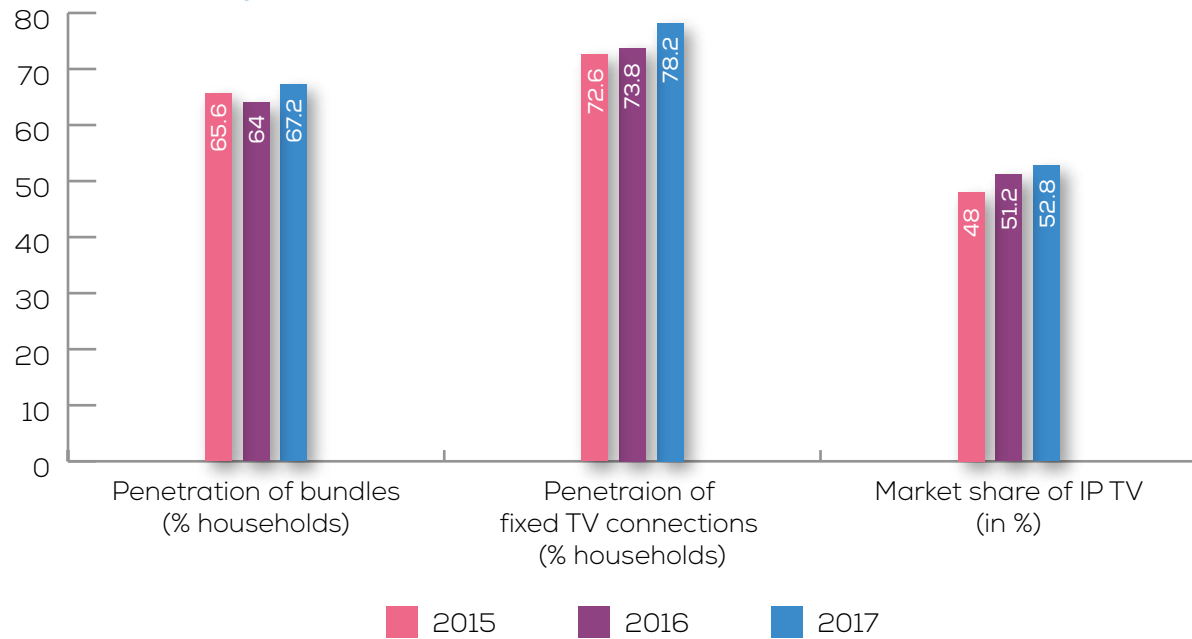
Broadband internet

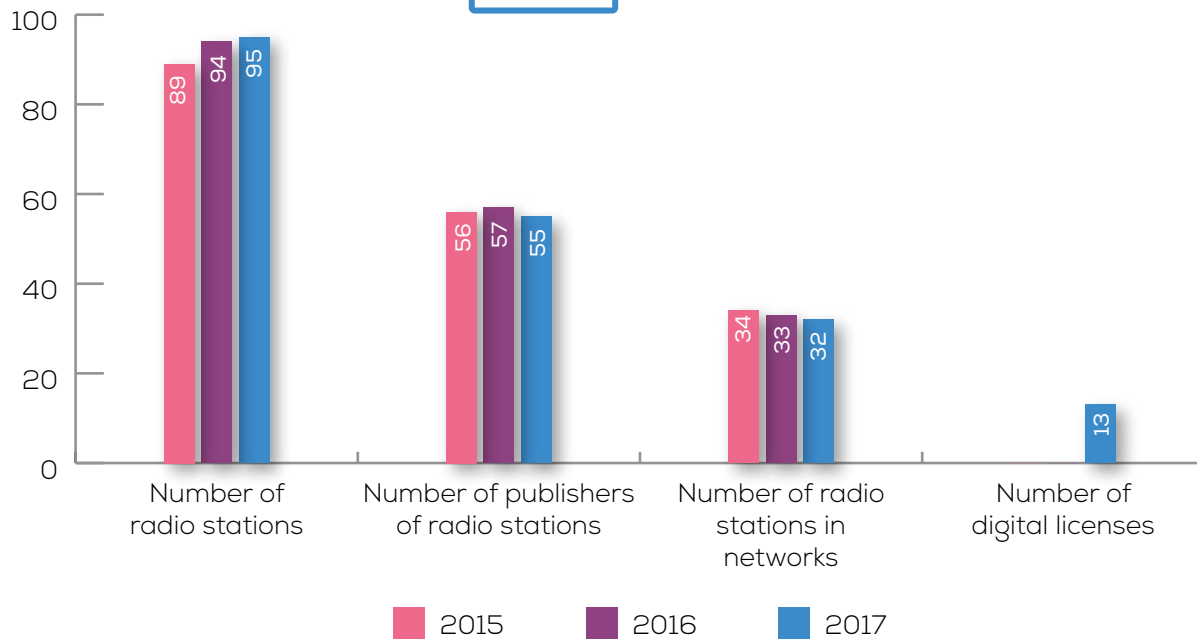
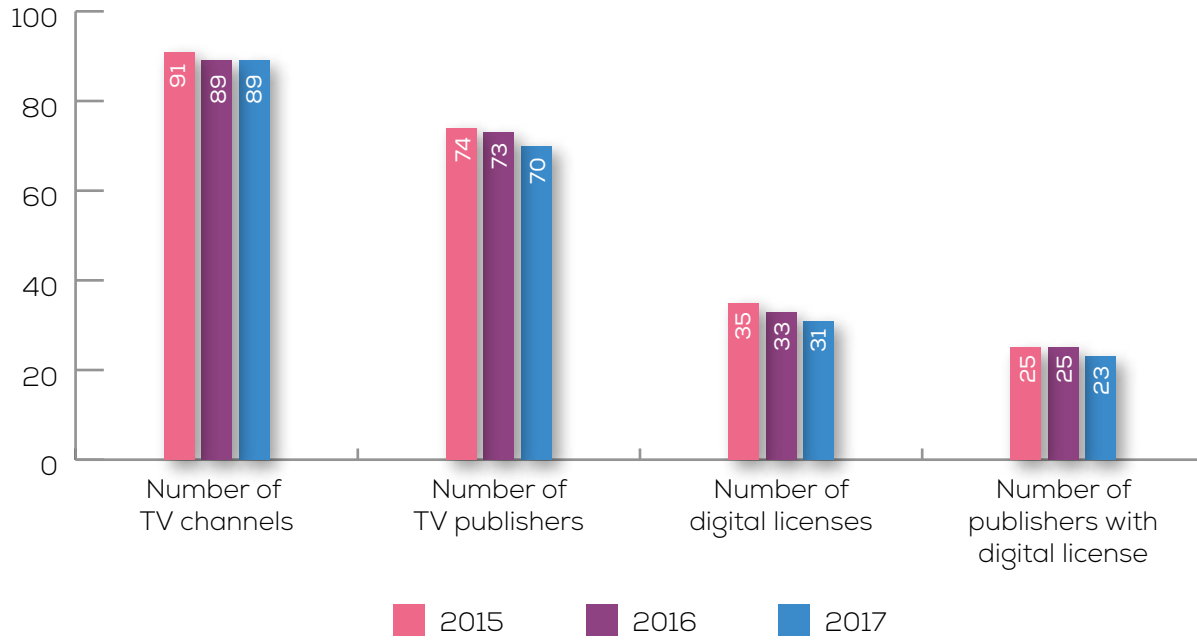


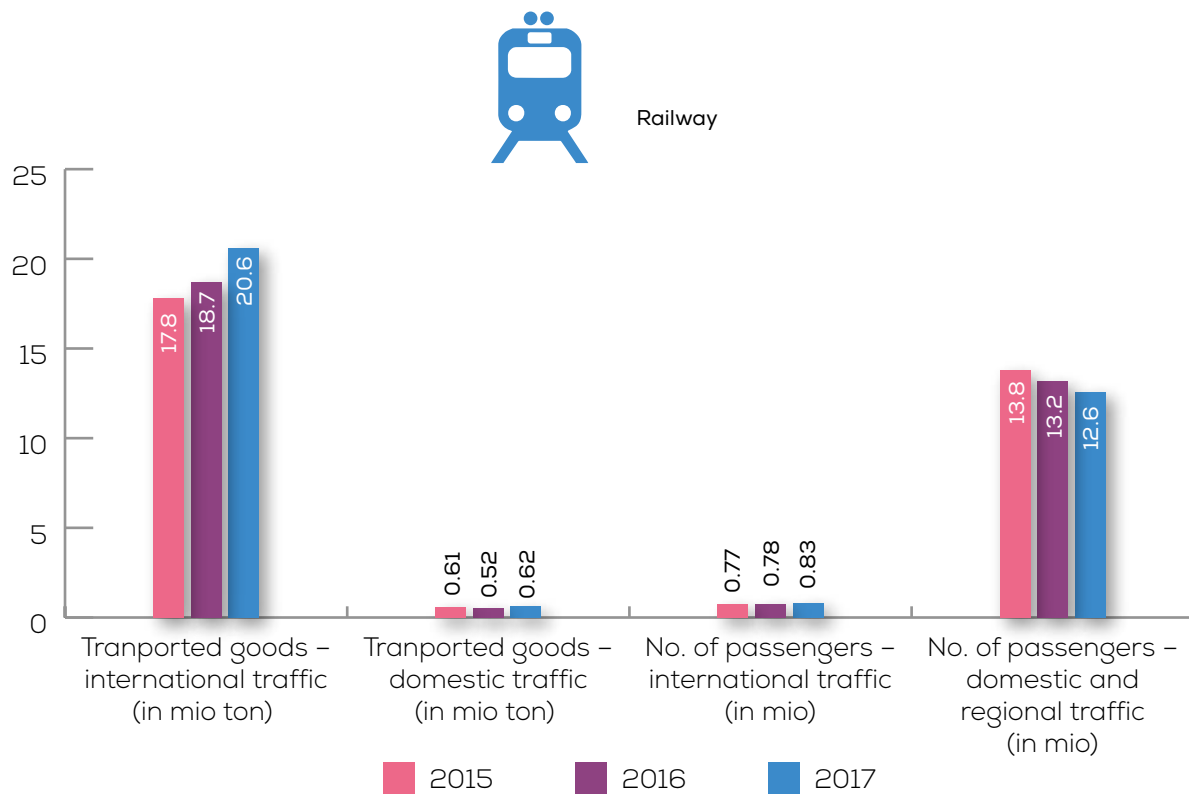
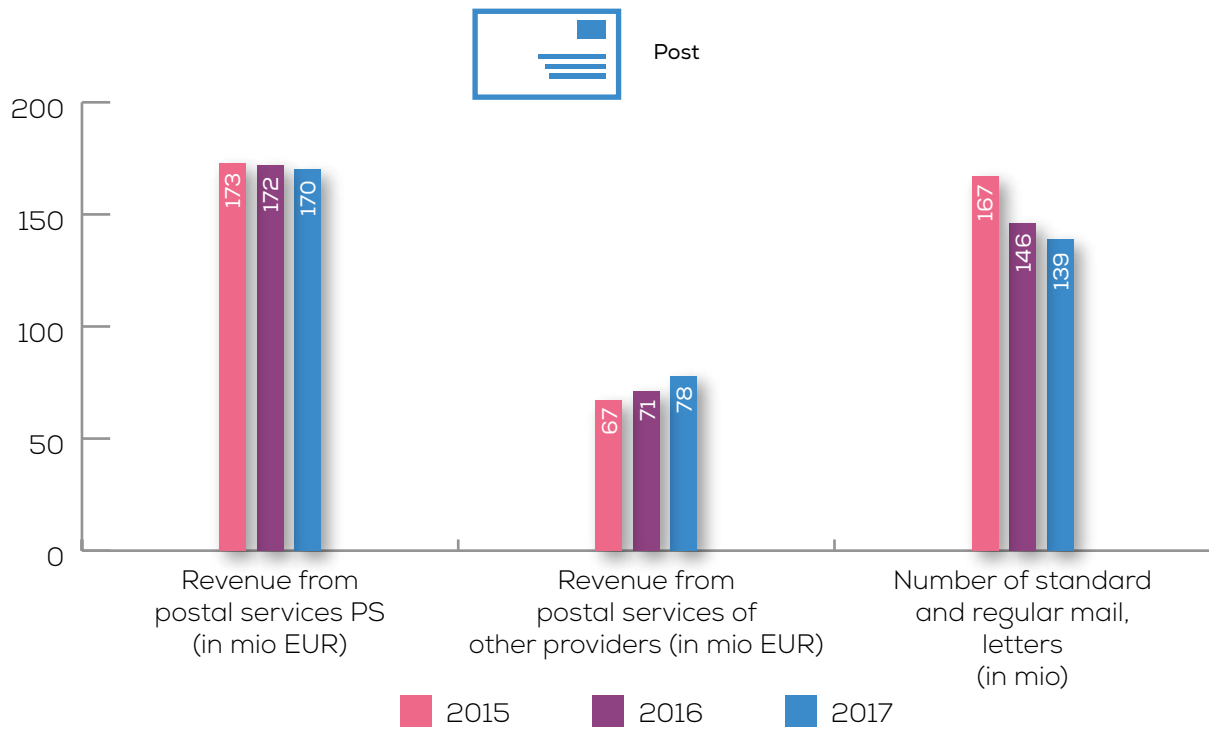
Convergence of services



Television







V LEGAL FRAMEWORK

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

Electronic Communications:

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

Postal Services:

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

Electronic Media:

- Media Act (Official Gazette of the RS, no. 110/06 – official consolidated text, 36/08 – ZPOmK-1, 77/10 – ZSFCJA, 90/10 – Constitutional Court decision, 87/11 – ZAvMS, 47/12 in 47/15 – ZZSDT, , 22/16 in 39/16);

- The Act on Audiovisual Media Services (Official Gazette of the RS, no. 87/11 and 84/15);

Railways:

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

Radio Spectrum:

- Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/07, 85/10, 47/12 and 109/2012-ZEKom-1), Radiotelevizija Slovenija Act (Official Gazette of the Republic of Slovenia, no. 96/05, 109/05 – ZDavP-1B, 105/06 – Constitutional Court decision, 26/09 – ZIPRS0809-B in 9/14)
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia – International treaties, no. 18/1999);
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5–108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of Slovenia – International treaties, no. 5/1997);
- Decree ratifying the Final Acts of the Regional Radiocommunication Conference for planning of the digital terrestrial broadcasting service in parts of Regions 1 and 3, in the frequency bands 174–230 MHz and 470–862 MHz (RRC-06) (Official Gazette of the RS, no. 30/2013);

Other important acts:

- General Administrative Procedure Act (Official Gazette of the Republic of Slovenia, no. 24/06, 105/06-ZUS-1, 126/07, 65/08, 47/09 Constitutional Court decision: U-I-54/06-32 (48/09 amended), 8/10 in 82/13) – unofficial consolidated text ZUP;
- Inspection Act (Official Gazette of the RS 43/07-UPB1, 40/14)
- Minor Offences Act (Official Gazette of the Republic of Slovenia, no. 29/11-UPB8, 21/13, 111/13, 74/14 – Constitutional Court decision in 92/14 – Constitutional Court decision, 32/16 in 15/17 – Constitutional Court decision);
- Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/06, 107/09 – Constitutional Court Decision, 62/10, 98/11 – Constitutional Court Decision, 109/12 in 10/17 – ZPP-E);
- In accordance with the Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 – official consolidated text, 117/06 – ZDavP-2, 23/14, 50/14, 19/15 – Constitutional Court Decision and 102/15);
- Information Commissioner Act (Official Gazette of the Republic of Slovenia, no. 113/05, 51/2007-ZUstS-A, 14/10 – Constitutional Court decision: U-I-303/08-9);
- Public Agencies Act (Official Gazette of the Republic of Slovenia, no. 52/02, 51/04-EZ-A, 33/11-ZEKom-C);
- State Administration Act (Official Gazette of the Republic of Slovenia, no. 113/2005-UPB4, 126/2007-ZUP-E, 48/09, 8/2010-ZUP-G, 8/2012-ZVRS-F and 21/12, 17/13 Constitutional Court decision: U-I-42/12-15, 21/13-ZVRS-G, 47/13, 12/14, 90/14 in 51/16);
- Civil Servants Act (Official Gazette of the Republic of Slovenia, no. 63/2007-UPB3, 65/2008, 69/2008-ZTFI-A, 69/2008-ZZavar-E, 74/2009 – Constitutional Court decision: U-I-

- 136/07-13, 40/2012-ZUJF);
- Protection of Documents and Archives and Archival Institutions Act (Official Gazette of the Republic of Slovenia, no. 30/06 and 51/14);
- Public Procurement Act (Official Gazette of the Republic of Slovenia, no. 91/15)
- Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, no. 69/2011-UPB2, 81/13 – Constitutional Court decision: U-I-81/11-12);
- Public Finance Act (Official Gazette of RS 11/11 – official consolidated text 4, 14/13 – amendments, 101/13, 55/15 – ZFisP and 96/15 – ZIPRS1617).

VI MANAGING A LIMITED NATURAL RESOURCE

In order to ensure effective use of radio spectrum the Agency in 2017 amended the General act on the radio frequency utilization plan (hereinafter: NURF) after the change to the Decision on the Plan for the Allocation of Radio-Frequency Bands (hereinafter: URRS) taking into account the latest decision of the European Commission.

In the scope of its regular tasks the Agency in 2017 headed the administrative procedures for issuing decisions on the assignment of radio frequencies for radio and television stations, fixed connections, satellite connections, radio stations on airplanes, radio stations on ships, private and public mobile communications; it issued amateur radio licenses (assigning call signs); and it took part in international coordination for the use of radio frequencies, which includes the preparation of multilateral and bilateral agreements. It also actively participated in supporting mobile operators in concluding carrier agreements with Austria and Italy.

The Agency ensured the efficient utilization of numbering elements by keeping official records on the provision of electronic communications networks and services and administrating numbering elements; it handled applications for obtaining decisions on assigning numbering elements; it issued agreements for the transfer of the right to use numbering elements to other operators; it supervised the rational use of assigned numbers;

and it monitored the implementation of number portability and the administration of the ENUM domain that allows for mapping traditional telephone numbers into names, suitable for end users to use on the internet.

1 BACKGROUND, OBJECTIVES, MARKETS 1.1 LEGAL FRAMEWORK

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

- Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 – ZIN-B, 54/14 – Constitutional Court decision and 81/15 and 40/17)
- Digital Broadcasting Act (Official Gazette of the Republic of Slovenia, no. 102/07, 85/10, 47/12 and 109/2012-ZEKom-1)
- Radiotelevizija Slovenija Act (Official Gazette of the RS, no. 96/05, 109/05 – ZDavP-1B, 105/06 – Constitutional Court decision, 26/09 – ZIPRS0809-B and 9/14)
- Act Ratifying the European Transfrontier Television Convention and the Protocol amending the European Transfrontier Television Convention (Official Gazette of the Republic of Slovenia – International treaties, no. 18/1999);
- Act Ratifying the Regional Agreement Relating to the Use of the Band 87.5–108 MHz for FM Sound Broadcasting (Region 1 and Part of Region 3) /MOSUPZR/ (Official Gazette of the Republic of

Slovenia – International treaties, no. 5/1997);

- Decree ratifying the Final Acts of the Regional Radiocommunication Conference for planning of the digital terrestrial broadcasting service in parts of Regions 1 and 3, in the frequency bands 174–230 MHz and 470–862 MHz (RRC-06) (Official Gazette of the RS, no. 30/2013);
- Regional Agreement for the European Broadcasting Area concerning the use of frequencies by the broadcasting service in the VHF and UHF bands, signed in Stockholm 23 June 1961
- Act Ratifying the Chester 1997 Multilateral Coordination Agreement relating to Technical Criteria, Coordination Principles and Procedures for the introduction of Terrestrial Digital Video Broadcasting (DVB-T) (MCVUTV);
- International treaties.
- Rules on radio equipment.

To ensure the optimum utilization of the radio frequency spectrum the Agency adheres to the provisions in Chapter V of the Electronic Communications Act, and the provisions of Chapter VI therein for managing the group of numbering elements in the Republic of Slovenia. In activities regarding the management of the spectrum reserved for digital broadcasting the Agency follows the provisions of ZDRad and ZEKom-1. It also uses ZRTVS-1 alongside the provisions of ZEKom-1 in ensuring the optimal utilization of the spectrum for FM audio broadcasting.

1.2 ANNUAL OBJECTIVES

The Agency's main objectives in managing the radio spectrum, which is a limited natural resource, are:

- ensuring its efficient utilization;
- promoting spectrum use for broadband services, and ensuring and encouraging the development of the Slovenian economy;
- holding tenders for radio frequencies for mobile communication services;
- holding tenders for radio

frequencies for audio broadcasting;

- preparing an analysis of assigning radio frequencies and a proposal for optimization;
- participating in the inter-departmental group for resolving issues with Italy, and
- inter-departmental cooperation.

With regard to ensuring the efficient use of radio spectrum, which is one of the Agency's permanent objectives, the Agency in 2017 drafted the General act on the radio frequency utilization plan NURF-4 and put it into public consultation, issued decisions on assigning radio frequencies for all types of services, conducted international coordination, and collaborated with the Ministry of Economy on drafting the Rules on radio equipment (Official Gazette of the RS no. 3/2016) regarding access to radio equipment on the market of the Republic of Slovenia.² In this context the Agency is joining activities that lead to the efficient use and utilization of the radio spectrum, especially in innovative technologies in the scope of IoT/M2M and pilotless aircraft (drones).

In order to fulfill the second objective of encouraging the use of spectrum for providing broadband services, and the related third objective of encouraging the development of the Slovenian economy, the Agency actively participated in the promotion, preparing frequencies and supporting 5G projects of the Slovenian 5G initiative, and continued with supervising the fulfillment of coverage obligations related to the frequencies in the 800, 900, 1800, 2100, and 2600 MHz frequency bands that were awarded in the public tenders with public auction in 2014 and 2016. Based on the findings of the measurements and the analysis of the submitted data it verified the coverage conditions after 3 years (details in chapter 2.1.2.2 Monitoring the Provision of Public Communication Services).

In accordance with the strategic objectives of the relevant ministry the Agency has postponed its activities for awarding radio frequencies in the 700, 1400, 2100, 2300, 3400 – 3800 MHz, and 26 GHz bands to the second half of 2017 or into 2018, and to the 2019–2021 period for the other bands and conducted the public tenders for the 10/12 GHz bands and for the 3500 MHz band. By awarding decisions it completed the tender for radio frequencies for the national network for broadcasting digital radio in the DAB+ technology.

In order to fulfill the objectives in radio broadcasting the Agency strived to prepare the tenders for analogue radio broadcasting. Since resources were allocated to other tasks, the Agency did not manage to prepare an analysis of assigning radio frequencies and a proposal for optimization. The issues with Italy continued to be resolved in the inter-departmental working group, as well as in the Good Office working group at RSPG and ITU. In the international arena the Agency successfully showcased its work at 11 international conferences and actively participated in the scope of the European Commission, CEPT, and ITU.

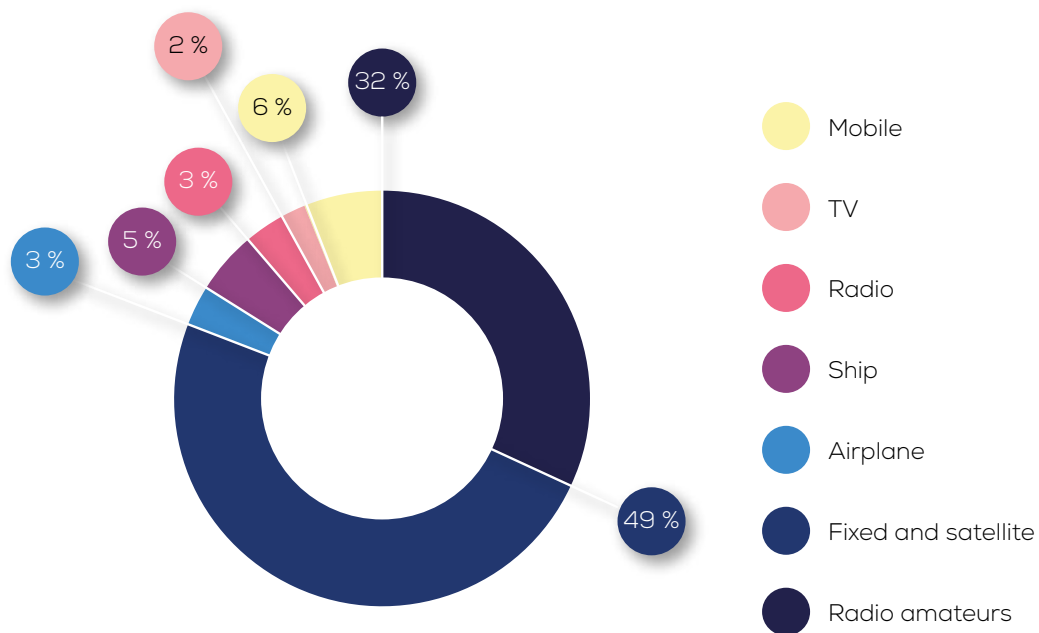
The Agency also ensures the efficient utilization of a limited natural resource in the numbering space. The Agency manages the multitude of all the numbering elements in the Republic of Slovenia with the goals of ensuring their efficient structuring and utilization, as well as of meeting the needs of the operators and other natural and legal persons that are entitled to numbering elements in a fair and non-discriminatory fashion. With regard to the management of the numbering space the Agency focused, along with its regular activities in 2017, on monitoring trends in the scope of international groups that work on the issue of the access of new services to numbering resources and their use outside the borders of individual member states.

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

1.3 RADIO FREQUENCY SPECTRUM UTILIZATION

At the end of 2017 there were 352 decisions on awarding radio frequencies for audio broadcasting in the FM band, 271 decisions for DVB-T, 9 decisions for T-DAB, 5917 decisions for fixed or satellite connections, 606 ship and 362 airplane, 722 decisions for mobile connections, and 3953 amateur radio licenses in force.

FIGURE 4: SHARE OF VALID DECISIONS ON ASSIGNING RADIO FREQUENCIES AT THE END OF 2017



At the end of 2017 there were 348 decisions on awarding radio frequencies for audio broadcasting in the FM band and 4 decisions on assigning radio frequencies in the medium wave broadcast band in force. Of these, the RTV Slovenija public institute was the holder of 182 decisions on awarding radio frequencies in the FM band and 4 in the medium wave broadcast band.

One decision on assigning radio frequencies was annulled because of inoperation (Trstelj 104.5 MHz), 3 decisions on assigning radio frequencies were annulled at the holder's request (Slovenjske Konjice 2 92.7 MHz and 95.7 MHz, Domžale 918 KHz), 1 decision on assigning radio frequencies was assigned anew to the public institute RTV Slovenija (Kranjska Gora 106.8 MHz).

In digital terrestrial television broadcasting there were 164

valid decisions on assigning radio frequencies for individual transmission sites for multiplex A and 92 valid decisions on assigning radio frequencies for individual transmission sites for multiplex C, and the operator of both national DVB-T networks is the public institute RTV Slovenija. At the end of 2016 multiplex A hosted the channels of the RTV Slovenija public institute (at the national level: TV SLO 1, TV SLO 2, TV SLO 3; in the coverage area West: TV Koper Capodistria; in the coverage area East: Tele M) and the privately-owned channel Vaš kanal (in the coverage area Center). The population coverage of the multiplex A network is above 98 %. At the end of 2017 the multiplex C held the following channels: TV 3 Medias, Golica TV, Gold TV, TV8 and Nova 24 TV. The population coverage of the multiplex C network is above 96 %.

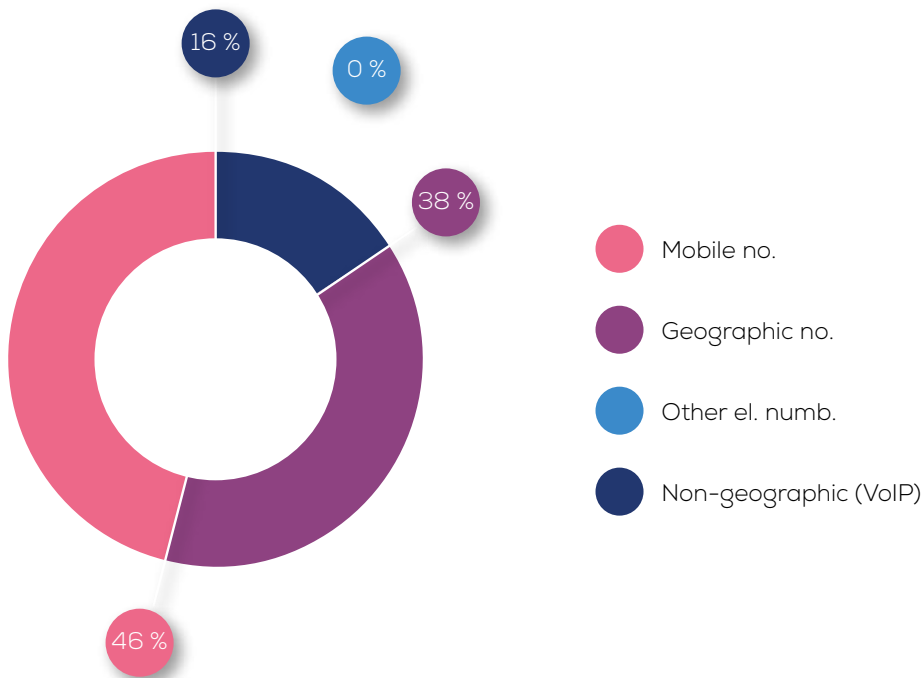
The state of the local multiplexes is

as follows: the operators are still: ATV Babnik & Co, d.n.o., Litija in the coverage area Litija; Domates, d.o.o., Portorož in the coverage area between Koper and Sečovelje; PRAKPRAK, d.o.o., in the coverage area Murska Sobota; VTV Studio, d.o.o., in the coverage area between Ravne na Koroškem and Celje; and TV Galeja Ilirska Bistrica institute in the coverage area between Ilirska Bistrica and Sežana.

1.4 NUMBERING SPACE UTILIZATION

As at 31 December 2017 the Agency's official registry included 23 operators and 9 other providers who were assigned various numbering elements. At the end of 2017 there were a total of 352 issued and valid decisions on assigning numbering elements, while the number of assigned numbering elements was 14,808,967.

FIGURE 5: THE NUMBER OF ASSIGNED NUMBERING ELEMENTS AT THE END OF 2017



Compared to the state of the assigned numbering elements at the end of 2016 there were changes in the scope of assigned elements for the following types of numbering: the scope of geographic numbers decreased by 0.04 %, the scope of non-geographic numbers for VoIP services increased by 2.2 %, the scope of mobile numbers decreased by 3.9 %, the scope of numbers for toll-free services increased by 1.03 %, the scope of assigned number for premium services decreased by 0.24 %, the scope of assigned codes of the national destination point codes (DPC) is smaller by 3.7 %, the scope of numbers for access to special networks is smaller by 4.14 %, the scope of assigned codes of the national destination codes (NDC) increased by 15 %, the scope of mobile network codes increased by 20 %, and the scope of routing codes by 4 %.

According to the reports of the selected administrator of mapping numbers into ENUM number domains there was no demand for the use of this feature in 2017. The number of numbers ported in 2017 increased by approximately 24.47 %, compared to the previous year. There were a total of 197,881 numbers ported in

2017, of which 161,085 were mobile, and 36,285 were fixed. Since the introduction of number porting in 2006 a total of 1,332,020 numbers have been ported. The total number of ported numbers as of 31 December 2017 is 973,916, of which 630,652 were mobile, and 445,160 were fixed. A large number of ported numbers (estimated at more than 26.4 % of active mobile and more than 36.4 % of active fixed numbers) points to the fact that the option of number porting makes end users' decisions to switch providers easier, thereby contributing to competitive conditions in the retail market.

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

2.1 PREPARING THE GENERAL ACT ON THE FREQUENCY UTILIZATION PLAN (NURF-4)

In order to ensure efficient use of radio spectrum, the Agency in 2017 prepared the proposed changes to the General act on the radio

frequency utilization plan, after the change to the Decision on the plan for the allocation of radio-frequency bands, taking into account the latest decisions of the European Commission.

The Agency prepared in mid-March 2017 and also published the proposed General act on the radio frequency utilization plan (NURF-4) and called on the stakeholders to submit their comments, proposals or amendments related to NURF-4. The Agency published its responses to the comments alongside the amended proposals for changing NURF and the stakeholders' opinions on its website in mid-July 2017³. The stakeholders' main comments were related to the Agency's first proposal to move the P-P links to the 6 GHz frequency band. The main issue were the related costs. Other proposals were for the Agency to prepare a plan of moving the existing unidirectional P-P links to the 1518 – 1530 MHz radio frequency band, to analyze and reimburse the migration costs, to permit the use of narrower bands in the 1518 – 1530 MHz band or to permit continued use of such links at least for a transitional period. The Agency took into account the stakeholders' recommendations as much as possible and proposed changes to radio amateur services, UWB, SRD, PMSE, aircraft radio navigation and intelligent transport systems and mobile services.⁴

The Agency will publish NURF-4 after obtaining an approval from the Ministry of Defence, Ministry of Internal Affairs and the Slovenian Intelligence and Security Agency for the part pertaining to the radio frequencies that are planned for needs of safety and the defense of the state and protection from natural and other disasters and the Ministry of Traffic for the part pertaining to radio frequencies that are planned for the needs of air traffic safety.

³[http://www.akos-rs.si/odgovori-na-pripombe-k-predlogu-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-\(nurf-4\)-in-ponovni-poziv-zainteresirani-javnosti-k-podaji-pripomb](http://www.akos-rs.si/odgovori-na-pripombe-k-predlogu-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-(nurf-4)-in-ponovni-poziv-zainteresirani-javnosti-k-podaji-pripomb)

⁴[http://www.akos-rs.si/pripombe-na-predlog-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-\(nurf-4\)-z-dne-18-7-2017](http://www.akos-rs.si/pripombe-na-predlog-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-(nurf-4)-z-dne-18-7-2017), [http://www.akos-rs.si/odgovori-na-pripombe-k-predlogu-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-\(nurf-4\)-in-ponovni-poziv-zainteresirani-javnosti-k-podaji-pripomb](http://www.akos-rs.si/odgovori-na-pripombe-k-predlogu-splosnega-akta-o-nacrtu-uporabe-radijskih-frekvenc-(nurf-4)-in-ponovni-poziv-zainteresirani-javnosti-k-podaji-pripomb)

2.2 PUBLIC TENDER FOR RADIO FREQUENCIES FOR MOBILE COMMUNICATION SERVICES.

The Agency's main task related to this in 2017 was preparing the public tenders for new radio frequency bands for public mobile systems in the 700/1400/2100/2300/3500/3700 MHz and 26 GHz bands. In the summer of 2017 the Agency prepared the Guidelines for frequency tenders for mobile technology⁵ with a description and availability of radio frequency bands and options or proposals related to the duration of assigning radio frequencies. After taking into account the responses from all the operators that the Agency submitted to the Ministry, it sent guidelines to the Agency to hold a public tender with a public auction only for the frequencies in the 700 MHz band, and to prepare a tender for all the other available frequency bands in 2019 or 2020. Before conducting the public tender the Agency must prepare a 3-year strategy for radio frequency management.

In 2017 the Agency held the public tender for the allocation of radio frequencies for providing public communications services in the 10 GHz and 12 GHz frequency bands for local use. It also prepared the public tender for assigning radio frequencies in the 3500 MHz radio frequency band for local use, awarding the frequencies to Elektro Gorenjska d.d. in Redox d.o.o.

The next major project was supervising coverage obligations from the public tender for assigning radio frequencies for 4th generation mobile networks and supervising the obligations from the public tender for MMDS/BWA in the 10/12 GHz band from 2014. Because of the nearing deadline for the 2020 Digital Agenda for Europe, the upcoming 5G technology, the additional decline of the digital divide, and increased needs for spectrum because of the announced trends for the switch to the digital broadband technologies,

including public protection disaster relief (PPDR) services and support services, the Agency is intensively working on the project of developing public mobile communication services and the related optimization of assigning frequencies and new frequency bands for program making special event (PMSE) and PPDR services. In the scope of both projects and in accordance with the development of PPDR and support services (e.g. smart grid) the Agency continued in 2017 the project of reviewing and optimizing the 400 MHz bands for mobile services.

At the end of 2017 the Agency began, in line with the strategic guidelines from the Ministry of Public Administration, preparing its three-year Strategy of radio frequency spectrum management which will be the foundation for holding public tenders for awarding radio frequencies. This meant the Agency focused a lot of time on a task that was not part of its operating plan for 2017.

2.2.1 THE COMPLETION OF THE PREPARATION FOR THE PUBLIC TENDER FOR RADIO FREQUENCIES FOR MOBILE TECHNOLOGY (700 MHz+)

In accordance with the objectives of ensuring efficient utilization of the radio spectrum, accelerating the use of the spectrum for broadband service and consequently stimulating the Slovenian economy, and holding tenders for radio frequencies for mobile communication services, the Agency monitors the development of public mobile communication service in the new radio frequency bands, especially in the 3400 – 3800 MHz, and is preparing other legal framework for the strategy for awarding the frequencies for the 700 MHz frequency band and other bands (e.g. 1400 MHz, 2300 MHz, 3500 MHz, 3700 MHz).

At the end of 2016, in accordance with the Strategic objectives of

the Ministry of Education, Science and Sport, the Agency focused its preparations for the public tender for new radio frequency bands for public mobile systems in the 700/1400/2300/3500/3700 MHz bands on collecting information, preparing preference agreements, collaboration with the EU countries that will tender these bands, and work with stakeholders. In June 2017 the Agency published the Guidelines for frequency tenders for mobile technology⁶ with a description and availability of radio frequency bands and options or proposals related to the duration of assigning radio frequencies. After taking into account the responses from all the operators that the Agency submitted to the Ministry, it sent guidelines to the Agency in 2018 to hold a public tender with a public auction only for the frequencies in the 700 MHz band, and to prepare a tender for all the other available frequency bands in 2019 or 2020. This means the Agency did not fulfill the objective set for 2017, as in accordance with the relevant ministry's strategic objectives it moved the implementation of the tenders, but it began with related activities already in 2017.

2.2.2 PUBLIC TENDER OF RADIO FREQUENCIES FOR LOCAL USE IN THE 10 GHZ AND 12 GHZ BANDS, AND THE 3500 MHz BAND

In accordance with the objective of awarding available frequencies the Agency, based on the received initiatives from the stakeholders, published in March 2017 a decision on launching a public tender for assigning radio frequencies in the 3500 MHz band for local use until 21 September 2021. At the public tender the frequencies were awarded to 2 providers, namely Elektro Gorenjska d.d. for the area 7-JESENICE_KRANJ for the 3500 – 3510 MHz frequencies and REDOX d.o.o. for the area 1-KOPER for the 3410 – 3430 MHz and the 3510 – 3530 MHz frequencies. The 3510 – 3530 MHz band excludes the Piran municipality, for which Obalni tehnološki sklad d.o.o. already has a decision on assigning

⁵<http://www.akos-rs.si/700-mhz--izhodisca-za-razpise-frekvenc-za-mobilno-tehnologijo>

⁶<http://www.akos-rs.si/700-mhz--izhodisca-za-razpise-frekvenc-za-mobilno-tehnologijo>

radio frequencies. It also prepared a new tender for the 10 and 12 GHz bands for local use, where alongside the unassigned spectrum in the non-paired 10 and 12 GHz bands for BWA and MMDS the Agency also tendered the paired 10 GHz band for P-P fixed connections with a 28 MHz raster, all for local use, but there was no interest in these frequencies.

2.2.3 MONITORING THE PROVISION OF PUBLIC COMMUNICATION SERVICES

In accordance with the objective of accelerating the use of the spectrum for broadband service, the Agency continued monitoring in 2017 the implementation of the decisions for awarding radio frequencies for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands. The Agency monitored the data on network construction based on the information on base stations, obtained from the holders of decisions on assigning radio frequencies in accordance with the Methodology for verifying the fulfillment of obligations and deadlines set in the issued decisions on assigning radio frequencies for public mobile services.

In 2017 the obligations that the operators assumed at the public frequency auction in 2014 expired. In the terms and conditions of the 4G public tender the Agency defined that the operators who obtained the spectrum below 1 GHz (A1 Slovenija, d.d., (formerly Si.mobil), Telekom Slovenije, d.d., and Telemach, d.o.o. (formerly Tušmobil)) had to provide mobile public communication services to 75 % of the population of the Republic of Slovenia within 3 years (by 31 May 2017) of obtaining said frequencies. The Agency tied the frequency block in the 800 MHz band with the special coverage obligation, which was obtained by A1 Slovenija, to the obligation of providing coverage to at least 95 % of the population of the Republic of Slovenia within 3 years, requiring an outdoor bandwidth of at least

10 Mbps downlink, which translates to about 1 Mbps indoor bandwidth. The operator was free to fulfill this obligation using any frequency bands it has been awarded. At the same time the operator also had to provide coverage within 3 years to specially defined rural areas (225 out of 300 with 75 each year) in which fixed broadband access is very poor or sparse, providing coverage to at least 75 % of the population in each such area. It also had to provide mobile services at these locations as a suitable replacement to fixed broadband access.

Based on the submitted data and the calculations made in accordance with the methodology, the Agency found that all 3 operators fulfilled and exceeded the required coverage obligation of 75 % of the population of the Republic of Slovenia after 3 years, and also that A1 Slovenija exceeded the obligation of providing coverage to 225 locations from the list of 300 settlements and an additional 18 locations from the list of settlements.

Based on the data from the end of 2016 on the use of radio frequency channels by individual base station cells of radio systems owned by the holders of ODRF for the provision of public communication services in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands of the following companies: A1 Slovenija d.d. Telekom Slovenije d.d. Tušmobil d.o.o. (now Telemach d.o.o.) and T-2 d.o.o. the Agency calculated coverage by technology for individual networks.

All the findings were written in the July 2017 Report on fulfilling obligations after the third year and providing coverage with mobile technology services at the end of 2016 which it also published on its website. With this the Agency fulfilled the objectives it set in this field.

2.2.4 CONVERGENCE OF PUBLIC MOBILE SERVICES IN THE UHF BAND, AND A SWITCH FROM DTT TO LTE (5G) 5G.

In accordance with the objective of accelerating the use of the spectrum for broadband services the Agency in collaboration with the Ministry of Public Administration introduced in 2017 the initiative for submitting projects for the first trials and future use of 5G technology. With this initiative the Agency also aims to support the introduction of 5G networks as soon as possible in Slovenia in accordance with the European 5G Action plan COM (2016) 588. Through this Action Plan the European Commission aims to promote and financially support 5G projects for trials that European countries would hold from 2017 onward, as well as for pre-commercial trials of 5G equipment, with a focus on the support of cross-country projects for establishing a digital ecosystem based on 5G connectivity and establishing testing environments for the development of 5G in Europe.

Parts of the spectrum in the 3400–3800 MHz band were available for testing and the frequencies in the UHF channels that will become available through temporary decisions on assigning radio frequencies.

An agreement among stakeholders who responded to the initiative by the end of July 2017 is in preparation. The following organizations are participating in the Slovenian initiative: Telekom Slovenije, Faculty of Electrical Engineering, Iskratel, Ericsson, Ministry of Internal Affairs – Police, the Ministry of Defence, Administration for Civil Protection and Disaster Relief, The Information Society Directorate of the Ministry of Public Administration, and the Agency. This is a collaboration on the 5G project in public protection and disaster relief, that is why organizations in the Public Protection and Disaster Relief (hereinafter: 5G PPDR) have the intent to collaborate in this 5G project. Collaboration between signatories of this agreement is based on the developmental needs, professional competencies and available financing

resources. Potential financing sources are: European funds (Horizon 2020 and other European tenders), state funds (the tenders from Ministries, internal resources of partners in accordance with their business policies). The goal of the signatories is thorough preparation for the ICT-19 EU Horizon 2020 tender. In support of the project for the PPDR vertical the Agency signed an agreement on cooperation with the Hungarian regulator in December 2017.

Between August and December 2017, the following organizations responded to the initiative: BTC, d.d., (testing environment for 5G), A1, d.d., (PPDR, e-health), T-2, d.o.o. (public mobile and fixed services (commercial and business), smart cities), Elektro Gorenjska (in the Story, TDX ASSIST projects). Huawei also expressed an interest.

In relation to the 5G initiative the Agency's representatives participated in the preparation of the Infoday Ljubljana event which took place in October 2017, while in November 2017 they took part in the workshop on communication for emergencies and emergency services and the PSCE conference. At the conference

took part in the presentation of the Slovenian 5G initiative as one of the potential projects on PPDR for Horizon 2020. The Agency is also taking part in the preparation of the ICT-17 EU Horizon 2020 project on 5G regulations together with Fondazione Ugo Bordoni from Italy, Joint Research Centre of the European Commission, Faculty of Electric Engineering of the University of Ljubljana, Jožef Stefan Institute, INTERNET INSTITUTE Ltd. from Slovenia, Iskratel, A1 Slovenija, ComSensus from Slovenia, Athonet Srl from Italy, Detlef Fuehrer, LS telcom AG and Nomor Research GmbH from Germany, The University of Surrey from the United Kingdom, Fairspectrum Oy and Turku University of Applied Sciences from Finland.

2.2.5 STRATEGY OF INFRASTRUCTURE DEVELOPMENT FOR CRITICAL COMMUNICATION OF THE REPUBLIC OF SLOVENIA

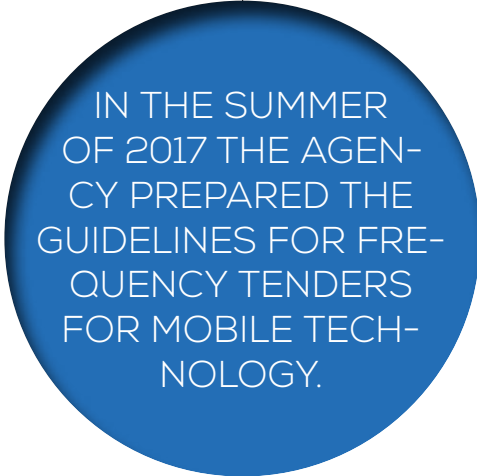
In accordance with the Agency's first objective, i.e. ensuring the efficient utilization of the radio spectrum, and in connection to the second objective of ensuring broadband services, and in accordance with the conclusions of

the World Radio Conference WRC-15, which ensured additional spectrum amounts for broadband public and civil services, i.e. public protection disaster relief (PPDR), whereby the radio spectrum in the Republic of Slovenia is especially in these frequency bands heavily occupied, the Agency in 2017 continued the analysis of the condition of assigned radio frequencies it started in 2015. For these services it also plans to allocate 2 x 5 MHz in the 700 MHz frequency band and at least 2 x 5 MHz in the 450 MHz band. In order to ensure this objective in 2016 the Agency began by relocating narrowband systems into the 410–430 MHz, and with activities to conclude preference agreements with neighboring countries.

In parallel with the project of developing public mobile communication services (more on this below) the Agency in collaboration with the Ministry of Defence and the Ministry of Internal Affairs also reviewed the switch of PPDR services to broadband, along with the related need for new frequency bands for PMSE and PPDR and the connection of existing and new base stations. In the scope of the project of the development of public mobile communications the Agency began collaborating with power distribution companies and studying the future of support services (e.g. smart grid). In 2017 stakeholders began submitting initiatives, and the Agency began preparing the draft consultation document and information memorandum for smart grids in the 2 x 3 MHz M2M 700 MHz band.

2.3 PUBLIC TENDERS FOR RADIO BROADCASTING

The Agency ensures the optimum utilization of the spectrum for digital radio broadcasting following the provisions of Digital Broadcasting Act (ZDRad) and ZEKom-1, and for the optimum utilization of the spectrum for FM audio radio broadcasting, whereby it follows the provisions of ZEKom-1 and partly also the Radiotelevizija Slovenija Act (ZRTVS-1). In order to achieve the



IN THE SUMMER OF 2017 THE AGENCY PREPARED THE GUIDELINES FOR FREQUENCY TENDERS FOR MOBILE TECHNOLOGY.

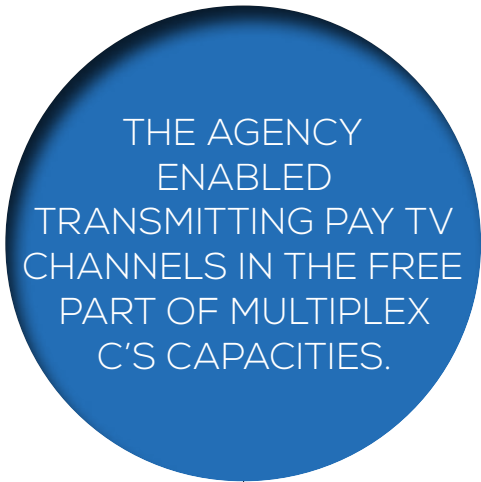
objective of effective use of spectrum for radio broadcasting, the Agency strived to hold public tenders for assigning FM frequencies for local radio stations. It also monitored the development of the digital terrestrial radio broadcasting in the Republic of Slovenia, and where any needs for available frequencies are established or where there is appropriate interest, it will award the available channels to the operators of digital networks in accordance with the legal procedures. In the scope of this task it will optimize the use of the FM radio frequency spectrum and participate in EU working bodies and international organizations, and, in collaboration with other regulators, actively internationally coordinate the new frequencies.

2.3.1 PUBLIC TENDERS FOR FM FREQUENCIES

The Agency strived once again in 2017 to carry out a public tender for assigning available radio frequencies for analogue radio broadcasting, which was already identified as one of the key tasks in 2014. The Agency managed to find some common ground with the Broadcasting Council on conditions and measures related to the public tender for FM frequencies for local radio stations. Even though the tender was not held in 2017, but it is planned for 2018, after the Agency receives the opinion and confirmation of the Ministry of Culture. In August 2017 the amended ZEKom-1 came into effect, according to which the terms and measures are determined by the Agency in coordination with the ministry in charge of the media, after a previous written opinion of the Broadcasting Council. After the public tender for local radio stations the Agency is also planning to hold a tender for specialized and general radio stations.

2.3.2 DIGITAL TERRESTRIAL RADIO

There is one DAB+ network with national coverage. Currently there are 8 broadcast points in the DAB+ network: Nanos, Tinjan, Krvavec,



THE AGENCY
ENABLED
TRANSMITTING PAY TV
CHANNELS IN THE FREE
PART OF MULTIPLEX
C'S CAPACITIES.

Krim, Trdinov vrh, Plešivec, Pohorje and Ljubljana 3, which was added in 2017. The network covers major urban areas and motorways. In 2017 the Agency changed the ODRF because of the additional location Ljubljana 3, consequently also raising the broadcasting fees. At the end of 2017 the DAB+ multiplex was not yet fully occupied, so the Agency continued with activities for the public tender for assigning additional rights for disseminating radio programming in the digital broadcasting technology which will be held in the start of 2018.

2.3.3 DIGITAL TERRESTRIAL TELEVISION

In UHF radio frequency spectrum the Agency in 2017 continued and concluded activities at the international level toward the reassignment of frequencies (TV channels) below 700 MHz. The aim of these activities was to take into account the principle of equal access to the radio frequency spectrum and ensure substitute coverage for those that have been or will be lost due to reassigning the 700 MHz band for other (mobile) services (i.e. the second digital dividend).

In 2017 there was a trend of declining demand for terrestrial television broadcasting. The most watched national TV channels exited the free

access digital terrestrial platform. In all the neighboring countries and many others across Europe the digital terrestrial platform hosts not only free access TV, but also a broad range of pay TV channels. In 2017 the Agency, at the proposal of RTV Slovenija as the operator of the Multiplex C network, and with the goal of making it possible for households that only have access to terrestrial broadcasting to watch a larger number of channels, changed the decision on assigning radio frequencies and allowed transmitting pay TV channels in the free part of Multiplex C's capacities.

2.4 RESOLVING ISSUES WITH ITALY

In 2017 the Agency continued with activities for a permanent solution to matters involving the reception of Slovenian channels alongside the border with Italy. It monitored the situation along the countries' border and reported the interference to the Italian administration, holding two meetings with its representatives. It continued notifying ITU bodies about violations to international agreements and Italy's inactivity regarding the elimination of interference, as well as informing the Radio Spectrum Policy Group (RSPG) with the European Commission.

The Agency also informed the line ministry and the Ministry of Foreign Affairs (MZZ) regarding the issue of the interference of Slovenian radio and television stations along the border with Italy, and collaborated in a working group on solving the problems of Slovenian channel reception along the border with Italy. The Agency also provided technical and legal support to Slovenian holders of decisions on the allocation of radio frequencies who decided to press legal charges in Italian or Slovenian courts and turned to the Agency for support.

2.5 REGISTER OF FREQUENCIES IN THE VHF AND UHF BAND FOR PMR AND INTERNATIONAL OPTIMIZATION

In the scope of its tasks the Agency set out to establish a register of frequencies in the VHF and UHF band by gathering all the data on frequencies in the 29.5–87.5 MHz, 146–174 MHz, 410–430 MHz and 440–470 MHz bands that were available to it, so that it can appropriately internationally coordinate the bands with neighboring countries. The priority in 2017 was coordination on the 146–174 MHz and 440–470 MHz bands. Consequently, a preference agreement on the 146–174 band was signed already in December 2018 with the Croatian regulator, and the agreements with other neighboring countries and for other bands are all in preparation.

2.6 OVERVIEW OF STANDARD OPERATIONS

In 2017 the Agency issued 24 new decisions for satellite news gathering/occasional use i.e. SNG/OB. The decisions were issued relating to major events and sport matches. In 2017 the Agency processed 2548 decisions for fixed connections (microwave connections), and issued 1384 new decisions on assigning radio frequencies. License holders were mainly expanding their existing backbone networks or increasing the capacities of their already existing focused links. The Agency issued 85 decisions on assigning

radio frequencies for mobile radio systems, namely for extending the validity of existing decisions and issuing new decisions for new mobile radio systems. In private mobile radio communications in 2017 the Agency continued to coordinate the operation of private mobile radio (PMR) systems in the 29.7–87.5 MHz, 146–174 MHz, and 440–470 MHz bands in line with Recommendation ERC/REC T/R 20-08, which lists the appropriate frequency sub-bands for the operation of base stations and terminal equipment. It continued with the reorganization of the 450–470 MHz band for providing at least 2 × 5 MHz bands for broadband mobile services, and has opened up the 410–430 MHz band for narrowband mobile services. Based on the proposals from 2016 it continued with the coordination of preference agreements for both bands with regulators in Austria, Croatia and Hungary. In relation to these two bands the Agency also monitors and supports activities in the scope of CEPT, where the preparation of documents and the adoption of appropriate decisions and recommendations are in their final stages. For the needs of amateur radio activities the Agency issued 73 CEPT amateur radio licenses. The Agency issued 31 decisions for radio licenses for aircraft in 2017, and 69 for ships.

The Agency continued with its project of establishing a database for handling requests for the allocation of call signs for personal locator beacons (PLB). The database can provide help in handling information when a PLB holder requests help in the event of an accident.

The Agency received for approval 73 radio and telecommunication terminal equipment notifications in accordance with the Radio and telecommunication terminal equipment directive (R&TTE). Because of the switch to the Radio equipment directive (RED) the method of notifications on new radio equipment is also changing. The procedure with the European

Commission was not completed by the end of 2017, so there are currently no responses to the requests (no requests). The Agency closely collaborates with the Ministry of Economic Development and Technology (MGRT) and the Market Inspectorate of the Republic of Slovenia (TIRS) on radio and telecommunication terminal equipment use. To make usage supervision easier and because of the potential banning of individual pieces of equipment that are not standardized according to EU requirements, we exchanged our latest information at meetings with the Ministry and the Inspectorate, as well as in reports of working groups in the scope of the EU Directive 98/37/EC. In the scope of its activities the Agency monitored the developments in the use of radio frequencies for mobile services in bands that were primarily intended for other radio communication services. Two methods of licensed shared access are in review, marked in documents as "ASA" (Authorised Shared Access) and »LSA« (Licensed Shared Access). New systems will generally provide additional capabilities to public mobile communication services, thereby contributing to better services for end users.

In audio broadcasting the Agency continued with the preparation of a transparent procedure for extending the Decisions on assigning radio frequencies (ODRF), which will facilitate equal treatment of all publishers of radio programming that meet legal requirements, making continued use of radio frequencies possible for them. It also held 2 public consultations with stakeholders related to this topic. At the same time it also issued decisions related to the changes in program radio networks.

In 2017 the Agency handled 357 cases related to radio broadcasting spectrum administration, of which 341 were resolved, and 16 were carried over into 2018. Of the 341 resolved issues, 217 were launched by request of a party, and 124 ex officio. 3 requests were rejected, 1

was canceled, and 4 procedures were stopped.

Fees for using radio frequencies are a part of the Agency's permanent revenue. In 2017 the Agency issued for the 9157 decisions on assigning radio frequencies a total of 1270 decisions on the assessment of fees to 1085 decision holders.

2.7 INTERNATIONAL COORDINATION AND COOPERATION

Besides regular monitoring of the working groups in the scope of the European Union, NATO, CEPT ITU, and HCM, the Agency coordinated the use of radio frequencies that affect other countries in accordance with international agreements. In broadcasting the Agency received 30 cases and resolved 30, and launched 7 cases and resolved 7. In digital broadcasting the Agency received 78 cases and resolved 71. It reviewed 25 entries in the register with the International Telecommunications Union (ITU). In the field of radio communications for mobile purposes it reviewed 84 cases. Of these 16 were carried over, 68 were received and 73 were resolved. 11 cases remained open. There were 20 new cases for satellite and fixed connections, and 19 were resolved.

In the UHF radio frequency spectrum the Agency in 2017 continued and concluded the activities at the international level, and signed 2 agreements with neighboring countries for the reassignment of frequencies (TV channels) below 700 MHz.

In December 2017 the administration of the Republic of Croatia and the Republic of Slovenia held a meeting as part of the Harmonized Calculation Method (HCM), based on the coordination of open issues from the bilateral technical agreement regarding frequency coordination for the requirements of private mobile communications in the 29.7–470 MHz frequency band, which was signed in April 2015, and signed an agreement for the 146–174 MHz

band with a register of frequencies that also includes the frequencies for state use. The plans for 2018 are to continue with the coordination for the remaining frequencies.

In 2017 the Agency participated in the correspondence adoption of changes to the HCM agreement, the agreement for the 700 MHz, 800 MHz, 1500 MHz, 2100 MHz, 2600 MHz bands with Hungary, Austria, Croatia, Slovakia and some other neighboring countries of Hungary. The agreement is planned to be signed on 15 February 2018. The Agency is also coordinating the proposals for the text of the agreements for the 410–430 MHz and the 450–470 MHz bands. The coordination process is currently paused, as we are waiting for the adoption of documents at the CEPT and ETSI level.

With Italy, the GSM-R agreement is currently in the process of correspondence adoption, as is the Agreement between Slovenia and Italy on frequency planning and the use of terrestrial electronic communications services in the 800 MHz, 900 MHz, 1500 MHz, 1800 MHz, 2100 MHz, 2600 MHz frequency bands and the 700 MHz and 3400 – 3800 MHz bands and future bands. The annex to this agreement is the proposed text for carrier agreements.

2.2.1 NUMBERING SPACE

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

record. It introduces changes and amendments to the numbering plan and other executive acts when the requirements of new services and networks demand so or because of coordination with international regulations.

The Agency's tasks that were conducted in 2017 include handling the method of conducting number portability and its monitoring and the supervision, as well as issuing decisions for using numbering elements. For this purpose, the Agency issued the General act on changes and amendments to the General act on the method of the calculation of payment for using numbering elements, and launched the procedures for the adoption of the required changes and amendments to the General act on number portability.

Last year 19 decisions on assigning the numbering elements were issued, 3 on the annulment, expiration, or partial expiration of decisions, while 50 decisions for payment of numbering elements were issued ex officio. 2 new operators were entered into the official records, and numbering resources were assigned to them, one operator and one party returned all of their assigned resources, one operator was deleted from the records because of a merger by acquisition, and one operator because it ceased operations. At the end of 2017 there were a total of 352 issued and valid decisions on assigning numbering elements.

The Agency continued in 2017 to collaborate in the appropriate bodies of international organizations (CEPT/EEC, COCOM, etc.) in the preparation of recommendations for coordinating the use of some special numbering areas (calls to the emergency number 112, calls to the number for accessing socially important services 116, etc.) or those that are important for future development and regulation of numbering, e.g. in connection to M2M, OTT, eCall.

VII REGULATION

1. ELECTRONIC COMMUNICATIONS 1.1 FRAMEWORK, OBJECTIVES, MARKETS 1.1.1 LEGAL FRAMEWORK

The legal framework for telecommunications regulation includes:

- Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/13, 40/14 – ZIN-B, 54/14 Constitutional Court decision and 81/15 and 40/17) and the following executive acts:
- General act on entering, collecting and access to the data on network connection points from the record of infrastructure networks and facilities (Official Gazette of the Republic of Slovenia no. št. 107/13 in 40/17 – ZEKom-1C);
- General act on taking into account the measures regarding the provision of price options for setting the plans for consumers with low income or special needs in the scope of ensuring the universal service (Official Gazette of the Republic of Slovenia, no. 62/13)
- General act on elements of a reference offer for unbundled access to the local loop (Official Gazette of the Republic of Slovenia, no. 62/13)
- General act on collecting, using and sharing data on the development of the electronic communications market (Official Gazette of the Republic of Slovenia, no. 77/16)
- General act on the method of calculation of the payment

CHANGES
IN ZEKOM-1C
ALSO IMPOSE ON
THE AGENCY THE
OBLIGATION OF
ADOPTING AND/
OR CHANGING
GENERAL ACTS.

- for using numbering elements (Official Gazette of the Republic of Slovenia, no. 31/13, 21/16, 15/17)
- General act on the quality of the universal service (Official Gazette of the Republic of Slovenia, no. 71/13)
- General act on number porting (Official Gazette of the Republic of Slovenia, no. 62/13)
- General act on numbering plan (Official Gazette of the Republic of Slovenia, no. 62/13 and 107/13)
- General act on transfer speed suitable for functioning internet access (Official Gazette of the Republic of Slovenia, no. 81/04 and 111/06 and 109/12 – ZEKom-1);
- General act on the content and format of the notice on providing public communication networks or providing public communication services (Official Gazette of the Republic of Slovenia no. 62/13)
- General act on mapping numbers into ENUM – numbers (Official Gazette of the Republic of Slovenia, no. 62/13)
- General act on the size of numbering blocks that require a project to be included to the

- application (Official Gazette of the Republic of Slovenia, no. 62/13)
- General act on the content and format of the application for issuing a decision on assigning numbering elements (Official Gazette of the Republic of Slovenia, no. 62/13 and 62/13)
- General act on the method of calculating the net costs of the universal service (Official Gazette of the Republic of Slovenia, no. 81/04 and 109/12 – ZEKom-1), and the Recommendations and Regulations of the European Commission.

On 11 July 2017 the Act on the changes and amendments to the Electronic Communications Act (hereinafter: ZEKom-1C), which transposes into the Slovenian legal order the provisions of Directive 2014/61/EU⁷ on measures to reduce the cost of deploying high-speed electronic communications networks. This is a harmonization of the national legislation with the objectives of the Digital Agenda in such a way that it benefits end users by making it easier and faster to build high-speed electronic communications networks, while also contributing to bringing

⁷Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks (Official Journal of the EU no. L 155/1, of 23 May 2014, document no. 32014L0061, pp. 1–14)

down their construction costs. Besides the subjects that primarily required the adoption of ZEKom-1C, some other provisions were also changed or amended.

Changes in ZEKom-1C also impose on the Agency the obligation of adopting and/or changing general acts. In December 2017 the Agency published the proposal of the General act on transparency relating to planned construction work and on joint construction of public service infrastructure and invited stakeholders to submit comments, proposals or amendments. In mid-December 2017 the the Agency also published the proposal of the General act on changing and supervising the use of data services, and invited the stakeholders to submit their comments, proposals or amendments to the said act. It also prepared a draft General act on the access and distribution point, and held a public discussion with the stakeholders on this issue with the goal of resolving technical and other issues that arise in the implementation of the amended paragraphs 5 and 6 of Article 9 of ZEKom-1 regarding the access and distribution point.

In terms of the universal service the Agency is obligated to define the quality of the universal service with a general act (paragraph 1, Article 123 of ZEKom-1), set the transfer speed suitable for a functional internet access (paragraph 1 of Article 124 of ZEKom-1), and specify in detail the method of calculating the net costs and non-material benefits that are taken into calculating net costs of providing the universal service (paragraph 2 of Article 125 of ZEKom-1). Taking into account the above, the Agency published in December 2017 its analysis of the effect of the changes to the General act on defining transfer speed for functional internet access, the General act on the quality of the universal service, and the General act on the method of calculating net costs of the universal service, together with the proposals of these acts and the

explanation of their amendments, while also inviting the stakeholders to submit their comments, proposals and amendments.

In September 2017 the Agency published the draft Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU in individual public mobile or fixed network in the Republic of Slovenia, together with a call on the stakeholders to submit their comments or amendments.

In March 2017 the European Commission opened a public discussion on the preparation of an overview of the Guidelines on market analysis and the assessment of significant market power under the Community regulatory framework for electronic communications networks and services from 2002. The European Commission wants to use this review to update the existing guidelines, which are currently still in effect, before the implementation of the European Electronic Communications Code that has been in the consultation process since 2016.


At the end of March 2017 the Body of European Regulators for Electronic Communications (BEREC) published the Guidelines for implementing

the rules for the elimination of roaming costs in the EU, no. BoR (17) 56. It did so with the objective of providing the operators and national regulatory bodies some guidelines on the coordinated implementation of the Roaming regulation (EU) no. 531/2012, which was amended with the Regulation (EU) 2015/2120 and amended with the Implementing regulation of the Commission (EU) 2016/2286. In June 2017 BEREC also published the Guidelines for roaming at the wholesale level, no. BoR (17) 114. Their objective is to provide guidelines to the operators and national regulatory bodies at the wholesale roaming level for coordinated implementation of the Roaming regulation (EU) no. 531/2012, which was amended with the Regulation (EU) 2015/2120 and amended with the Regulation (EU) 2017/920. The Agency was actively involved in the preparation of the BEREC documents, while also focusing a lot of time and resources on assisting the operators in the implementation of this regulation.

1.1.2. ANNUAL OBJECTIVES

The Agency set several objectives in telecommunication regulation for 2017.

The following objectives aim to encourage competition and market development:



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OPERATORS' AC-
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OF ABUSES IN VOICE
CALL TERMINATION
ORIGINATING OUT-
SIDE EU WAS
PUBLISHED.

- prepare analyses of relevant markets for fixed broadband network access (markets 3a, 3b, and 4), and the analysis of the retail relevant market for access to the public fixed telephone network (market 1);
- prepare the analysis of retail prices and wholesale prices of broadband connections;
- collaborate in amending the regulatory framework for telecommunications at the EU level;
- audit of separate accounting records of the operator with significant market power;
- support the implementation of the roaming directive;
- expert support the realization of the Digital Agenda;
- verify the correctness of the data in GURS's database;
- monitor the performance of obligations of the operator with significant market power (OPTM) in accordance with the regulatory decisions, and
- monitor the state of the market.

In order to optimize investments in infrastructure the Agency set out to regularly update the database of spatial data on the telecommunications infrastructure, which is key for making frameworks for efficient investments in NGA networks and for regulating relevant markets for broadband access, as well as in preparing the analysis of the influence of changes to the General act on setting the transfer speed for a functional internet access for the universal service.

By pursuing the objective of increased efficiency and the reduction of regulatory burden the Agency planned for 2017 to revamp and automate data capture from parties with a reporting obligation.

With constant monitoring of the activities on the market the Agency can change its priorities and goals if that is required for ensuring the appropriate market conditions. It may occur that besides the planned tasks or instead of them the Agency

conducts other tasks that were not planned for that particular year. In 2017 the Agency completed the two such tasks in the regulation of telecommunications:

- the analysis of the effect of the changes and proposals of amendments to the three general acts: on determining the transfer speed for a functional internet access, on the quality of the universal service, and on the method of calculating net costs of the universal service;
- preparing a draft Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU.

In 2017 the Agency strived to cooperate with operators in the coordination of data, so that the data shows the true condition on the electronic communications market, as this is the basis for the complex regulatory decisions the Agency must make. Another important objective of the Agency was to implement the changes to the Roaming regulation by operators in an optimum way and to inform the public of the changes.

1.1.3 MARKET SITUATION

The Registry of operators that the Agency is administering shows that during 2017 there were 155 operators in the electronic communications market, and at the end of the year 145 were active, providing end users with mobile telephone, broadband internet access and fixed telephone services, access infrastructure leasing, radio broadcast transmissions to end users, and other services. In 2017 there were 9 operators or service providers were entered into the Registry of electronic communications operators, while 12 operators were removed from it. Besides ceasing to provide public communication services or a public communication network, the main reason for the decrease in the number of operators are the consolidations or acquisitions of smaller operators by bigger ones. Telemach merged 3 operators by acquisition, namely Total TV d.o.o., Maxtel d.o.o., and Unitel d.o.o., while BBTEL d.o.o. merged by acquisition IKT d.o.o., and Ansat d.o.o. acquired KKS Radeče, d.o.o.

TABLE 7: THE NUMBER OF OPERATORS/SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY BY SERVICE

Service	No.
Internet access	
Narrowband access	11
Broadband access	73
Cable access	37
Cable operators	
Voice services in the public mobile network	
Operators	4
Mobile virtual network operators (VMNOs)	9
Fixed public voice telephone services	
International fixed voice service operators	24
Domestic fixed voice service operators	27
Leased lines operators	44
Value added services providers	26

CHANGES ON THE MOBILE TELEPHONE SER- VICES MARKET CON- TINUED, MARKED BY THE ENTRANCE OF A NEW MOBILE SER- VICE PROVIDER.

1.1.3.1 FIXED TELEPHONE SERVICES MARKET

Fixed voice communications are still an important part of the electronic communications market. Operators offer fixed voice communications as a traditional fixed telephone service or as IP telephone service. Traditional fixed telephone services are being increasingly replaced by IP-telephone services, which operators offer in low-priced bundles along with other electronic communications services, such as broadband internet access, IP TV, and mobile telephone services. Fixed telephone service over managed IP now accounts for over three quarters of all accesses. PSTN and ISDN are now just under one fifth of all connections. Unlike IP telephone service the traditional telephone service is uncompetitive in terms of pricing, and since it is not a convergent service, operators are not offering it in bundles. In 2017 the growth in IP telephone service connections slowed down, while the share of traditional telephone service is still declining. In 2017 a drop was recorded not only in the number of fixed lines, but also in the volume of fixed voice traffic, a trend that has been observed for a while. None of the operators providing fixed telephone services have a noticeably dominant market share, and number portability successfully contributed to competition again in 2017 by allowing users to switch operators without interruptions.

1.1.3.2 MOBILE TELEPHONE SERVICES MARKET

In 2017 changes on the mobile telephone services market continued, marked by the entrance of a new mobile service provider, Hot mobil d.o.o., and the acquisition of Izi mobil d.d. by the biggest operator on the market, Telekom Slovenije d.d. In this period Si.mobil d.d. renamed itself A1 Slovenija d.d., and rebranded to reposition itself on the market. Besides Telekom Slovenije d.d. and A1 Slovenija d.d. there are two more vertically integrated companies on the market, namely Telemach d.o.o., and T-2 d.o.o., all offering converged service plans, competing on the retail fixed and mobile markets at the same time.

Infrastructure mobile operators continued with heavy investments in their mobile networks in 2017. This is shown in the exceptionally high population coverage with LTE networks and a significant increase in access speeds and the amounts of data transferred in mobile networks. Competitive plans from operators provide users with unlimited amounts of voice calls, text and multimedia messaging, along with relatively large data allowances, which increased several times in the past year

and are now above 10 GB. Users can now enjoy services to a much greater extent and with far fewer worries. The penetration of active mobile communications users in the population⁸ continued to increase in 2017, reaching 115.5 % by the end of the year.

Especially important for end users are the changes to roaming conditions, which are the result of changes to the European legislation regarding roaming in the EU, as defined by the change to the Roaming regulation⁹ and the Implementing regulation¹⁰. The latter two brought much anticipated changes to roaming prices, by making the price of using services in the mobile networks of EU operators equal to the prices for using services at home, as of 15 June 2017, which in other words means the complete elimination of additional costs for using mobile services while roaming in EU countries. These measures have made possible carefree use of services even while roaming, which is also reflected in increased use of services, and especially in larger amounts of transferred data.

In the scope of its obligations the Agency regularly monitors the state of the electronic communications market, including by gathering and processing the data on coverage with various networks. The Agency must periodically also submit this data to the European Commission, which collects them from all member states in the scope of its tasks to foster the single common digital market. The European Commission also included coverage rates for inhabited areas with mobile LTE networks in the 2017 Digital Economy and Society Index (DESI). With 93.7 % coverage Slovenia ranked 11th among member states according to this indicator. The

⁸The Agency measures the penetration of active mobile users. These are users with a valid contract, or prepaid users who made at least one call, sent a text or multimedia message, or used data services in the past three months. The penetration of active mobile users is calculated by taking the number of residential and business users with a valid contract, or prepaid users who made at least one call, sent a text or multimedia message, or used data services in the past three months, compared to the number of inhabitants of the Republic of Slovenia. In its calculation the Agency uses this data and the current data on population numbers, as reported by the Statistical Office of the Republic of Slovenia.

⁹Regulation (EU) 2015/2120 of the European parliament and the council of 25 November 2015 on defining the measures related to the access to the open internet, and amendments to the Directive 2002/22/EC on the universal service and the users' rights related to electronic communications networks and services, and Regulation (EU) No 531/2012 on roaming in public mobile communications networks in the EU.

¹⁰The European Commission Implementing regulation (EU) 2016/2286 of 15 December 2016 on defining the required rules for using the fair use policy and the methodology for assessing the permanence of eliminating retail surcharges for roaming, and regarding the application submitted by the roaming provider for the purpose of the above assessment.

European Commission also publishes a table of key indicators of the Digital Agenda, which also shows household coverage with LTE mobile networks. In this indicator Slovenia achieved a 97.4 % coverage level in 2016¹¹.

1.1.3.3 BROADBAND INTERNET ACCESS

Today broadband internet access is one of the most important electronic communications services demanded by end users, as the internet has become a useful tool at home as well as at work. Broadband internet access providers bundle different free or pay service in their plans, such as email, antivirus software, server space for hosting websites, virtual private networks (VPN), static IP, etc. Practically everyone uses the internet, and the end user's age is hardly important any more. All of this is reflected in the penetration of fixed broadband internet, which grows every quarter. At the end of the 4th quarter of 2017 fixed broadband internet access penetration by household was at 80.2 %, and by population at 31.9 %. According to the Digital Agenda for Europe report prepared by the European Commission, Slovenia was at the end of the second quarter 2017 with its 31 % fixed broadband internet access by population somewhat below the EU-28 average of 33.7 %.

End users are always looking for the fastest and most reliable connections, which contributes to an increasingly diverse selection of internet access options, depending on the reason the user is accessing the internet. They mainly differ by range, speed and transfer method. Broadband services are available in Slovenia over the copper network, the coaxial cable network, fixed wireless network, mobile wireless network, leased lines, and the fiber optics network. Wireless technologies, especially mobile ones, are gaining traction, as the emerging standards have increased data transfer speeds.

In 2017 the market share growth of broadband internet access connections on fiber optics networks

continued, and at the end of the last quarter of 2017 it stood at 32.5 %. The market share of ADSL technology, which was dominant as recently as first quarter of 2016, has declined by 4.6 % year-on-year by the 4th quarter of 2017 to 17.9 %, while the market share of broadband internet access connections over VDSL technology stood at 17.6 %, and has grown by 0.9 percentage point compared to the last quarter of 2016. The market share of broadband internet access connections over DOCSIS 3.0 has grown by 19.7 % compared to the year before, while the market share of broadband internet access connections over cable modem without DOCSIS 3.0 connections dropped by 0.9 percentage points to 9.8 %. The market shares of broadband internet access connections over other technologies such as Ethernet, fixed wireless access, or access over leased lines grew by 0.1 percentage point to 2.4 % compared to the end of 2016.


The trend of offering higher-speed internet plans for comparable or minimally higher prices than in the past continued in 2017, resulting in the decline of the number of broadband connections with speeds below 10 Mbps, and a growth in connections with speeds of at least 10 Mbps. Consequently, the market

share of broadband internet access connections with speeds of 10 Mbps to 30 Mbps stood at 51.5 % at the end of third quarter of 2017, while the market share of connections with at least 30 Mbps was at 33.1 %. The Agency periodically conducts a survey on monthly household expenditures for electronic communications services, which shows that 70 % of the responders are not willing to pay more for higher internet speeds. Two-thirds of them list as the main reason that they do not require higher speeds, while a fifth is not willing to pay because of financial limitations.

By population density Slovenia is an exceptionally rural country, and has one of the lowest population densities in the EU. Nonetheless the share of household coverage with next-generation access to electronic communications technologies is above the EU average, and stood at 81.6 % last year, placing Slovenia 13th in Europe. It bears mentioning that, after Slovakia, Romania, and Croatia, Slovenia has the lowest level of urbanization, which means that from the perspective of electronic communications the above ranking is a major achievement¹².

1.1.3.4 ACCESS TO TV SERVICES

Television has retained its significant role in the consumption of media content, even though internet usage



THE
MARKET
SHARE GROWTH
OF BROADBAND
INTERNET ACCESS
CONNECTIONS ON
FIBER OPTICS
NETWORKS
CONTINUED.

¹¹DESI and AKOS

¹²The DESI and the European Commission study on national broadband plans in the the EU-28: connectivity, goals and measures

is growing and an increasing number of users watch video online on a daily basis. Today television in most cases comes as a part of a bundle price plan from telecommunications operators who offer users of television services price plans with a fixed range of television channels, and provide advanced features of managing television content through digital set-top boxes. Services are increasingly tailored to the individual, with the focus on the increased connectivity of the computer with the TV screen. Online video providers are also adapting to this, offering growing libraries of films, series, shows, and new content that users are free to watch over the computer or on the TV screen.

In early 2017 PRO PLUS withdrew from the terrestrial digital network (multiplex C) and began offering its channels exclusively through providers of cable, IP, and satellite TV. Consequently, an increase in the number of TV connections was already noted on the market at the end of 2016, and especially in 2017. The number of all TV connections at the end of 2017 stood at 36,261 which is 5.65 % more than at the end of 2016. The share of households watching TV over a terrestrial antenna was 4.5 % lower at the end of 2017 compared to the end of 2016.

At the end of the last quarter of 2017 IP TV had a market share of 52.8 % of TV connections, followed by cable TV with a 40.8 % share. The market share of satellite TV connections was 5.1 %, while MMDS took 1.3 %. According to the data from the Basic survey on the profile of the Slovenian TV population for spring 2017 (April-May 2017), 10.6 % of households still watched TV over a terrestrial antenna.

1.1.3.5 CONVERGED SERVICES

The electronic communications market is increasingly moving towards convergence at the level of the network, electronic communication services and equipment. Convergence of networks in the general sense denotes merging or

coming together of existing networks for voice transfer, networks for data transfer and the radio network. Network convergence is accompanied by integration or melding of service, and both together present one of the most important tendencies in the global telecommunications development. Convergence of services allows operators to offer end users so-called bundles of services. Converged (combined) or multi-play offers include at least two different types of services: fixed telephone service, mobile telephone service, data transfer, and TV.

Operators offer service bundles to their own end users at a single price (the price of the bundle), whereby certain services from the plan may also be provided by a different operator. The price of a bundle is generally lower than the total of prices of individual converged services that the operator is offering independently. The subscriber concludes a single contract for a combination of converged services (telephone service, broadband internet access, TV, mobile telephone service) in the bundle with one operator, and receives a single invoice for all of them. The operator also generally does not charge for on-net calls or the prices of these calls are very low.

Consequently, the shares of bundled service plans are increasing, especially quad play offers. The service plans for end users, both residential as well as businesses (especially small businesses), have thus become a means of lowering the costs of electronic communication services. Convergent, i.e. bundled, offers were very popular with end users also in 2017, as the share of price plans with benefits reached 85.4 %, and continues to increase on a quarterly basis. The highest market share still falls on triple play (42.2 %), followed by quad play (31.0 %), and dual play (12.1 %). Plans with bundled services also remain important for competition among operators, as they differentiate their plans by the quality and price of services.

According to the surveys, end users cite quality and price of services as the main reasons for selecting an operator.

1.1.3.6 CARRIER BROADBAND ACCESS

The carrier market for broadband access continued to exhibit growth again in 2017. This type of access allows operators to offer broadband services to end users through leased infrastructure, as well as offer other wholesale products including in areas where they are not physically present with their own network. Operators looking for access are for the most part still dependent on regulated products accessible on the copper and fiber optics network of Telekom Slovenije d.d., but they are complementing it through access over open broadband networks that were built with public-private partnership funds in areas where there was no commercial interest for construction. Unbundled access still comprises 60 % of all wholesale connections compared to bitstream access, which makes up 40 % of all connections. Unbundled access to the copper local loop is still the prevailing type of access; however, its share is decreasing due to the transition to bitstream access, which is the result of copper local loop shortening, through which Telekom Slovenije is increasing the capacity of its broadband access network, and even more because of the transition to the fiber optic access, where available. Connections through the fiber optics network are growing for unbundled access, as well as for bitstream access. The growth in the wholesale broadband access market is especially the result of the increasing demand for access to Telekom Slovenije's fiber optics network, as well as to the access of open broadband networks, with unbundled access to the local fiber being the predominant choice. Operators can get bitstream access on fiber optics networks that were constructed using P2MP (point-to-multi-point) method, and following the imposed regulatory obligations on the relevant market 3a (wholesale local access at a fixed



AGENCY'S NEW
PROPOSAL BRING
THE INCLUSION OF
BROADBAND ACCESS
IN THE UNIVERSAL
SERVICE.

location) operators will also be able to select virtual unbundled local access (VULA) on Telekom Slovenije's network.

1.2 ACTIVITIES AIMED AT ACHIEVING GOALS

1.2.1 PROPOSED CHANGES TO GENERAL ACTS AND AN ANALYSIS OF THE IMPACT OF THESE CHANGES FOR THE UNIVERSAL SERVICE

In protecting end users and providing the universal service the Agency issued a new decision on appointing the provider of the universal service in December 2016, and, based on changed trends, it decided in 2017 to re-conduct its analysis of the effects of the change of the transfer speed that detail the provision of the universal service, and also prepared amendments to the three general acts, namely the General act on transfer speed for a functional internet access (based on Article 124 of ZEKom-1), the General act on the quality of the universal service (based on Article 123 of ZEKom-1), and the General act on the calculation of net costs of the universal service and the non-material benefits (based on Article 125 of ZEKom-1). The main changes that the Agency's new proposals bring are: is increased transfer speed suitable for functional internet access to 10 Mbps downlink, and consequently the inclusion of broadband access in the universal service, an update to the quality parameters for monitoring the

universal service, and changes in the calculation of net costs of the universal service that will make it easier for the provider of the universal service to enforce claims for reimbursing any potential net costs.

The Agency submitted the analysis of the effect of the planned changes and the proposals of the general acts into public consultation at the end of 2017, and it will be concluded in 2018.

1.2.2 REGULATION OF RELEVANT MARKETS

The Agency mostly realized its goals relating to the promotion of competition and market development. In accordance with the indicators of fulfilling the goals for 2017 the Agency issued two regulatory decisions for relevant markets 3a (wholesale local access provided at a fixed location) and 3b (wholesale central access provided at a fixed location for mass-market). In relation to the regulation of relevant markets 4 and 1 the Agency partially fulfilled its set goals, as the analysis of relevant market 4 (wholesale high-quality access at a fixed location) has passed public consultation and the notification procedure with the European Commission, while the analysis of relevant market 1 (access to the public telephone network at a fixed location for residential and business users) is planned to go into public consultation in the first quarter of 2018.

1.2.2.1 MARKETS 3A, 3B IN 4

In the scope of encouraging competition and market development the Agency mostly fulfilled its goals, as it completed and published 3 demanding analyses of relevant markets for broadband access at the wholesale level, namely market 3a (wholesale local access provided at a fixed location), market 3b (wholesale central access provided at a fixed location for mass-market), and market 4 (wholesale high-quality access provided at a fixed location). In preparing the 3 analyses and forming the obligations the Agency especially pursued the following goals: (1) encouraging the development of innovative, high-quality and accessible services, and lowering the obstacles for users switching between operators; (2) encouraging equal competitive conditions on the market; (3) encouraging service competition; (4) technological neutrality; (5) encouraging investments in the construction of high-transfer speed broadband networks; (6) encouraging the transition of operators and users to NGA networks; (7) adjusting the regulation to the market trends; (8) predictable and stable prices of access to the copper network; (9) more accessible high-speed services; (10) flexible definitions of wholesale prices of access to NGA networks with regard to individual competitive terms; (11) taking into account the possibility of symmetric regulation of access to network elements with the aim of lowering the costs of construction of NGA networks and stopping the duplication of passive infrastructure; (12) taking into account operator's investment plans for the construction of NGA networks; (13) adapting the regulation to the changes on the market of network access because of the technological development of networks; (14) taking into account the geographical aspect of the conditions on the market, and (15) achieving the objective so the Digital Agenda for Europe, and the Plan of the development of broadband networks in Slovenia.

When forming the measures for relevant markets the Agency also followed the recommendations of the European Commission, especially the Recommendation on regulation of NGA networks and the Recommendation on non-discrimination and costs methodologies that emphasizes encouraging investments into next generation networks. It also pursued the goals of the Digital Agenda for Europe and the Plan for the development of NGA networks by also improving the conditions for access to fixed broadband network for end users. With the regulation of these markets the Agency aims to contribute to the better development of the Slovenian electronic communications market and the Slovenian society as a whole.

After the conclusion of the public consultation of the analyses of relevant markets 3a and 3b the Agency submitted both of them to the notification procedure with the European Commission, which informed the Agency in a decision that it approves the proposed regulations and also added additional guidelines that the Agency fully implemented. In the second half of 2017 the Agency issued regulatory decisions on relevant markets 3a and 3b to Telekom Slovenije d.d., as the operator with significant market power. These two decisions pertain to the regulation of access to the fixed broadband copper and fiber optics network at the carrier level. Following the new measures on market 3a operators will also receive access to the GPON network, which cannot be physically unbundled. The price of unbundling fiber optics is no longer determined through a cost model, but based on economic repeatability. In the regulation of market 3b the pricing regulation is no longer required in certain settlements. The Agency expects that the new regulation will increase the utilization of Telekom Slovenije's already constructed fiber optics network, and encourage the growth of investments from the operators on the market. Through the pricing regulation the



THE AGENCY ISSUED REGULATORY DECISIONS ON RELEVANT MARKETS 3A AND 3B TO TELEKOM SLOVENIJE.

Agency encourages operators – and consequently also end users – to transition from the copper to the fiber optics network, which will allow Telekom Slovenije d.d. to gradually retire its copper network. The Agency also wants to allow Telekom Slovenije d.d. and the operators using its network to compete with the non-regulated operators who have their own networks. Through the imposed measures the Agency also provided other operators with potential access to Telekom Slovenije's network in the future as well, and independently from the network construction topology.

At the end of 2017 the Agency concluded public consultations on the analysis of the relevant market 4 with proposed obligations and prepared the responses to the received opinions and comments from the operators and submitted the analysis into the notification procedure with the European Commission in the beginning of 2018. In the analysis the Agency proposed imposing measures on Telekom Slovenije d.d. as an operator with significant market power on said relevant market with the aim of lowering the threshold for other operators to enter the retail high-quality market. This way operators will have access to active high-quality products in the termination parts of the network for offering high-quality

services to demanding end users (especially to business users), as well as for connecting base stations with the backhaul network at wholesale prices based on an efficient operator network. The Agency expects that the proposed obligations on this market will also have a positive future effect on the development of effective competition on the retail market, resulting in competitive pricing of high-quality services, increased quality of service, and a greater innovativeness of products, giving end users (especially business users) more choice. Together with the regulation of relevant markets 3a (wholesale local access at a fixed location) and 3b (wholesale central access at a fixed location for mass-market products) this analysis is an example of comprehensive regulation of access to the broadband network on the carrier market.

1.2.2.2 MARKET 1

In the last quarter of 2017 the Agency prepared its analysis of the relevant market 1 (access to the public telephone network at a fixed location for residential and business users) on the basis of three criteria and it will go into public consultation in the start of 2018. The Agency planned the analysis of this market, because after the implementation of the new European Commission Recommendation on relevant product and service markets susceptible to ex-ante regulation, this

market was removed from the list of markets.

1.2.2.3 MARKET 3 AND MARKET 7

In relevant market 3 (call termination in individual public telephone networks at a fixed location) and relevant market 7 (call termination on individual mobile telephone networks – carrier market) the regulatory decisions from 2016 are in effect, by which the Agency partially changed the regulatory effects that were in force at the time. It made it possible for Slovenian operators to have equal regulation, as is enforced in some other countries in the EU internal market, so they can charge in their own networks – within the scope of non-discrimination obligations – the commercially agreed prices for calls originating outside of the European single market (EU/EEA).

After the operators alerted the Agency to possible abuse that began showing up in voice call termination with origination outside the EU as a result of the changed regulation on relevant markets 3 and 7, the Agency first called on the operators to provide high-quality telephone services to end users and legally required procedures, i.e. to follow the decisions from the applicable bodies and fulfill the contractual obligations to other operators. Later the Agency prepared the proposed Recommendation on operators' actions in the event of discovered abuses in voice call termination originating outside the EU in individual mobile and fixed networks in the Republic of Slovenia. It included all the operators and the Electronic Communications Council of the Republic of Slovenia in the preparation procedure. The Agency submitted the proposal into public consultation and received the comments and additional evidence. The Agency will adopt the decision on issuing this recommendation in the start of 2018.

1.2.3 ACCESS AND DISTRIBUTION POINT

In the optimization of investments in infrastructure, in spite of the activities launched in 2016, the Agency did not realize the goal of preparing the General acts on the access and distribution point. The Agency planned to prepare general acts and the conditions in the segment of access and distribution points. It concluded that completing this would require transposing said directive into national legislation and a thorough analysis of the domestic market. Transposing this directive into Slovenian legal order was concluded with the adoption and implementation of the amended ZEKom-1C in the autumn of 2017. Based on paragraphs 5 and 6 of ZEKom-1 and the activities described above the Agency began in 2017 to prepare a draft of the General act on access and distribution point that is planned to go into public consultation in the beginning of 2018.

1.2.4 AUDIT OF SEPARATE ACCOUNTING RECORDS

The Agency launched the public tender to audit the model of separate accounting records and sales costs of Telekom Slovenije d.d. The aim of the audit was to obtain an independent expert opinion that serves as acceptable confirmation that the separate accounting records are managed in accordance with the imposed methodology and that they are transparent and undisputed. This dispels the insecurity and doubt regarding the input data used for calculations in costs models for calculating prices in accordance with the decisions on relevant markets for carrier access to the broadband network. The goal is to establish whether the calculations of the prices of regulated services in accordance with the imposed obligations truly include only the costs related to them, or whether there is any unfounded cross-subsidizing. Because the Agency had to repeat the public tender after it was unsuccessful the first time, the project will continue into 2018, with the conclusion planned for that year.

1.2.5 THE ANALYSIS OF RETAIL PRICES OF BROADBAND CONNECTIONS

In order to analyze the state of individual geographic market segments the Agency again analyzed retail broadband access services throughout the territory of the Republic of Slovenia from the perspective of end users, where it collected data from all the active operators on the market, identifying the most important retail products provided by operators in individual geographic areas. This data is also important for monitoring market development and geographic segmentation (market analysis), as well as cross-verifications of the accuracy of data in the record of infrastructure networks and objects. In the scope of the same project the Agency conducted 2 surveys: the Survey and analysis current demand for higher speeds of internet access and e-content, and the Survey and analysis of household expenditures for electronic communications services. The reports of both survey have been published on the Agency's website. The Agency performs these two surveys once per year based on the data for October to ensure the comparability of datasets by years.

1.2.6 WEIGHTED AVERAGE COST OF CAPITAL (WACC)

In 2017 the Agency conducted a calculation of the weighted average cost of capital (WACC). This study gives the Agency a fair estimate, i.e. the value of the weighted average cost of capital for an efficient operator in telecommunications, which it then uses for calculating cost-based prices of regulated services. The study requires a highly demanding and complex financial calculation that demands understanding the activities on the capital market, as its fluctuations form the risk assessment. The model for calculating the weighted average cost of capital (WACC) of a hypothetically efficient operator in telecommunications for the older copper network and for the next generation access (NGA) networks at

a fixed location, along with a detailed expert report on the results and procedure of said calculation for a hypothetically efficient operator in telecommunications that operates in the territory of the Republic of Slovenia, was conducted in accordance with the guidelines of the European Commission's study on uniform approach to calculating WAAC which is available on the European Commission's website .

1.2.7 INTERNATIONAL ROAMING

In 2017 the Agency was once again active in the implementation of changes to the roaming conditions, which are the result of changes to the European legislation on roaming in the EU, as defined by the Roaming regulation and the Implementing regulation which planned the complete elimination of additional costs (roam like at home – RLAH) for using mobile services while occasionally roaming in EU member states as of 15 June 2017, and also made it possible for operators to implement fair use policies (FUP) and included other sustainability mechanisms for ensuring such roaming conditions. Throughout, the Agency has provided operators support in implementing and fulfilling the requirements of this legislation. In the scope of this project the Agency organized 3 consultations with operators and prepared a special document with 146 answers to operators' questions. It also cooperated in drafting the guidelines prepared by BEREC for for the coordination of implementing obligations. By publishing information on its website, the Agency also ensured that end users were appropriately informed, and also prepared a brochure for them with tips about the transition to the full elimination of surcharges during occasional roaming in EU countries and the application of fair use policies.

1.2.8 DATA COLLECTION AND REPORTING

The regulation of the electronic communications market is based on collected, processed, and analyzed

data that active network operators and service providers that are entered in the official record of operators report to the Agency. The Agency collects the data based on ZEKom-1 and the General act on collecting, using and sharing data on the development of the electronic communications market. Quarterly and annual surveys are available to operators in electronic format. Operators are also obligated to submit the requested data and information through other types of surveys. The Agency collects this data to support decision-making, making analyses of relevant markets, forming strategies, writing reports, and submitting data to the European Commission and other national and international institutions. It publishes the Quarterly reports on the development of the electronic communications market on its website to inform the stakeholders about the conditions on the market. Where appropriate, it also includes certain data into its Annual reports. Because the collected data is needed for fulfilling the Agency's legitimate tasks, it has to be of a high quality. Consequently, already last year the Agency decided to pursue active and extensive cooperation with operators in the coordination of data. In the first half of 2017 it undertook a comprehensive sweep and coordination of the data with all the major operators.

Work on collecting and processing data must be continuous and be completed on time and in accordance with the valid legislation. A major asset for achieving this goal is having an appropriate information system for collecting data. The Agency has, in accordance with the indicators of fulfilling its goals, conducted a public tender for designing, implementing and maintaining an information system for collection, processing, analytics, reporting and displaying of electronic communications data and has selected a provider. In 2018 it plans to implement the new system and complete the project.

Since 2015 the Agency has been

managing its own geographical information system that allows collecting, processing, and analyzing of data that includes spatial definitions (geolocated). Geolocated data give the Agency numerous additional options for more comprehensive display and analysis of this data, which is key for supporting regulatory decisions and numerous other fields of work the Agency covers. The GIS combines certain publicly accessible databases and the data the Agency has obtained in the scope of its work and for this purpose from electronic communications operators, as well as the data it requires in the scope of exercising its authority, and have been obtained from other public bodies. In 2017 the Agency conducted the required updates and upgrades to the system for optimum operations, and for ensuring the information security of the collected data, and it has also regularly updated the databases at least every 4 months or when needed. Monitoring the infrastructure market is very important from the perspective of ex-ante market regulation. The Agency has also imported some new databases it requires for future work, namely: data on the expressed market interest for NGN 2020, data on identified white spots for GOŠO 3, extensive operator data it used in market analyses, and the data on locations and the coverage of mobile networks. In the last quarter of 2017 the Agency also launched a new round of gathering data on retail broadband access services throughout territory of the Republic of Slovenia. To gather data from operators the Agency developed 3 applications that optimize collection for the Agency, as well as for those obligated to submit reports.

Besides monitoring the state of the infrastructure market of electronic communications the Agency also conducted various in-depth analyses and cross-verifications, and has collaborated with operators of electronic communications regarding appropriate reporting for all the records for data entry

on infrastructure. By using the GIS the Agency was able to conduct numerous geographical analyses for the support of regulatory decisions on the above-mentioned relevant markets 3a, 3b, and 4, and in the preparation of the analysis of effects of the change of transfer speed when providing Universal Service. In 2017 the Agency also continued with the upgrade of its internal system for the overview of electronic communications infrastructure. With that more than 50 new data layers were implemented, along with the new feature of fast analyses and improved usability. Additionally, the Agency began preparing the environment and the viewer's application which will also make it possible for the public to get insight into various data that will be publicly accessible, including analyses, spatial announcements, measurements, different data on mobile coverage and the publicly published infrastructure data that the Agency uses in its work.

1.2.9 CALCULATING THE NET COST OF PROVIDING UNIVERSAL SERVICE

In 2017 the universal service provider selected in the Agency's decision did not submit a request for refunding the net cost of providing the universal service in 2016. The Agency did prepare a draft for a new General act on calculating the net costs of the universal service and non-

material benefits (based on Article 125 of ZEKom-1) and submitted it to public consultation together the new proposed General act on transfer speed, suitable for a functional internet access (based on Article 124 of ZEKom-1) and the General act on the quality of the universal service (based on Article 123 of ZEKom-1).

1.2.10 COOPERATION WITH STATE INSTITUTIONS AND OTHER STAKEHOLDERS

The data pertaining to electronic communication services have a great importance for the stakeholders on the Slovenian electronic communications market. They allow them to take decisions and prepare business strategies easier and with more consideration. That is why the Agency's quarterly and annual reports are always highly anticipated, as they provide national and international stakeholders with insight into the trends on the electronic communications market in the Republic of Slovenia. Following legislative requirements, the Agency compiles a report every quarter and sends it together with additional reports to the Statistical Office of the Republic of Slovenia and the Bank of Slovenia. The Agency is also a member of the Information Society Statistics Advisory Committee. In 2017 the Agency also cooperated with the Slovenian Competition Protection Agency and exchanged

data for performing the tasks in its jurisdiction. The Agency also took part in working groups of the Ministry of Public Administration, the Information Society Directorate, where it provided support within its authority (e.g. the preparation of the GOŠO 3 tender) and actively participated in the preparation of the positions of the Republic of Slovenia in relation to the proposed changes of major European Commission directives within the changes to the European legal framework, as well as in the procedures of adopting various laws that pertain to the areas the Agency has working authority over.

1.2.11 INTERNATIONAL COOPERATION

In the scope of its regular tasks in 2017 the Agency cooperated with the Body of the European Regulators of Electronic Communications (BEREC) collaborated at all three levels. At the level of expert working groups the Agency's employees collaborated in drafting public and internal reports, common positions, guidelines, tools and other materials. In order to perform these activities employees attended meetings, took part in videoconferences, monitored and electronically participated in document preparation, regularly commented and provided their opinions in the processes of shaping and preparing draft documents and other materials. Additionally, in the working groups that the Agency deems most important, employees collaborated as writers of individual documents. At the second level (network of contacts) the Agency's representatives actively collaborated at all meetings of the network of contacts by not only attending them, but also commenting on the prepared documents, as this level is the final verification of the work of expert working groups, where document may be amended before they are submitted for approval. The Agency's representatives also collaborated at all the meetings and votes of the highest level (plenary level) where heads of individual regulatory bodies adopt the documents. In 2017 the Agency's representatives

A DRAFT FOR A NEW GENERAL ACT ON CALCULATING THE NET COSTS OF THE UNIV. SERVICE AND NON-MATERIAL BENEFITS WAS PREPARED.

took part in all 28 working tasks that were conducted in the scope of 9 expert working groups, as well as in additional ad hoc working tasks, at all four meetings of the network of contacts and in other tasks of the network of contacts, as well as at all four plenary meetings and additional procedures to electronically approve documents. In this scope the Agency spent the most time and resources on the activities related to changing the EU's regulatory framework and with internet neutrality.

The Agency's employees also actively collaborated with the BEREC office which has a status of a European agency. This work mainly focused on an information exchange between the Agency and the BEREC office, coordinating access to the working documents and published materials, and administrative tasks related to participating at meetings of BEREC's expert working groups. At the end of the year there was also a workshop on exchanging best practices and information.

The Agency's representatives also actively attended the meetings of the Communications Committee of the European Commission working groups, making sure that information is submitted in a timely fashion. In related activities the Agency's employees actively cooperated with the relevant ministry at several levels. They also submitted answers in two comprehensive surveys to the ITU, the United Nations organization for information and communications technologies, namely on regulatory matters and on rates.

Additionally, the Agency remains an active member of the Independent Regulators Group (IRG), where it continued to collaborate in the system for exchanging know-how, best practices, and experience between European regulators. In the beginning of 2018 at the meeting of network of contacts IRG presented the Annual Report with statistics on the activity of use of this system in the past year, and, as the Agency was very active in responding to

questions and requests, it took 3rd place among all 37 IRG members. Last year the Agency also submitted answers to 90 questionnaires, and submitted 5 of its own to other regulators. In accordance with the indicators for fulfilling the goals, the Agency responded to questions from foreign regulators in 93 % of agreed deadlines. The Agency set a goal of actively participating (as a writer of documents) in 90 % of working group meetings, and has managed to meet this goal.

The Agency also actively cooperated with the ITU and has attended most national and international events and conferences to give presentations.

2 ELECTRONIC MEDIA 2.1 FRAMEWORK, GOALS, MARKETS 2.1.1 LEGAL FRAMEWORK

The Agency exercises its powers over electronic media based on the following:

- Media Act (Official Gazette of the RS, no. 110/06 – official consolidated text, 36/08 – ZPOmK-1, 77/10 – ZSFCJA, 90/10 – Constitutional Court decision, 87/11 – ZAvMS, 47/12 in 47/15 – ZZSDT, 22/16 in 39/16; hereinafter: ZMed);
- The Act on Audiovisual Media Services (Official Gazette of the RS, no. 87/11 and 84/15; hereinafter: ZAvMS)

For exercising its powers as defined with the above Acts, the Agency also prepares and uses the following executive acts:

- General act on the protection of children and minors in television programming and on demand audiovisual media services (Official Gazette of the Republic of Slovenia, no. 84/13);
- General act on the license for providing radio or television activities (Official Gazette of the Republic of Slovenia, no. 95/06 and 25/07)
- Methodology for monitoring audiovisual media services and radio programming (Official Gazette of the Republic of Slovenia, no. 31/12)
- General act on declaring on demand audiovisual media services (Official Gazette of the Republic of Slovenia, no. 35/12)
- Rules on assigning the visual and sound warning for content that is not suitable for children and minors (Official Gazette of the Republic of Slovenia, no. 50/14)
- Rules on measures for defining own production content (Official Gazette of the Republic of Slovenia, no. 77/02)
- Rules on programs of special significance (Official Gazette of the Republic of Slovenia, no. 85/02)
- Regulation on the criteria for creating the list of the most significant events (Official Gazette

FOCUS ON
THE DEVELOP-
MENT OF THE DIG.
PLATFORM FOR DIS-
SEMINATING RA AND
TV CHANNELS USING
DIG. BROADCASTING
TECHNOLOGY.

- of the Republic of Slovenia, no. 105/01)
- Regulation on the measures and conditions for determining Slovenian audiovisual works (Official Gazette of the Republic of Slovenia, no. 105/01)
- General act on establishing a method for determining population coverage in the territory of the Republic of Slovenia with analogue terrestrial radio programs disseminated through radio frequencies for analogue broadcasting (Official Gazette of the Republic of Slovenia, no. 138/06)
- Decision on determining the list of the most significant events (Official Gazette of the Republic of Slovenia, no. 18/03)
- General act on product placement and sponsorships (Official Gazette of the Republic of Slovenia, no. 44/12)
- Rules on the method of calculating charges based on the television broadcasting license or entry in the official records of providers of the audiovisual media services on demand (Official Gazette of the Republic of Slovenia, no. 72/12)
- General act on themed television programming (Official Gazette of the Republic of Slovenia, no. 67/16)

Its work on developing regulatory approaches comprised participation in developing legal mechanisms in Slovenia and the EU, as well as following legislative trends in the broader international environment. In 2017 the procedure for adopting the European Directive on audiovisual media services continued. The work in the second half of 2017 was focused on trilateral coordination between the European Commission, the European Parliament, and the European Council. The changes to the Directive are moving towards expanding the regulation of audiovisual services on platforms for providing videos, towards liberalization of advertising limitations, unification of regulation of protection of children and minors from potentially harmful content among linear and non-linear services and increasing the promotion of

European audiovisual works and European audiovisual works from independent production.

2.1.2. ANNUAL GOALS

In 2017 the Agency met its goals and achieved its planned results in the regulation of universal service provision. It strived to assist in creating suitable conditions for the operation of the electronic media market and to protect the audience and especially the most vulnerable groups from excessive and inappropriate advertising and from potentially harmful content. Because of the fast and massive changes to the practices of media consumption (including the content that is not regulated), the Agency has extensively monitored the activities on media markets in Slovenia and abroad, and has continued with activities for raising awareness and educating the public to be able to make a deliberate selection among media content.

The Agency has for the most part achieved all of the goals it set for itself in 2017. The Agency's activities in 2017 were focused especially on the development of the digital platform for disseminating radio and television channels using digital broadcasting technology. After the platform for terrestrial dissemination of digital radio was successfully set up in 2016, the Agency monitored the market and the interest among radio station publishers for inclusion into this platform, and, when it noted an interest on the market, also responded to it by preparing a public tender for assigning 5 rights to disseminate radio programming in the digital broadcasting technology which it plans to publish in the beginning of 2018.

The Agency also extensively studied the option of introducing pay television on the digital terrestrial platform. In January 2017 the Agency published a public discussion on the possibility of developing digital terrestrial pay television, calling on the stakeholders to provide their position on this topic. Despite the muted

response, with only the public institute RTV Slovenija responding, the Agency decided to continue with activities for introducing pay television by publishing a public tender to award the appropriate rights in November 2017. The main reason behind this decision was the free capacity on multiplex C, which is mainly the result of the exits of popular TV channels Pop TV, Kanal A, and Planet TV from this platform, putting its economic profitability and even future existence in peril.

In 2017 the Agency actively endeavored to complete the public tenders for analog audio broadcasting planned already for 2014, but due to the need for coordination with the Broadcasting Council and strained resources activities in this regard moved at a bit slower pace. The Agency plans to conduct the first phase, namely the public tender for the frequencies for local radio stations, in the first half of 2018.

In protecting media consumers the Agency put most of its focus on implementing the Gledoskop system, through which it plans to raise awareness and help the public become more equipped for an informed, deliberate, and responsible selection of media content. A lot of activities were also focused on preparing the upgrade to the Gledoskop portal for a comprehensive promotion of media literacy. In 2017 the Agency once again collaborated with the National Institute of Public Health on activities connected to protecting children from inappropriate commercial messages on foods during the content aimed at children.

Throughout the year the Agency worked with the Ministry of Culture on the revamp of the Directive on audiovisual media services, which is the EU's main legal mechanism on audiovisual media. Because the Directive on audiovisual media services is still in the process of being updated, local media legislation has not yet been affected in 2017, but a

comprehensive revamp is expected in 2018 as a result. The second part of the Agency's work on updating the media legislation was its collaboration with the Ministry of Culture in the adoption of the Strategy of media development in the Republic of Slovenia until 2024, which is yet to be adopted. The Agency also responded to the invitations from the Ministry of Culture for several consultation meetings regarding various issues related to media legislation. In February the Agency called for a meeting on the methodology of supervising provisions related to Slovenian music. After the public discussion the Agency continued with the changes to the methodology of supervising quotas together with the Ministry of Culture, which will conclude in 2018.

At the international level the Agency was active in working groups and plenary sessions as a member of the group of European regulators for audiovisual media services (ERGA, founded by the European Commission, and EPRA), as well as a member of the Central European Regulatory Forum (CERF). This way the Agency also ensures that international regulatory best practices are brought over to Slovenia. In the scope of international cooperation the Agency in 2017 also signed a memorandum on cooperation with the Macedonian Agency for Audio and Audiovisual Media Services (AVMU).

It also continued the practice of compiling and publishing regular quarterly reports on its work and the situation in the media market. In order to monitor the development of Slovenian electronic media in 2017 the Agency conducted a study into the economic potentials of the various formats of radio programming, and strived to ensure transparency on the market by systematically calling on the providers of on-demand audiovisual media services to register their activities.

2.1.3 MARKET SITUATION

The register of television broadcasting holders reveals that 70 legal and natural persons held 89 valid television broadcasting licenses at the end of 2017. Nine of those hold more than one license and these nine together hold a total of 28 licenses, which comprises one third of valid licenses. Furthermore, 31 have active rights to disseminate television programming in digital broadcasting technology.

Five new licenses for television activities were issued for the following TV channels: PLANET TV 2 and PLANET PLUS, published by Antena TV SL d.o.o., Ljubljana TV, published by TV LJUBLJANA d.o.o., TRŽIČ TV, published by Vprašaj d.o.o., and MOJKANAL, published by Mojkanal institute. Of the new licenses for television activities, one was issued for themed television programming, namely Planet Plus. At the request of license holders 4 licenses for conducting television activities were altered. Three of them were changed into licenses for themed television programming, namely POP OTO, POP KINO and POP BRIO, all published by POP TV d.o.o. At the end of 2017 there were a total of 4 licenses for themed television programming. In 2017 a total of 8 declaratory decisions on the expiration of the validity of a license for conducting television activities were issued for the following television channels: POP FANI, POP KINO 2, POP SPOT, all published by POP TV d.o.o., ZASAVSKA TELEVIZIJA, published by AB VIDEO PRODUKCIJA, Anton Berakovič s.p., Kanal 3 Apače, published by Video Studio 90 – Kanal 3 Edšidt Olga s.p., UŽIVAJMO.SI, published by ABCD 1, d.o.o., Pika, published by MT STUDIO, Tomas Urbanič Rudolf s.p. and Bled TV, published by ALPSKI ODMEVI d.o.o. Throughout the year 7 licenses were transferred to new publishers.

The register of on-demand audiovisual service providers in the Republic of Slovenia included 22 services at the end of 2017. 13 of these were registered in 2017. POP TV d.o.o. Ljubljana is the provider with

the most (6) on-demand audiovisual services, followed by Kanal A d.o.o. and Telekom Slovenije d.d. with 3 each.

At the end of 2017 there were 55 legal and natural persons who held 95 valid radio broadcasting licenses. More than 1 license was held by twelve of them, and together these twelve hold 52 licenses, a bit more than a half of the total. RADIO PRO 1 d.o.o. has the most licenses, 13, followed by RTV Slovenija with 8, NEXT MEDIA d.o.o. with 7, and RGL d.o.o. Ljubljana with 6. These four publishers together hold a third of all licenses. In a total of 30 licenses one of the four radio programming networks were included, while regional programming was included in 2. 16 radio channels have the right to disseminate television programming through digital broadcasting across the Republic of Slovenia.

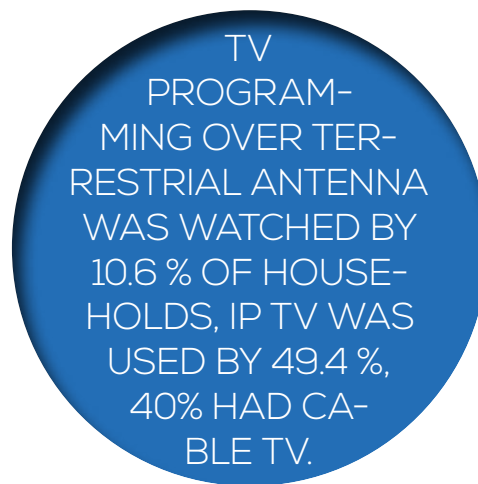
In 2017 the Agency processed 30 administrative issues regarding television broadcasting licenses based on ZMed. 16 administrative procedures were launched by request, and 14 ex officio. The growing trend of new television channels picked up again in 2017 compared to 2016, alongside with the trend of TV channels ceasing to broadcast. In this period the Agency processed 28 administrative issues regarding radio broadcasting licenses, 19 of which were initiated by request and 9 ex officio. When analyzing the data on issued radio broadcasting licenses from 2017, the Agency noted a significant decline in the number of applications for license changes – from 24 in 2016 to 11 in 2017 – in which the license holders wanted to change the basic programming requirements on the licenses. In 2017 the Agency processed 7 applications for license transfer and one application for issuing a license for a new radio channel. The Agency issued the license for conducting radio activities for the new radio channel, Radio 4, to RADIO BELVI d.o.o. which has programming ties to the regional radio network Radio Fantasi.

2.1.3.1 THE VALUE AND SCOPE OF ADVERTISING IN ELECTRONIC MEDIA

The data about the sale of advertising space in electronic media in 2016, collected in the Mediana IBO project and published in the first half of 2017, shows that the total gross value of advertising space (based on media outlets' price lists, without discounts, free advertising, etc.) on/in television, print media, posters, internet, radio, cinema, and other amounted to a record €1 billion, and has increased by 14 % compared to 2015 (€886 million). The trend of advertising growth follows the previous year. To translate this into a different metric, all of Slovenian television channels that were monitored in the last year showed a total of 63 million seconds of advertising, which is an average of about 9,250 adverts per day, an increase of 4 % over 2015. For comparison, radio played a total of 7.7 million advertising seconds for an average of 1,356 adverts per day.

Television reached the biggest growth in advertising at 19 %, and its gross share of the advertising pie is at 80 %, i.e. about €800 million. Such domination of television in the distribution of the advertising pie significantly differentiates Slovenia from global trends, as the data from WARC and the FTV Advertising Forum shows that television still dominates, but with a significantly smaller advertising share of about 39 %. While some European countries are already reporting that digital advertising is taking the biggest piece of the advertising pie (e.g. France has 33 % of advertising in digital and 28 % in television, which still means 100 trillion television advertising agreements per month), but it should be noted that most advertisers who responded to the survey at the 2017 international FTV Advertising Forum in London still put a priority on advertising on television.

The biggest share (a good half) of the gross television advertising pie went to Pro Plus, d.o.o., which owns the channels POP TV, Kanal A, POP Brio, POP Oto, and POP Kino, and the on-



demand audiovisual media service VOYO. Second place went to Planet TV (similarly to POP TV it focuses on in-house production and innovative formats) and third place to Kanal A (sports and films), followed by TV 3 and the themed channel POP Brio. The first five are followed by RTV Slovenija's first and second channels, the latter especially with sports, which also had an important impact on revenue in global advertising. Eight was the themed channel POP Kino, followed by Šport TV, while the tenth was Fox Life, which has a license from Bulgaria.

The radio gross share of advertising is at 3 % like the year before, and amounts to a good €26 million (most of the share goes to the 5 biggest radio stations: Radio 1, Radio Antena, Radio Center, Radio Prvi in VAL 202; it should be noted that there is a growing tension in pricing competition in the relation between the commercial network media and the public services, as well as between commercial network media and smaller local channels). Compared to the year before the gross value of internet advertising was somewhat lower in 2016, amounting to a good 3 %, which is similar to radio. At €33 million it was €1 million lower than in 2015. As mentioned above, this data applies exclusively to local websites where the biggest share of the advertising pie goes to 24ur.com, siol.net, bolha.com, žurnal24.si and planet.si.

2.1.3.2 METHOD OF WATCHING TELEVISION PROGRAMMING

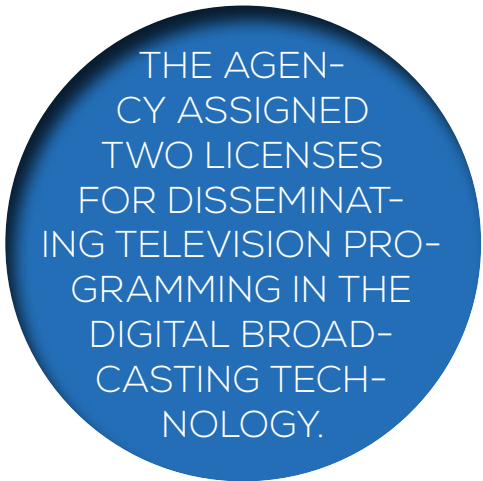
According to rough estimates from AGB Nielsen, in mid-2017 television programming over terrestrial antennae was watched by 10.6 % of households, IP TV was used by 49.4 % of households, and 40 % had cable television. Penetration shares change dynamically, as the numbers change throughout the year. In Slovenia there is still a noted exodus of viewers from terrestrial antennae to either of the two other options for watching television programming, with a decline of 8 % in the past 2 years. Most opt for IP TV, and a smaller number also for cable or satellite. Of the services available from operators, the average Slovenian viewer most often uses time-shift (39.7 %; for comparison: in the United Kingdom time-shift is only used by 5 % of the population), while only a smaller share of subscribers uses any of the other services available to them, for example VOD (9.3 %), recorder (8.5 %), etc.

In Slovenia there is still a low percentage of smart TVs in households, compared to the EU, as it stands at 36.1 %, with 49.7 % of the existing smart TVs not connected to the internet. Slovenian viewers watch television on a TV set, with only a 8 % using mobile TV services, while 7.8 % watch television programming over the internet on devices such as tablets, smartphones, and computers. These

devices are, however, increasingly used alongside watching TV, i.e. multiviewing. On average, 1 in 7 Slovenians use an internet-connected device while watching television, which is comparable to the European average. Also comparable to European viewers, Slovenian viewers also confirm the predominance of the TV set as the best device for family viewing (i.e. mass media consumption). That screen size matters and that television (and television production) is a key medium for providing media content is an increasingly popular concept among both publishers and viewers, as well as the majority opinion that formed some time ago as an antipode to prediction of the death of TV. Only 2.17 % of Slovenian households do not have at least one functioning TV set.

The above claims are also confirmed by the data from EBU that the European viewer on average watches 3 hours and 40 minutes of television per day. This is also the average for Slovenian viewers. When looking at the period of the past few years, the AGB Nielsen and EAO data even shows a slight increase of the time that the Slovenian viewer spends on watching television, as in 2014 the average stood at 3 hours 18 minutes. Most of the daily viewing share falls to the prime time, i.e. after 7 PM. Viewers in Slovenia spend most time on news shows, series, and films, followed by entertainment and sports programming.

Even though exact data on viewership shares are not yet available, we can assume that in 2017 the ratio from the past years has remained the same in 2016, when according to EAO the biggest ratings share went to channels from Pro Plus d.o.o. (approx. 30 %) and RTV Slovenija (approx. 20 %), and the list also includes Planet TV (approx. 8 %) and Kanal A (approx. 9 %). Local channels that commanded the most attention of Slovenian viewers in 2017 include POP TV, TV Slovenija 1, TV Slovenija 2, Kanal A, and Planet TV. Meanwhile Slovenian viewers prefer watching the following foreign channels: Discovery Channel,



THE AGENCY ASSIGNED TWO LICENSES FOR DISSEMINATING TELEVISION PROGRAMMING IN THE DIGITAL BROADCASTING TECHNOLOGY.

Fox, Fox Crime, ID Xtra, TV 1000; and National Geographic; this group also includes the popular Croatian channels Nova TV, HRT1, RTL Cro, and HRT2, as well as the children's channels Nickelodeon and Minimax. Among the specialized sports channels the Slovenian viewers watch Sport Klub 1, Šport TV 1, and Eurosport the most.

2.1.3.3. THE POTENTIALS OF THE RADIO MARKET

The general opinion of radio publishers, from the data of a survey from GFK Slovenija d.o.o. for AKOS, is that Slovenian listeners have too many stations and not enough choice, naturally depending on unequally distributed areas of the radio landscape. With the forecast decline in the number of radio stations in the future the most worrying piece of information points to a major shortage of radio information on the local environment, where the fragmentation of the radio market results in a shortage of diversity in radio programming. Even though niche radio is barely present in Slovenia, the publishers are skeptical, especially because the market is small and business environment is not conducive.

The Slovenian radio market is often segmented according to a radio program's mission, which is manifested in meeting the principles

of the public (the public service, station of special importance, specialized) or commercial (commercial, commercial network, specialized) interest (otherwise also by programming, geographical reach (national, regional, local), type of ownership, type of financing etc.). If the former puts forward the goal of informing the listener and thereby satisfying the need for information of public significance, the commercial radio also puts forward the goal of entertaining the listener (lighter content with music) to satisfy the demands of the market. The survey shows that for publishers one of the key differences between the two radio formats is the ratio between music and spoken segments. With commercial media the focus is on entertainment, i.e. music, while with non-commercial media there is more focus on spoken segments, with the music acting as filler. It is interesting to note that the participating publishers find it significantly less important to segment by musical type and the kind of prevalent speaking content. If we put this finding next to publishers' noteworthy lack of interest in DAB+ and niche radio as established by the survey, we can conclude that the Slovenian radio market is fairly specific compared to the global trends, where new technologies significantly dictate the development trends, affecting both the technical aspect of broadcasting, as well as

the programming aspect of content production.

According to Mediana RM the most listeners in 2017 tuned to the regional radio network Radio 1, followed by Val 202, Radio Aktual, Radio Prvi, and the commercial radio network Radio Center. The second half of the list includes Radio City, Radio Ognjišče, Rock Radio, the commercial radio network Radio Antena and Radio Veseljak.

2.2 ACTIVITIES AIMED AT ACHIEVING GOALS

2.2.1 ASSIGNING LICENSES FOR DIGITAL RADIO DISSEMINATION

In the first half of 2017 the Agency received an initiative from RTV Slovenija to hold a new public tender for assigning licenses for disseminating radio programming, and it also published a public invitation for publishers of radio programming to express their interest for disseminating over digital radio broadcasting technology. After discovering that the R1 national radio digital network has the capacity for additional channels and that there is significant interest in assigning new dissemination rights, the Agency continued with the procedures for holding a public tender. The Broadcasting Council gave its approval to the terms and conditions in December 2017, wherefore the public tender at which the Agency plans to award 5 rights to disseminate radio programming in the digital broadcasting technology throughout the territory of the Republic of Slovenia is planned for early 2018.

2.2.2 ASSIGNING LICENSES FOR TERRESTRIAL DIGITAL DISSEMINATION OF TELEVISION CHANNELS

In September 2017 the Agency assigned two licenses for disseminating television programming in the digital broadcasting technology in the territory of the Republic of Slovenia based on the public tender launched in December 2016. They

were awarded to the publishers of the television channels TV 8 and NET TV. After the successful public tender the publishers hold 24 licenses for disseminating television programming in digital broadcasting technology on major geographical areas and with 7 on smaller local areas.

In November 2017 the Agency published the decision on holding a public tender to award the licenses for television digital broadcasting in the territory of the Republic of Slovenia over the terrestrial network (or its part), which is not reserved for free-to-air channels. This continued the Agency's activities in the development of pay television on the terrestrial digital broadcasting platform, in which scope it held a public discussion in January 2017; in October 2017 it resolved RTV Slovenija's application by issuing a decision permitting it to put aside a part of the capacities on multiplex C for providing conditionally accessible services. In December, at the proposal of RTV Slovenija, the deadline for submitting the tenders was extended to 26 January 2018. In 2018 the Agency plans to complete the public tender procedure and issue the decisions on assigning the dissemination rights to the selected providers.

2.2.3 ASSIGNING THE RIGHTS TO USE RADIO FREQUENCIES FOR ANALOGUE AUDIO BROADCASTING

In accordance with its commitment to actively tackling the issue of public tenders for assigning radio frequencies for analogue audio broadcasting for local radio stations, the Agency continued in the first quarter of 2017 with the preparation of terms and conditions, and, based on the proposal submitted in the start of January 2017 by the Broadcasting Council for coordination, it prepared a revised proposal of the terms and conditions that was in early March 2017 also the subject of a coordination meeting between the representatives of the Agency and the Council. The proposed

terms and conditions were, along with appropriate explanations, also submitted to the Council for approval in March 2017; however, the Council did not adopt it, as it had comments to the submitted proposal. Because the new composition of the Broadcasting Council assumed its positions at the end of April 2017, the matters for which the Council's role is required subsequently stalled somewhat. The Agency has submitted the proposed terms and conditions with the appropriate explanations for discussion also to the new composition of the Council, which wanted to thoroughly study it and give guidelines and goals for preparing the terms and conditions. Coordination of the conditions between the Agency and the Council is in the final stage; however, the new regulation, resulting from the changes to the Electronic Communications Act, calls for the Agency to set the terms and conditions after receiving the Council's opinion with the approval of the ministry that is relevant for media. The Agency plans to hold the public tender for local radio stations in the first half of 2018, and plans to follow that with public tenders for specialized and general radio stations.

2.2.4 ANALYSIS OF THE RADIO AND TELEVISION MARKET

Back in 2016 the Agency selected GfK Slovenija d.o.o. as the contractor for the study on the economic potentials of the Slovenian radio market through a public order, and collaborated with it in designing the study's parameters, which continued in 2017. The objective of this study was to use publicly available information to obtain data on the financial operations of radio channel publishers, and to further verify the findings through in-depth interviews with radio publishers and experts. The survey includes an overview of the data on the financial results of the publishers of radio stations, collected from publicly accessible databases, an overview of the ownership structure of radio stations, the segmentation of the Slovenian radio market, and

an overview of the potentials of different types of radio programming for further development, and also provides an insight into the mindsets of the radio station publishers and experts who responded, along with their views on the segmentation of the Slovenian radio market. The Agency published the survey in September 2017 on its website. The Agency has a contract with AGB Nielsen to receive some information on Slovenian and global trends of monitoring television and similar audiovisual media services. The data is included in the chapter on market conditions, and more data is also available from the Agency's published quarterly reports on market activities.

2.2.5 STANDARDIZING AUDIOVISUAL CONTENT CLASSIFICATION AND LABELING

In 2017 the Agency continued with labeling and classifying audiovisual media content and filling the Gledoskop database. Because it observed irregularities and inconsistencies in the labelling and time slots of content (especially films) on all the major Slovenian television channels in early 2017, it organized meetings with their publishers, and presented its findings. The aim of these meetings was *inter alia* to check their interest in using Gledoskop, and to sign the Agreement on cooperation and voluntary use of the Gledoskop tool. Alongside the Accord, the agreement was also signed by RTV Slovenija, POP TV d.o.o. Ljubljana, Kanal A d.o.o., Antenna TV SL d.o.o., and TV 3 d.o.o. The agreement among television stations on the use of the Gledoskop tool especially defines how it is to be used and includes a commitment from all the signatories to using Gledoskop as experts.

Because the signatories have expressed the need to train new coders the Agency in collaboration with the Dutch institute for audiovisual media classification, NICAM organized a workshop in September 2017 where the attendees obtained appropriate certificates to independently

classify programming content. The Agreement on the voluntary use of Gledoskop also calls for constituting a board of coders that would ensure the closer collaboration of all the signatories to the agreement and to exchange opinions regarding programming content classification, and consequently also a more uniform way of labelling programming content on television channels from different publishers; the Agency plans to found it in early 2018. In the last quarter of 2017 the Agency also began with extensive activities for upgrading the Gledoskop project into a comprehensive portal for promoting media literacy.

2.2.6 AMENDMENT TO THE DIRECTIVE ON AUDIOVISUAL MEDIA SERVICES

In 2018 the procedure for adopting the Directive amending the Directive on audiovisual media services continued. Through the Ministry of Culture, which was the body responsible for preparing the framework of the Republic of Slovenia, the Agency was constantly informed of the progress in the negotiations, and provided its opinions on various proposals relevant to its activities. Considering the publicly available documents it can be expected that the principle of the state of origin will remain fully intact, with a bigger emphasis on cooperation between regulators and defining jurisdiction. In certain areas the proposal of the changes to the Directive encourages the introduction of self-regulative and co-regulative mechanisms, while the coordination of rules for service providers is expected to result in the easing of certain minimum requirements and the introduction of higher or additional limitations, all in accordance with the development of the market for audiovisual services in the past few years. Considering the material validity of the Directive, the introduction of certain specific obligations is expected to also include an expansion to the providers of video sharing platforms.

2.2.7 INTERNATIONAL COOPERATION: ERGA, EPRA, AND CERF

The major part of Agency's international activities in electronic media was conducted in the scope of the European Regulators Group for Audiovisual Media Services (ERGA). Besides actively participating at 10 meetings and one workshop in four subgroups, the Agency also actively participated in ERGA's operation at the highest level, i.e. two plenary sessions and the preparations for them. ERGA spent 2017 establishing its digital library, as well as discussing the issues of self-regulation/shared regulation and the protection of minors in audiovisual media services in detail. Two subgroups prepared reports with a comparison of systems by member states. In October 2017 a workshop on the protection of young people was organized for regulators and the representatives of the most prominent media and technology companies related to audiovisual content, providing the next step towards coordination at the European level.

The Agency also continued to engage in the work of the less formal European Platform of Regulatory Authorities (EPRA), which is the biggest association of media regulators and covers a territory much larger than the EU. EPRA held two meetings in 2017, with a major focus on current topics, such as children's media and advertising literacy, fake news, the role of the regulators in terms of the accuracy, objectivity, and impartiality of news, the impact of algorithms on how we consume media content, and the impact of new technologies on the media landscape.

The Agency took part in the Central European Regulatory Forum (CERF), which brings together regulators from Hungary, Czech Republic, Slovakia, Romania, Poland, Serbia, Croatia, and Slovenia. The meeting was focused on exchanging experience and perspectives on regulation for the protection of children and minors from potentially harmful content in

audiovisual content, the discussion of the proposed new European Directive on audiovisual media services, digital radio and cooperation between regulators. At the CERF meeting the Agency's representatives also called for the quick and effective processing of applications, and appropriate actions against those breaching who are not under the jurisdiction of the Republic of Slovenia, but are licensed in another EU member state.

3 POSTAL SERVICES

3.1 FRAMEWORK, GOALS, MARKETS

3.1.1 LEGAL FRAMEWORK

The basic legal framework for the regulation of the postal services market comprises the:

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

The legal framework also comprises other regulations, adopted based on the Postal Services Act, namely:

- General act on the quality of the universal postal service provision (Official Gazette of the Republic of Slovenia, no. 47/2010 and 14/2017);
- General act on the mediation process between the participants in the postal business (Official Gazette of the Republic of Slovenia, no. 55/2010);
- General act on exemptions from the provision of the universal postal service (Official Gazette

of the Republic of Slovenia, no. 22/2010 and 58/2013);

- General act on the sticker prohibiting mail delivery into the mailbox (Official Gazette of the Republic of Slovenia, no. 22/2010 and 65/2014);
- General act on separate accounts and prohibition of subsidies (Official Gazette of the Republic of Slovenia, no. 29/2010);
- General act on the accounting information and the calculation of the net cost of the universal postal service obligation (Official Gazette of the Republic of Slovenia, no. 47/2010);
- General act issuing postage stamps and prepaid stationery (Official Gazette of the Republic of Slovenia, no. 22/2010 and 32/2016)
- Rules on the method of calculating and settling payments for providing postal services (Official Gazette of the Republic of Slovenia 109/2009);
- Rules on the official ID card of an authorized person of the Agency for Communication Networks and Services of the Republic of Slovenia (Official Gazette of the Republic of Slovenia no. 11/2015);
- Instruction on handling postal items with prohibited content (Official Gazette of the Republic of Slovenia, no. 47/2010).

At the EU level there is a proposal for a Regulation on cross-border parcel

delivery services in the legislative process.

3.1.2. ANNUAL GOALS

Considering the main goals and priorities defined in the 2017 Operating and Financial Plan, the Agency completed all the planned activities in regulation and supervision of postal services.

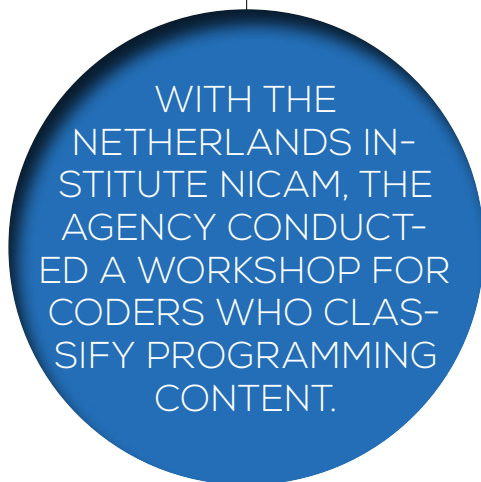
In the scope of supervising the conditions and prices for access to the postal network, the Agency completed an analysis of announced changes to the access to the network that the universal service provider was supposed to implement as of 1 January 2018, but it withdrew them from the public discussion in December. The Agency assumed the principled position that the proposed changes to the access were not in line with the requirement for cost-orientation.

The Agency's priority tasks in the scope of regulating separate accounting and the universal postal service included especially the start of verifying the calculation of the net cost borne by the provider of the universal postal service, and the analysis of the universal service provider's cost effectiveness with the option of introducing a cost cap.

The supervision over the methodology and the of delivery times for letter mail and parcels confirmed the accuracy of the results from the 2016 measurement, which showed that the universal services provider met the prescribed quality of delivery in 2016.

The Agency also conducted 4 surveys on the price and quality of postal services, namely a comparative analysis of the prices and delivery times of postal services providers, a survey on consumer satisfaction with contract post offices, and a survey on consumer satisfaction with postal services (general and business users). The Agency also conducted an analysis of the postal services market in the Republic of Slovenia for 2016.

It especially took into account



users' interests in the process of restructuring the postal network, and protected them by publishing the General act on changes and amendments to the General act on the quality of the universal postal service provision, and by ensuring an appropriate number and working hours of contact points.

In addition to the aforementioned activities, the Agency was also actively engaged in the work of the international associations ERGP (European Regulators Group for Postal Services) and CERP (European Committee for Postal Regulation), it closely followed the EU's regulatory activities regarding the postal services market, and it provided written and oral explanations regarding postal services to the general public, businesses, and other European regulators. The Agency conducted several other activities aimed at ensuring sustainable, regular, and uninterrupted provision of the universal postal service at the prescribed quality level and affordable prices, and, among other things, delivered to Pošta Slovenije 40,000 stickers prohibiting delivery to mailboxes. It reported on its work and issues related to its work to the relevant ministry and the Inspection Board, and was in contact with

a range of Slovenian bodies and institutions.

3.1.3 SITUATION IN THE MARKET

In 2017, as part of the market analysis 2016 project, the Agency compared the data for the period from 2011, when the postal services market in the Republic of Slovenia was liberalized, to the end of 2016. The analysis of the market situation shows that in 2016 the postal service providers' total net revenue grew by 15 million (from 317 to 332 million). Revenue of the postal market from postal service also grew, especially because of providers of parcel delivery and express mail (by 7 million), while the revenue of Pošta Slovenije declined by 2 million. The amounts on the letter mail market decreased again, with the decline most noticeable at Pošta Slovenije because of falling amounts and the redistribution of a certain share of letter mail to other providers, especially to providers of interchangeable postal services; however, this market is still the core of all postal services. Parcel delivery and express mail had a noted growth. The market share of letters and parcels is still mostly delivered by Pošta Slovenije.

Over the course of 2017 there were 19 providers active in the postal market services. The Agency entered 2 new providers in the register of postal service providers in 2017.

3.2 ACTIVITIES FOR ACHIEVING GOALS

3.3 REGULATION OF UNIVERSAL POSTAL SERVICE PROVISION

In 2017 the Agency realized its goals in regulating the universal service provision, achieving the expected results, as residents of the Republic of Slovenia had permanent, regular, and uninterrupted postal services at the defined level of quality across the whole territory of the country, and at prices affordable to all users of postal services.

The Agency monitored the measurement of the letter mail delivery times of Pošta Slovenije, taking into account the requirements of the SIST EN 13850:2013 standard, and together with a contractor conducted an assessment of the methodology and the quality measurement results for 2016. The assessment confirmed that the results for 2016 are accurate and meet the prescribed quality requirements. Together with the contractor, the Agency also verified the results of measuring the quality of parcel delivery, based on the technical recommendation SIST-TP CEN – TR 15472:2007.

As part of pricing regulation in 2017 the Agency processed one requests from Pošta Slovenije for changing the price of a service from the range of universal services. The Agency approved the proposed price changes for standard and regular letters, postal cards, registered and insured letters, and regular parcels in domestic traffic.

Major changes occurred in the network of the universal service provider. The Agency issued 21 decisions for transforming contact points (20 into contract post offices

TABLE 8: NUMBER OF POSTAL SERVICE PROVIDERS ENTERED INTO THE OFFICIAL REGISTRY AS OF 31 DECEMBER 2017

Service	No.
Provision of postal services	15
Provision of universal postal service throughout the entire territory of the Republic of Slovenia.	1
Provision of interchangeable postal services of delivering mail items of up to 2 kg	4
Provision of interchangeable postal services of delivering parcels of up to 10 kg	4
Provision of interchangeable postal services of delivering registered and insured mail	4

and 1 into a mobile one) and 15 decisions closing down contact points. At the end of the year there were 151 contract post offices, which is 5 more than the year before. The supervision of contract post offices was also a starting point for establishing the actual needs and expectations of the contractors, such as the amount of the fee, the difficulty of the tasks, the range of services, help from Pošta Slovenije, and clearing organizational issues (non/delivery of mail at the contract post office on the same day after an unsuccessful delivery at the address).

With the objective of protecting the users' interest in the transformation of the postal network the Agency published the General act on the changes and amendments to the general act on the quality of the universal postal service provision the Official Gazette of the Republic of Slovenia, no. 14/2017. The changes to the general act are aimed at ensuring the long-term sustainability of the universal service. The general act is aimed at: allowing the universal service provider to flexibly change and optimize the postal network, treat different access points in a more balanced manner, preserve access points that are less economically viable, and improve the availability of access points for the majority of users, as work and lifestyle prevent members of the active population from using access point in the morning or early afternoon.

In 2017 the Ministry for Economic Development and Technologies (the relevant Ministry) began with the procedure for preparing the proposal for the Act on Changes and Amendments to the Act on Postal Services. The Agency prepared an opinion on the received materials and in accordance with the request of the relevant Ministry added its own proposed changes and amendments. At the end of the year the Agency, at the invitation of the relevant Ministry, joined the work of the redaction committee for ratifying the individual acts of the Universal Postal Union (UPU).



PRICE
CHANGES FOR
STANDARD AND
REGULAR LET., POST-
AL CARDS, REGISTERED
AND INSURED LET. IN
DOMESTIC TRAFFIC
WERE APPROVED.

As part of universal postal service regulation the Agency headed one procedure to issue an approval to the proposed changes and amendments to the General terms for the provision of universal postal service. With a partial decision the Agency issued approval for some of the proposed changes, thereby allowing Pošta Slovenije to include changes to the official identification, along with some redaction and proofreading changes. By issuing this approval the Agency made it possible to expand the range of documents so that the recipient or the person to whom the delivery is made may identify themselves. Because of the withdrawn request of Pošta Slovenije for issuing approval to other proposed changes and amendments to the General terms for the provision of universal postal service, which pertained especially to the changes to the amount of the volume discount and the introduction of the service for sorted deliveries (operative discounts), the Agency stopped the procedure with a decision.

3.2.2 ENCOURAGING COMPETITION IN THE POSTAL SERVICES MARKET

The Agency fulfilled its goals regarding encouraging competition in the postal services market, as in the scope of monitoring and supervising the conditions for access

to the network and access prices it conducted a competition-law analysis of the announced changes for access to the network, which were planned to come into effect on 1 January 2018; however, at the end of 2017 Pošta Slovenije withdrew them from publication. The Agency also cooperated with the Slovenian Competition Protection Agency and assumed the principled position that the proposed changes to the access were not in line with the requirement for cost-orientation, as imposed by paragraph 1 of Article 32 of ZPSto-2.

During the supervision of the contracts and annexes for access to the network the Agency found that the contracts were concluded for just a short period, and that enforcing major and substantive changes to the general conditions and prices for access to the postal network, as announced, but without a sufficient transition period, might be in opposition to the principle of transparency. The Agency expressed its expectation that providers of interchangeable postal services will be informed of the changes to the prices and the conditions for access appropriately and in due time, and that in the event of major and substantive changes there will be at least a 6-month transitory period.

The Agency monitored the legislative procedure of drawing

up the Regulation of the European Parliament and of the Council on cross-border parcel delivery services, which is taking shape as the EU's regulatory response to the fact that parcels are the future of the postal sector. The Agency submitted its opinions and proposals to the Permanent Representation of the Republic of Slovenia to the EU and the relevant Ministry. It is expected that the regular legislative procedure for adopting the Regulation according to Article 294 of the TFEU will begin in 2018. The regulation will not replace the Postal Services Directive, but aims to supplement and upgrade it.

In accordance with ZPSto-2 the Agency managed the official record of postal service providers. It entered 2 new postal service providers in the record. With the goal of identifying the needs of postal service providers who access Pošta Slovenije's network, the Agency conducted informative discussions with all 4 providers of interchangeable postal services.

3.2.3 ESTABLISHING THE SITUATION IN THE POSTAL SERVICES MARKET

When establishing the situation in the postal services market the Agency met all of its goals. It created a statistical database, obtained the relevant data, and conducted the annual analysis of the postal services market for 2016. The Agency also carried out other analyses and surveys working with a contractor,

namely: A comparative analysis of prices and delivery times; a survey of user satisfaction with postal services (general public and businesses); and a survey of user satisfaction with contract post offices.

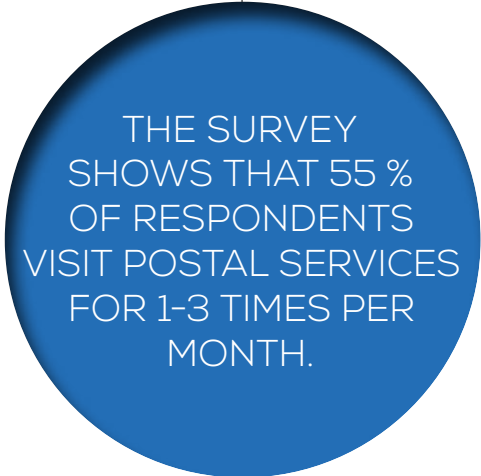
The analysis of the postal services market for 2016, which the Agency conducted in 2017, allowed for the comparison of postal service providers' revenues by individual service category and expenses for 2014 and 2016 for the second time, which means that a qualitative analysis was added to the quantitative one. The analysis reviews and compares the data for market segments, namely letter mail, parcels, express mail, and other postal services and other services. A survey on user satisfaction with postal services (general and business users). The main findings for the general users show that 55 % of the respondents visit a post office 1 to 3 times per month, they find that the open hours and distance are appropriate, with the post office's location being the most important factor. Most believe that letters should be delivered the next day. The satisfaction index with the universal service is at 66.7 %, which is somewhat lower than before. The main findings for the business users show that the price of sending a standard letter is acceptable, that reliable mail delivery is the most important indicator of quality,

followed by the trust in the provider and the attitude of employees. Most believe that letters should be delivered the next day, and more than a half (59 %) of all companies would in the event of changes to the price of sending a letter by 10-15 % replace this service with email. Through the survey on user satisfaction with contract post offices the Agency verified whether users of contract post offices that have been in operation for at least one year are appropriately aware of their operations, and especially whether the quality and employee behavior at these contract post offices are appropriate. The results were similar to those from previous years, showing high user satisfaction with an average satisfaction index of 78.6. The main reasons for dissatisfaction with contract post offices are unsuitable offices, working hours, and the narrow range of services.

3.2.4 REGULATION OF SEPARATE ACCOUNTING

In 2017 the Agency completed the two tasks in the regulation of separate accounting and fulfilled all of the goals it set. In accordance with plans it launched the first phase of verifying the net cost of the universal service provider, and consequently discovered a potential unfair financial burden, as Pošta Slovenije submitted a request for payment of the fee for providing the universal service to be verified. The Agency called on Pošta Slovenije to supplement the request in accordance with ZPSto-2 and the General act on the accounting information and the calculation of the net cost of the universal postal service obligation. The administrative procedure will continue into 2018.

In accordance with plans it conducted an analysis of the cost efficiency of the universal postal service provider with the objective of establishing whether the rises of the universal postal service provider encourage efficient provision of the universal service. The analysis showed a partial technical and partial cost efficiency of the universal service provider with room for further improvements. In the



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UNIVERSAL SERVICE IS
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scope of this analysis an analysis of options of introducing a price cap was also conducted, with the objective of establishing whether the regulatory system of the price cap makes sense in the light of current conditions on the postal services market. The analysis showed that, while the implementation of a price cap is possible, it is practically questionable from the perspective of the current and expected negative trends in the universal service market, and with a calculated negative x.

3.2.5 INTERNATIONAL COOPERATION

The Agency actively participated in the international associations ERGP (European Regulators Group for Postal Services), and CERP (European Committee for Postal Regulation), and maintained contact with European regulators and the European Commission. In ERGP the Agency participated in 5 working groups, and in 2 of them it also prepared draft documents. The Agency attended two ERGP CN sessions and two ERGP plenary sessions, and a workshop. In preparation for the Exceptional Congress of the International Postal Union (IPU), which will take place in 2018, it participated in an ad hoc working group for reforming the IPU, and a working group that operates in the scope of the CERP board. It attended CERP's plenary meeting and 2 plenary sessions of CA SPZ, as well as the regulatory conference. In the scope of the European Commission the Agency attended the meeting of the Postal Directive

Committee (PDC).

For statistical purposes the Agency reported to the European Commission, which since 2014 has had the authority to collect and process data on the postal services market. The Main Developments in the Postal Sector study that the European Commission conducts every 5 years, the Agency prepared and submitted the required data and additional explanations.

The Agency proactively participated in the professional discussions in the field of postal regulation. Besides attending meetings through the associations of regulators, forums, and conferences, it also prepared and presented a study entitled The Quantity Rebate Scheme – Applicability of “per sender” Reasoning for Corporate Groups at the international conference Postal and Delivery Economics.

4 RAILWAY TRANSPORT 4.1 FRAMEWORK, GOALS, SITUATION IN THE MARKET 4.1.1 LEGAL FRAMEWORK

The basic legal framework for the regulation of the railway transport services market comprises the:

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

Also pertinent to this area is:

- Decree on Train Path Allocation, Network Time Table Construction, Infrastructure Charges and Performance Regime on Public Rail Infrastructure (Official Gazette of the Republic of Slovenia, no. 44/16).

The Agency also follows the European

Commission's recommendations.

4.1.2. ANNUAL GOALS

The Agency's main goal in regulating the railway services market is to ensure all carriers, i.e. all applicants, equal access to the public railway infrastructure, fair usage fees, and equal access to the facilities for conducting railway services. The Agency achieved the goals set out, by:

- Regularly monitoring train path allocations for the timetable period and ad hoc train paths to ensure equal treatment of all carriers or applicants in assigning train paths. Based on the monthly analysis of realized train path allocations it monitors the actual occupancy, i.e. utilization of infrastructural capacities;
- Regularly monitoring how usage fees are billed, so that the billing is conducted in accordance with the valid methodology and without discrimination;
- Monitoring how additional services are provided to ensure that carriers have equal access to these services.

4.1.3 SITUATION IN THE MARKET

There were no major changes in the market of railway transport services in 2017 in comparison to the past years.

In 2017 freight transport on the public railway infrastructure was provided by three carriers: SŽ-Tovorni promet, d.o.o., Rail Cargo Carrier, d.o.o and Adria Transport, d.o.o. Their market shares did not change significantly in 2017. In the beginning of the year a license was issued to a new freight carrier, Primol – Rail d.o.o., but it is yet to be issued a safety record, so it is yet to begin conducting transport services.

Passenger railway transport services were in 2017 once again only conducted by one carrier, SŽ-Poštniški promet d.o.o., which transports most passengers as part of its public service obligation of providing passenger transport in domestic and cross-border regional railway traffic.

While the market for international railway passenger transport in the Republic of Slovenia is open for foreign carriers, opening the market to foreign carriers in the domestic railway passenger transport is only planned in the amended Railway Transport Act, which is to be adopted in the first half of 2018.

4.2 ACTIVITIES FOR ACHIEVING GOALS

4.2.1 REALIZATION OF ALLOCATED TRAIN PATHS TO CARRIERS IN RAILWAY TRAFFIC

Using monthly reports from the administrator of the public railway infrastructure, the Agency continued in 2017 to conduct regular monthly analyses of the realization of allocated train paths by individual carriers. The number of train paths allocated to this carrier did not change significantly in 2017 compared to 2016. There is still a noted relatively high share of cancelled train paths of freight traffic carriers, which confirms the fact that carriers order more paths than they actually need. This in turn reflects an unrealistic state of infrastructure's occupancy.

The Agency estimates that this situation is primarily the result of the rule on canceling train paths, which allow carriers to cancel their paths relatively late (up to 6 hours before the scheduled departure) with no financial implications. The analysis of allocated train path realization in railway passenger transport continues to show a near 100-percent realization of allocated train paths in 2017 once again. The reason for the exceptionally small number of cancellations can be found in the fact that the only carrier in railway passenger traffic conducts nearly all train rides (about 99 %) as part of its public service obligation.

4.2.2 ANALYSIS OF FREIGHT TRAIN DELAYS

In the scope of monitoring the market of services in the railway freight traffic, the Agency noted a large increase in the delays of freight trains heading towards the Port of Koper. Through an ex officio administrative procedure the Agency sought to establish whether there was any potential discrimination by the administrator to the freight carriers when receiving their trains to the

Koper freight station. The Agency established that the administrator was not discriminating towards the carriers. It was, however, discovered in this process that unjustifiable congestion of the freight station with the railway cars from all carriers is an undesired development, and has issued a decree to the administrator to improve the situation. The legality of the Agency's decision is under verification at the Administrative Court. In relation to the issue of receiving trains at the Koper freight station the Agency also received a complaint from a carrier in freight traffic against the actions of another carrier. The Agency found that this complaint was unfounded.

4.2.3 ANALYSIS OF THE INTENSITY OF USE OF THE RAILWAY INFRASTRUCTURE

Working with other regulators in the IRG-Rail, the Agency made an analysis of the railway network's utilization rate based on carriers' data on train kilometers traversed. It includes the average number of trains per individual kilometer of the railway network. The data below is for 2016.

FIGURE 5: DAILY NUMBER OF TRAINS PER NETWORK KILOMETER



Source: IRG-Rail Data Collection

Based on 2016 data from 24 countries, it can be concluded that 51 trains on average run on every kilometer of a given railway network every day. Slovenia is somewhat below this average with 44 trains. From all 24 analyzed countries Slovenia reported the highest daily number of freight trains per network kilometer.

4.2.4 MONITORING USAGE FEE BILLING FOR ACCESS TO THE PUBLIC RAILWAY NETWORK

In 2017 the Agency carefully monitored how carriers are charged usage fee for access to the public railway infrastructure. Based on the monthly reports from the administrator, SŽ-Infrastruktura d.o.o., the Agency established whether usage fees are billed to the carriers without distinction and in accordance with the methodology and valid legislation.

4.2.5 INTERNATIONAL COOPERATION EC DG MOVE AND IRG-RAIL

In 2017, the Agency was actively involved in working groups of EC DG MOVE. The focus of the work was in the European Network of Rail Regulatory Bodies (ENRRB) by attending three regular meetings of the network and the workshops on current issues facing the regulation of the railway services market. This working group continued to coordinate positions to the proposals of EC's executive acts to the Directive 2012/34/EU and the Directive (EU) 2016/2370. Cooperation with the working group of railway infrastructure administrators PRIME, RNE, and CER also continued. 2017 saw the start of a tighter coordination of ENRRB with the European Union Railway Agency (ERA). The Agency also collaborated with a working group for monitoring the RMMS market, which operates in the scope of the European Commission.

The Agency's representatives actively participated in working groups of the Independent Regulators' Group – IRG-Rail, namely working groups on: (1) monitoring legislation

drafting, (2) usage fee charges (and subgroup: usage charges for additional services), (3) access to infrastructure and subgroup: access to additional services, and (4) market monitoring. In these working groups the regulators formed their positions on the proposals for the legislative and implementing acts of EU bodies, collected information on national railroad market regulation in member countries and statistical data on the development of the market in member countries, and developed best practices at workshops. The Agency's representatives also in two plenary meetings of IRG-Rail.

The Agency collaborated with other regulators in monitoring the events in the Mediterranean, and the Baltic-Adriatic freight transport corridors, which go through Slovenia in accordance with Regulation (EU) no. 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight traffic.



FROM ALL
24 ANALYZED
COUNTRIES SLO-
VENIA REPORTED
THE HIGHEST DAILY
NUMBER OF FREIGHT
TRAINS PER NET-
WORK KILOME-
TER.

VIII SUPERVISION

1 THE SUPERVISION OF TELECOMMUNICATIONS

The Agency supervises adherence to the provisions of the Electronic Communications Act, and based on the issued regulations and general acts in accordance with Article 221 of ZEKom-1. Exceptions are cases that fall under the jurisdiction of the Information Commissioner based on Articles 149, 153, 153a, 155, and 157 of this Act. The Agency also supervises the implementation of all individual acts or measures that

it adopts pursuant to this Act and regulations and general acts issued pursuant thereto. In the territory of the Republic of Slovenia it also supervises adherence to those provisions of EU regulations in electronic communications that have a direct impact on the legal order of the Republic of Slovenia, and that are also by definition supervised by national regulating authorities. In 2017 the Agency conducted 432 supervisory and 56 small offence procedures in telecommunications.

With this the Agency fulfilled the objectives it set in this field. Of the 15 planned tasks the Agency completed 14, which puts goal realization at 93 %. Of 488 cases, 253 were resolved within 60 days, which means 51 % of cases were resolved within the recommended period. Of the 488 cases, 37 were in the process for more than 9 months, which means a backlog of 7 %. No cases were returned for renewed resolution, and responses were sent to all the requests for supervision.

FIGURE 6: SUPERVISORY PROCEDURES IN TELECOMMUNICATIONS IN 2017:

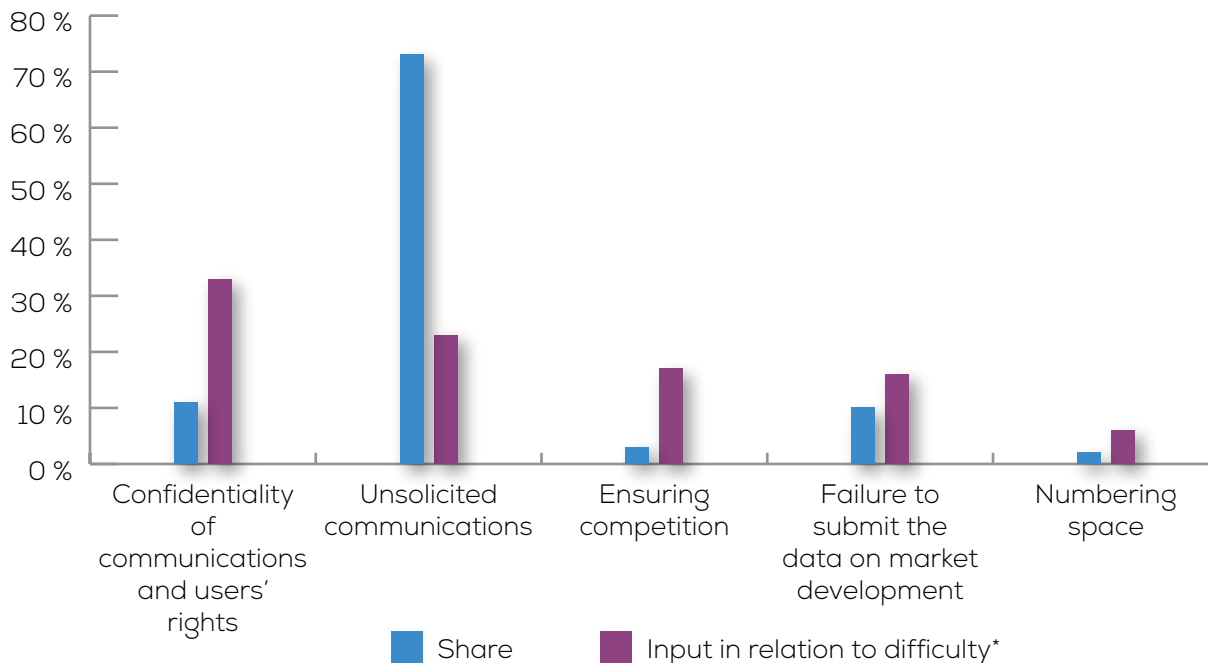
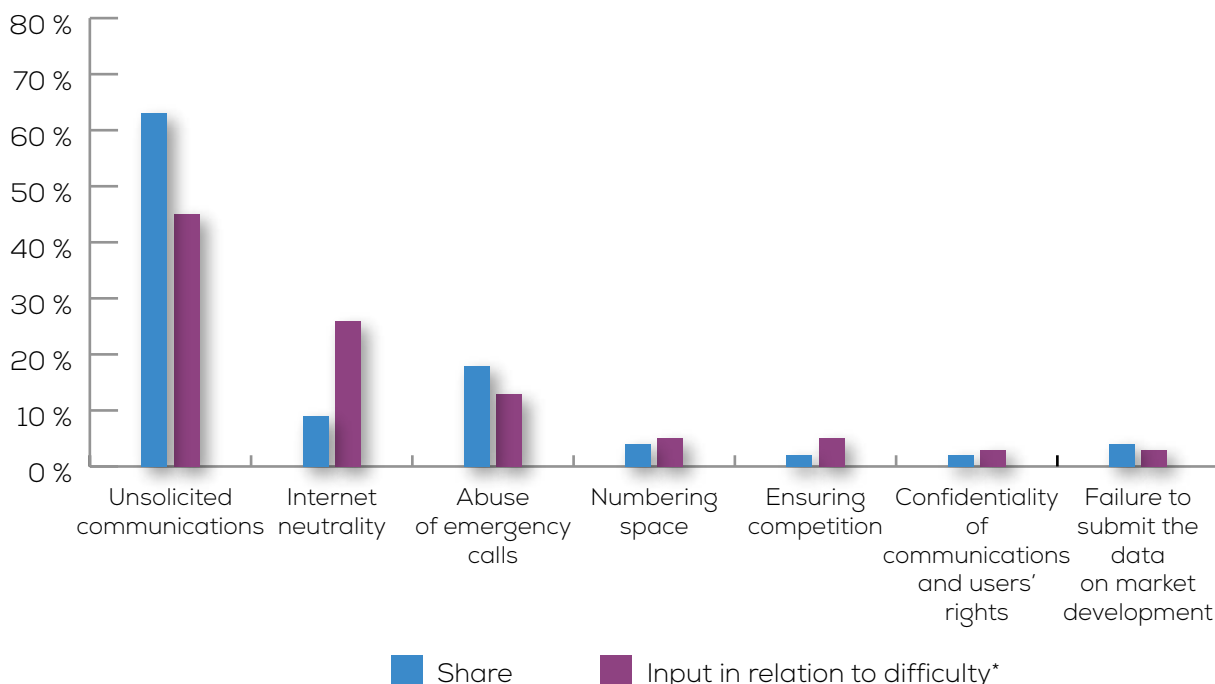


FIGURE 7: MINOR OFFENSE PROCEDURES IN TELECOMMUNICATIONS IN 2017:



* Input in relation to difficulty (or input to difficulty ratio) is a new assessment category for procedures with regard to how demanding they are and how much time and other resources they require.

1.1 INTERNET NEUTRALITY

Regulation (EU) no. 2015/2120 of the European parliament and the council of 25 November 2015 on defining the measures related to access to the open internet, and amendments to the Directive 2002/22/EC on the universal service and the users' rights related to electronic communications networks and services, (hereinafter: Regulation) instructs national regulatory bodies to also carefully monitor and ensure compliance with Articles 3 and 4 and to encourage equal and non-discriminatory treatment of traffic in ensuring access to internet services of a quality that reflects the advancement in technology. On 25 July 2017 the Agency issued the Recommendation regarding the implementations of the provisions of Regulation (EU) no. 2015/2120 on defining the measures related to access to the open internet with the goal of unifying and simplifying the implementation of its provisions. The Recommendation was made in tight collaboration with internet service providers, as the Agency held 5 public consultations with them for discussing issues in the execution of the

Regulation. The Agency further aims to implement the recommendation to more effectively protect end users and strengthen their trust of internet service providers, especially through consistent supervision of adherence to the request for transparency and the availability of information on internet access services on the market and the related terms and conditions. In June 2017 the Agency also prepared the first National report on internet neutrality, in which it explained the relevant legal frameworks for providing internet access services and the findings based on the data gathered on the market in the first year after the implementation of the Regulation (for the period from April 2016 to April 2017). In accordance with paragraph 1 of Article 5 of the Regulation national regulatory bodies have to publish annual reports on monitoring and their findings, and submit these reports to the Commission and BEREC.

As an active member of the net neutrality expert working group with BEREC (NN EWG) the Agency's representatives collaborated in the preparation of the questionnaire

for gathering the required data and information and then also in drafting BEREC's annual report on the implementation of the Regulation in individual EU member states, which was published at the end of 2017. They also actively contributed towards establishing the database of actual cases of disputable commercial practices of internet access service providers across Europe.

In 2017 the Agency also verified the policy of traffic management in broadband access on the mobile network. So far the Agency has focused mainly on the issue of assigning IPv4 addresses to end users and establishing whether users are limited in such access, especially because of the blocking of certain services (ports). In connection with this issue it held a workshop with the operators of mobile public communications services.

1.2 COOPERATION WITH OTHER BODIES IN SLOVENIA

In cooperation with the Information Commissioner the Agency held a few consultations with operators

regarding the execution of the provisions of ZEKom-1 pertaining to storing and processing traffic and personal data. The most pertinent topic is the range and deadlines for storing traffic data for the purpose of executing the Roaming Regulation. The Agency turned to the European Commission for guidelines. In 2018 another consultation with the operators and the Information Commissioner is planned in order to draft proposals for legal practices.

In cooperation with the Information Commissioner and after a consultation with the operators, the Agency also wrote a document entitled "Common position of AKOS and IP RS regarding data processing on the use of digital television by operators". The aim was to explain the suitability of using possible legal frameworks when gathering and processing data that the operators obtain from users of digital television services. Both bodies will take into account the adopted position in implementing their supervisory procedures for storage and processing of data on the use of digital television services, where the content provider unavoidably receives and consequently also processes the data on using these services. Since television viewing data fall under personal data, as well as under the data on traffic based on the provisions of Article 151 of ZEKom-1, the Agency will in 2018 institute random supervisions of how said data is processed and stored, and whether legislative procedures are adhered to strictly in doing so.

At a request from the police the Agency and the Information Commissioner also prepared a Report in relation to the type and method of sending location data for the requirements of effective emergency call service at 112 and 113 numbers. The current system made the work of police and emergency responders more difficult because of poor information on the caller's location.

The Agency received quite a



few questions regarding the interpretation of paragraph 9 of Article 147 of ZEKom-1 on permissiveness of recording the content of communications by healthcare centers and hospitals. The Agency prepared and published a non-binding opinion regarding the permissiveness of recording telephone calls to telephone numbers of healthcare centers and hospitals. It also prepared a non-binding opinion regarding the permissiveness of recording telephone calls by banks and insurance companies. After publishing its opinions, the Agency randomly checked with healthcare centers and hospitals, as well as with banks and insurance companies, as to whether their practices to record telephone calls are in accordance with the law. As it did not establish any violations of ZEKom-1, there was no need to launch any inspection supervision procedures.

The Agency is also participating in the interdepartmental governmental working group on cyber security in the preparation of a proposal for the text of the new Information Security Act, and has also taken part in consultations and other events related to this.

1.3 COMPETITION PROTECTION

The Agency launched a supervision procedure against an operator with significant market power in relevant markets 4 and 5 to verify whether it adhered to the provisions of the obligation of equal treatment

imposed with two regulatory decisions on said relevant markets. During the supervision procedure the Agency especially sought to establish whether the operator informs alternative operators about major maintenance or investment works in its telecommunications network at the same time and with information of the same quality as it does its retail unit. The Agency did not discover any concrete violations during the supervision, so it stopped the procedure. The Agency also supervised adherence to the obligations from the regulatory decision in relation to ensuring transparency in orders for allowing operator access, where it found that the Reference offer for unbundled access to the local loop and for shared location is not transparent in this part, and issued a decision, imposing to fix any irregularities.

The Agency completed two supervisory procedures to verify the fulfillment of obligations from allowing carrier access, finding no breaches to regulatory decisions, so the procedures were stopped by a decision. The Agency also launched a supervisory procedure regarding the execution of obligations of allowing carrier access to check whether the obligated party is adhering to the deadlines and handles the requests for error resolution correctly. By the end of 2017 the procedure was not yet completed.

Based on a received complaint the Agency established a violation of

fulfillment of obligations to allow carrier access, and launched a minor offence procedure in which it issued a fine in the amount of EUR 280,000, as the violations of obligations imposed by a decision on the relevant market are the worse kind of violations that directly limit the competition.

Considering the positive responses in the past year the Agency continued in 2017 holding various workshops for operators. The objective of these workshops is for operators to agree upon solutions through constructive dialogue in order to more effectively pursue the goals and purpose of the regulation especially at the completely operative level. One of the matters discussed at these year's workshops was the transparency of the reference offer for unbundled local loop access and shared location (RUO) from the perspective of obligations that have been imposed on an operator with significant market power through decisions on relevant markets. The emphasis was on the definitions and understanding them in relation to adhering to deadlines for completing orders for local loop unbundling with regard to the connection's level of construction. The need arose for separating the orders for local loop unbundling from orders for constructing a connection, and the need to specify the term "complete application". Workshops resulted in common conclusions that the Agency then used in forming the regulatory measures on relevant markets 3a and 3b.

1.4 COLLECTING AND PROVIDING DATA AND INFORMATION

In 2017 the Agency launched 45 inspection supervision procedures because of non-fulfillment of the legal obligation of submitting the data on market development, issuing 13 decisions with corrective measures. One operator was fined for failing to comply the obligation in spite of a supervisory decision. The Agency handles such breaches of operators' legal obligations with the utmost priority due to strategic importance

of obtaining correct and timely data for providing its regulative tasks and other obligations it has based on ZEKom-1.

1.5 CONSUMER RIGHTS

After receiving a large number of user disputes the Agency launched a supervision procedure in which it verifies the timeliness of notifying subscribers when they reach the pre-determined allowance of services or a financial limit, and how the regulated service of data roaming is then blocked or billed when the agreed allowance of services or a financial limit has been reached while roaming abroad, and discovered several violations of Article 15 of the Regulation EU no. 531/2012 of the European Parliament and the Council on roaming in public mobile communication networks in the Union (OJ L 172/10, 30 June 2012, as amended finally by the Regulation EU 2015/2120 of the European Parliament and Council, OJ L 310/1, 26 November 2015, hereinafter: Regulation), and has issued to the obligated party a decision on the fixing the irregularities.

1.6 SECURITY AND RELIABILITY OF NETWORKS AND SERVICES

At the end of 2016 the Agency initiated 4 supervisory procedures ex officio to review the system for information protection management from the perspective of processing and storing subscriber and traffic data. Two procedures were completed in 2017, while the remaining two will be in the first quarter of 2018. The Roaming Regulation, which came into effect at the end of 2017, caused significant changes to the range and deadlines for storing traffic data, and required operators to customize their applications with new requests. A few open questions remained regarding the implementation of the regulation that still need answering. The Agency took into account these facts when making decisions and imposing measures, and has focused in these supervisory procedures mainly on

whether the subscriber data was appropriately processed.

When personal data security is breached operators have to notify the Agency. In 2017 the Agency received 9 notifications about such security incidents. In relation to one incident the Agency requested an opinion from the Slovenian Computer Emergency Response Team (hereinafter: SI-CERT). SI-CERT reviewed the case and established that the measures that the operator took were appropriate. In other cases the Agency was able to establish by itself that the measures operators took to stop a repeat of the same type of security incident were appropriate and proportionate. Considering the number of received notifications, the Agency estimates that the operators are not reporting systematically of such incidents.

In the scope of its regular tasks the Agency monitors the notifications and reports that the operators submit to the Agency in the event of any limitations to the network or in the event of major malfunctions or incidents with breaches of security or integrity. In 2017 the Agency received 526 reports of disruptions due to network interruptions, constructions of extensions, upgrades or maintenance. Compared to last year this means a good 20 % more reports or outages. There were reports for 156 faults, 212 upgrades, 158 maintenances, and 41 constructions of extensions. Most of the service outages were the result of power outages, broken network elements, or cut cables. In 2017 the Agency received 11 reports of incidents that had a significant impact on the security or integrity of the networks and services or consequently on the operation of public communication networks or providing public communication services. The biggest number of incidents occurred on the mobile network, where generally several hundreds of thousands of users can be affected. The most frequent causes for incidents in 2017 were network system errors and natural disasters.

Operators of public telephone services report to the Agency every year on 1 April the statistics of the quality of service provision for emergency calls to the number 112. Between April 2016 and March 2017, a total of 89,184 calls were made to the number 112 from the fixed network and 327,712 from the mobile network for a total of 416,896 calls to all Slovenian regional emergency centers 112. Operators state that during the measured period they all provided service without interruptions, that the calls were free of charge, handled with priority, that they sent the information on the number of the caller, and that the calls were routed to the nearest regional center in accordance with the obligations, as defined by the Rules on the quality of service for the uniform European number for emergency calls 112 (Official Gazette of RS, no. 90/2013). The Rules also define the share of failed called and the average time of delivering text messages. The parameters for all mobile operators are within the limits. When calling the 112 center, the information on the user's current location should be transmitted alongside the caller's number. The responses make it clear that the 9 operators of the fixed network do not submit the location automatically, but only at the 112 center's request (by phone or fax) or send a list of all the addresses of their subscribers to the center in advance.

As a minor offence body, the Agency also handles offences relating to the abuse of emergency number 112. In 2017 it received 10 such reports, resolving 4 of them, and completed 1 procedure launched in relation to such breaches in 2016.

In relation to the security and reliability of networks and services the Agency is also participating in the Article 13a working group of the European Network and Information Security Agency (hereinafter: ENISA). In 2017 the Agency's representatives attended 3 meetings of the working group aimed at exchanging best practices and current challenges in

information and cyber security. Based on analyses of the events the working group forms unified positions that are then transposed into the national executive acts and recommendations. In 2017 one of the most important subjects was the vulnerability of the SS7 signalization protocol, with possible abuses of this protocol, and the drafting of recommendations for taking action to lower the likelihood of abuse. The working group invites the operators to their meeting once per year, so that they can present their current challenges and perspectives on handling the security and integrity of their networks.

1.7 ELECTRONIC COMMUNICATION PRIVACY

In 2017 the Agency processed 317 reports of unsolicited communications (email, text messages and telephone calls). In cases of a possible violation of Article 158 of ZEKom-1, the Agency launched supervisory procedures. For repeat offenders, especially big companies working on sending commercial e-mails and unsolicited voice calls, the Agency also launched minor offence procedures. In supervisory procedures it issued 6 decisions with corrective measures and 27 written warnings, while in 16 launched minor offence procedures it issued 5 warnings and 8 fines. No appeals for legal protection were issued against any of the decisions. The Agency finds that the number of reports has grown significantly compared to 2016. The most frequent breaches are still sending unsolicited email without the recipient's approval, having a poor system for unsubscribing from receiving unsolicited email with marketing content, and disregarding the opt out option for using phone numbers for commercial and surveying purposes that subscribers mark in the Telephone Directory of Slovenia.

1.8 REGISTRY ENTRIES AND NETWORK CONSTRUCTION

Back in 2015 the Agency began informally verifying the accuracy of the how network connection points

are entered by obtaining actual access to the data on network connection points entered into the consolidated cadaster, which it continued in 2016. The result of all the work the Agency conducted together with the Surveying and Mapping Authority of Slovenia (GURS) is a significant increase in the amount of data on the condition and capabilities of network connection points in the cadaster, as well as their accuracy, creating one of the more significant conditions for an effective and factual analysis of new relevant markets that started in 2016 and was completed in 2017, as well as for establishing the market interest and consequently determining the existence of white spots, where state assistance in infrastructure construction would be required and permitted. In 2017 the Agency held 2 supervisory procedures to verify whether the obligated parties were fulfilling their obligation from Article 14 of ZEKom-1 in relation to submitting the data on the existing condition and capabilities of network connection points through which subscribers have access to the public communication network. After the obligations were fulfilled by the obligated parties, the Agency stopped the inspection supervision procedures.

1.9 SUPERVISION OF OBLIGATION FULFILLMENT FROM THE DECISIONS ON ASSIGNING RADIO FREQUENCIES FOR PROVIDING PUBLIC MOBILE COMMUNICATIONS

In 2017 the Agency started a supervisory procedure of a holder of radio frequencies for providing public mobile communication services. The procedure is for the Agency to verify whether the holder is meeting the conditions in its execution of the decision, as defined based on Article 52 of ZEKom-1.

2 SUPERVISION OF THE RADIO FREQUENCY SPECTRUM

Ensuring uninterrupted use of the radio frequency spectrum for all



IN 2017
THE AGENCY
INVESTIGATED
89 REPORTS OF
HARMFUL RADIO
INTERFERENCE.

users of radio services, i.e. all holders of decisions on assigning radio frequencies (ODRF), by taking regular measurements throughout the whole territory of the Republic of Slovenia and through inspection measures in cases where irregularities are discovered is a regular task of the Agency. The Agency supervises the radio frequency spectrum systematically on the basis of its annual plans, based on internal orders for special spectrum measurements, for example for the requirements related to radio frequency spectrum management, and within the scope of investigating reported radio interference. When conducting radio frequency spectrum supervision, the Agency's authorized personnel use the provisions of the Inspection Act appropriately. They can act with the power a minor offence authority if they ascertain during the supervision proceedings that the severity of the offence requires them to take action in accordance with the Minor Offences Act. And, as experts in the field, they can assist radio station owners by advising them on how to resolve various technical issues. In 2017 the Agency's authorized persons researched and discovered the reasons for all the cases of interference reported by ODRF holders.

2.1 MEASUREMENTS OF THE SPECTRUM AND ELIMINATING INTERFERENCE

In 2017 the Agency investigated 89 reports of harmful radio interference. Approximately one third of the cases pertained to interference of mobile operators' transmissions (GSM and UMTS) by natural or legal persons using GSM repeaters that were not properly installed or configured, faulty DECT devices and other devices which were not operating correctly. The Agency also focused a lot of its time on resolving interference impacting the weather radar due to RLAN connections. Through regular measurements it monitored the activities alongside the border with Italy, where the Italian radio stations continue to disregard international agreements and cause interference for our stations, including those on digital terrestrial radio broadcasting (DVB-T and DAB+). With regard to the established irregularities the Agency sent several dozens of reports to the Italian authorities. A lot of focus was also on the supervision of adhering to the requirements from the DARFs for analog broadcasting radio stations.

In the scope of systematic radio frequency spectrum supervision, the Agency conducted 31 inspections to investigate radio interference and based on reports. It conducted 24 recordings of the radio (FM) and television spectrum in

various locations around Slovenia. The results were the basis for international coordination between radio broadcasting stations, for new technologies on these bands, as well as for issuing DARFs. It conducted several measurements because of reports of interference from DARF holders, as well as for the requirements of supervision and support for radio services in the management of the radio frequency spectrum. It continued with systematic daily measurements of the radio broadcasting spectrum, where the data from all the radio monitoring stations (RMS) are archived in numerical format. It also measured the coverage provided by public mobile operators and the GSM-R digital network.

2.2 UPGRADES AND MAINTENANCE OF THE MEASUREMENT SYSTEM

In order to perform its tasks related to supervising the radio frequency spectrum, the Agency is constructing and upgrading the Radio supervision and measurement system of the Republic of Slovenia (RNMS), as provided in ZEKom-1. The Agency requires special measuring equipment to conduct its tasks, and it must regularly maintain such equipment and upgrade it when necessary. It also requires access to fixed remote or mobile radio supervision stations (RNP). In Slovenia there are currently 12 operating RNPs, of which two are populated radio supervision measurement stations (RNMP), and 3 are specialized measurement vehicles operated as mobile RNPs. All this fixed and mobile equipment is connected to the RNMS network that the employees use for remotely supervising the radio spectrum. The Agency upgrades key components of the RNMS in the scope of the resources it has available.

In order to fulfill its goal of conducting the measurement and supervision tasks as specified by the law, the Agency set out the goal of having its supervisory measurement system at 99 % operability. The system for

monitoring the operability of the supervisory-measurement system has been established, but as it is still in a trial run, the results will be shown at a later period. 99 % operability was not achieved after 4 months, due to frequent outages during weather events (dropped connections, a broken receiver because of a nearby lightning strike). The vehicle fleet is also not 99 % operational because of absent vehicles on regular and unscheduled servicing repairs, and measuring equipment that is broken or undergoing an upgrade. The Agency estimates that at the yearly level it achieved operability above 95 %.

In order to realize its goals of monitoring and supervising the operation of devices with the current fast advances in technology of utilizing the RF spectrum the Agency set out in 2017 to upgrade RNMS with SDR receivers, update the handheld mobile antennae, update the system for monitoring the public mobile networks and to purchase DAB+ measurement tools. All the tasks were completed within the set deadlines.

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

Establishing a system for monitoring the quality of service for fixed data services in broadband networks (QoS BB) was one of the Agency's key

tasks for again 2017. In accordance with the 2017 Operational Plan the Agency had already equipped itself with prototypes of devices for taking measurements on fixed networks, and has already completed the test measurements with the objective of monitoring the conditions at broadband service providers. A suitable level of service quality, in this case represented by ensuring broadband speeds, is a precondition for good operation of NGA networks and establishing the suitability of an operator's performance in regard to network neutrality. European Commission and BEREC also encourage monitoring QoS BB. The Agency has authority over monitoring the quality of service of mobile and fixed data services in broadband access based on the provisions of ZEKom-1, which allows it to impose upon operators a minimum level of service provision for broadband access, and it can take measurements in the event of derogations from the defined levels.

In order to fulfill the goal of managing and updating the AKOS Test Net technology platform, equipping it for conducting professional measurements on fixed networks, and upgrade such equipment for mobile networks, the Agency set out to upgrade AKOS Test Net and purchase a more capable network router and switch. All the tasks were completed within the set deadlines.

The Agency planed on holding 20,000 automatic measurements per year, registering with RIPE and obtaining independent IP addresses, attending the BEREC meetings, and preparing 2 analyses on data traffic. All the tasks were completed within the set deadlines.

2.4 INTERNATIONAL COOPERATION

In 2017 the Agency actively participated in the European project Open crowdsourcing data related to the quality of service of high-speed internet which also includes the Czech and Slovak regulators CZ.NIC and Specure. The goal of this 2-year project is to develop a system for conducting measurements of the quality of broadband services and to evaluate the obtained results from several hundreds of thousands of measurements. A mobile application was developed that the Agency began testing in a testing environment on different access technologies and with different operators. The first prototypes for measurement probes were also developed and are currently in testing.

The Agency also hosted one of the regular meetings of this partnership in November 2017. In this area it was also active in one of BEREC's working groups, preparing the specifications for an open source tool for verifying the quality of internet services.

3 SUPERVISION OF ELECTRONIC MEDIA

In supervisory procedures in 2017 the Agency for the major part fulfilled the main goals it set out in electronic media, namely protecting rights and viewers, listeners, and other users of audiovisual services, ensuring equal conditions for operation for all the players on the market, and ensuring the implementation of the public cultural objectives in electronic media. The share of annual plan fulfillment is at 85 %, with 93 % of matters resolved within the recommended period, and in 98 % of cases the resolution did not take more than 5 months, and no cases were

THE AGENCY IS INVOLVED IN A PROJECT IN WHICH A SYSTEM FOR MEASURING THE QUALITY OF BROADBAND SERVICES WILL BE DEVELOPED.

returned for a repeat procedure. In 2017 the Agency completed 54 supervisory procedures, of which 11 were minor offence procedures, 40 administrative procedures, 2 procedures for obtaining the status of a local radio station of special importance, and one program analysis for obtaining the status of a non-profit radio station of special importance. 32 procedures were concluded against publishers of television programs, 7 against publishers of radio programs, and 15 against the providers of on-demand audiovisual services. In the scope of minor offence procedures 9 decisions were issued with a fine, while 2 procedures were stopped without a measure being issued. The Agency also conducted supervisions of the scope of television advertising on the most watched channels in Slovenia that are registered abroad, but broadcast over the system of Slovenian operators, and with Slovenian advertisements and with Slovenian subtitles that target Slovenian audiences. Nine open procedures were carried over into 2018, with 4 minor offence procedures related to advertising and reports on the shares of European audiovisual works, one inspection supervision of shares of Slovenian audiovisual works and 3 procedures related to obtaining a status of a station of special importance.

3.1 RULES ON HANDLING INAPPROPRIATE AUDIOVISUAL COMMERCIAL MESSAGES ACCOMPANYING THE PROGRAMMING CONTENT AIMED AT CHILDREN

Audiovisual media service providers were obligated in accordance with ZAvMS to submit to the Agency by February 2017 the rules regarding inappropriate audiovisual commercial messages that accompany programming content aimed at children, or a part thereof. When reviewing the submitted rules, the Agency found that only 3 publishers submitted them for their channels, while one did not submit them by the deadline, so the Agency launched

an inspection procedure against them, calling on them to submit a statement and to prepare and submit the rules on acting. All the rules were in accordance with the Guidelines from the Ministry of Health, so the publishers were able to publish them online.

3.2 SHARES OF AUDIOVISUAL WORKS

In the scope of regular reviews of annual reports on achieved shares of audiovisual works in the past year the Agency established that of the 13 television channels who are obligated to submit reports, 8 showed that the channels fulfill the required shares. Inspection procedures were launched against 3 publishers for establishing objective reasons for not fulfilling the required shares, with one of the cases resulting in the discovery that this was the result of an error in reporting and that the channel actually achieved the required share. Two inspection procedures were instigated against two publishers because the reports were not submitted. In this case founded objective reasons were taken into account for this failure to comply, as the publisher was in compulsory settlement, while two publishers failed to present justifiable reasons, so minor offence procedures were instigated. One minor offence procedure was stopped, while the second one was not completed in 2017. In 2017 the Agency also launched an investigative procedure with the aim of establishing whether the publisher reached the required share of Slovenian audiovisual works, but by the end of the year this procedure was yet to be completed.

3.3 REGISTERING ON DEMAND AUDIOVISUAL MEDIA SERVICES

In 2017 the Agency reviewed a market survey and accessed the list of providers of audiovisual media services (AVMSZ) to launch 15 inspection procedures in which it called AVMSZ to register their services in the record of AVMSZ providers. The Agency completed the procedures by issuing decisions in which the providers were imposed

with the measure of registering their service in the record or by decisions on stopping the procedure where either the provider was in already in the phase of registering its service or it was established during the procedure that the service does not meet the criteria for AVMSZ. Based on all the completed supervision procedures the following services were entered into the record: 24ur.com video library, Planet TV archives, Planet Štorija archives, RTV 4D, Exodus TV archives, Cekin archives, Vizita video library, Dom in vrt video library, Okusno je video library, Zadovoljna video library, Moški Svet video library, Bibaleze video library and the service at <http://www.vaskanal.com/arhiv-oddaj.html>.

3.4 PROTECTION OF CHILDREN AND MINORS FROM POTENTIALLY HARMFUL CONTENT

In 2017 the Agency conducted controlled supervisions using the Gledoskop tool for rating and classifying audiovisual media content to monitor the adherence to the provisions pertaining to this area. Because it observed irregularities and inconsistencies in the labelling and time slots of content, especially films, on all the major Slovenian television channels, the Agency organized meetings with their publishers, and presented its findings. The Agency also received a few complaints in 2017 regarding the content that was broadcast on television channels and could have been harmful for children or minors. In 2 cases the Agency issued regulatory inspection orders because of scenes of violence and fear. In the complaints of violence and inappropriate language the Agency did not establish any breaches of regulations, as in the first case the violent scenes were short and non-graphic, while in the second case the show was broadcast after 10 PM with a suitable warning and in during the show

3.5 SHARES OF SLOVENIAN MUSIC IN RADIO PROGRAMMING

in the beginning of 2017 when

concluding the systemic supervision over the shares of Slovenian music in radio programming for the year before, the Agency discovered that the publishers had quite a few problems adapting to the new requirements for ensuring the shares of Slovenian music ushered by amendments to ZMed. In the first quarter of 2017 the Agency conducted a public consultation where it tried to find possible solutions together with other stakeholders, especially radio publishers and the Ministry of Culture. The results of the consultation were numerous valid comments and proposals for changing the methodology of supervising the shares of Slovenian music or the legislation. The Agency exchanged opinions on open methodological questions and interpretations of legal terms with the Ministry of Culture and the SAZAS association. The Agency will continue with activities to coordinate the methodology for supervising the shares of Slovenian music in such a way that publishers can act in accordance with legislation, and the Agency can have an effective supervision over this matter.

3.6 TELEVISION ADVERTISING

In 2017 the Agency regularly verified the scope of advertising on the 28 most watched Slovenian television channels and foreign television channels that target Slovenian audience with mostly Slovenian adverts and mostly also Slovenian subtitles, but on the basis of ZAvMS do not belong under the jurisdiction of the Republic of Slovenia, as they are licensed in another EU member state. The Agency notified the relevant national regulators of any established breaches from these foreign channels, and asked them to take measures in the case of 4 channels where irregularities were found. The Agency received a notice from one of the notified regulators that the procedures were launched against the two publishers of two stations; they were issued a warning, and the regulator will meet with them to discuss measures to stop excessive

advertising shares in the future.

In relation to established prohibited scope of advertising on Slovenian television stations the Agency concluded 11 minor offence procedures in 2017, with most of them ending with a fine for the company and its responsible person, while in 2 procedures the fine was issued to the company and a warning to the responsible person, and 1 procedure was stopped. In the minor offence procedures where fines were issued the Agency also proposed that the court recover any proceeds from unlawful conduct from the publishers.

3.7 AUDIOVISUAL COMMERCIAL MESSAGES FOR HEALTHCARE SERVICES

Based on its own observations and received complaints the Agency noted a rise in the advertising of healthcare services in television programming, which is forbidden by the Audiovisual Media Services Act (ZAvMS). Several inspection procedures were launched, with three of them relating to advertising healthcare services outside of programming content, and one to advertising of healthcare services within programming content. In all four inspection procedures the Agency issued decisions imposing corrective measures.

3.8. PRODUCT PLACEMENT

The Agency's goal in 2017 was to resolve the current state of affairs and unify the understanding and interpretation of the legal provisions of product placement with publishers. For this purpose, the Agency conducted a comprehensive analysis of product placement in shows on Slovenian television channels, and in the second half of 2017 completed two inspection procedures in which it established violations of the rules of permitted product placement. In both cases the Agency issued administrative decisions for illegal direct encouragement to purchasing or leasing products and services by individually naming them.

4 SUPERVISION OF POSTAL SERVICES

The Agency fully achieved the supervising goals it set for 2017. In order to achieve these objectives, the Agency conducted preventive measures according to predetermined priorities, and based on findings in regulative procedures or reports.

In 2017 the Agency conducted 3 preventive supervision procedures regarding the implementation of the provisions of the General act on exceptions in the implementation of the universal service, and verified the permissibility of derogations from serving and delivering mail in these areas. On the basis of the General act on the quality of providing the universal service the Agency verified the appropriateness of installed mailboxes at five contact points. Because of the intensive levels of the transformations in the networks of the universal service provider the Agency also conducted preventive supervision procedures at 12 contract post offices:

Based on reports and findings in regulatory procedures the Agency conducted several supervisions. In supervising the provision of the universal service in February 2017 the Agency established that the universal service provider has conducted limited postal delivery at several areas in the Republic of Slovenia, did not empty mailboxes, and shut down two contact points between 9 and 18 February. It continued the procedure as a minor offence procedure by issuing a warning to the company and its responsible person.

In the supervision of the contracts for access the Agency has obtained all the contracts and annexes in the required deadline and has stopped the procedure. The Agency also verified the working hours of mobile post offices, but did not launch a supervision. It handed over several cases to other bodies and institutions.

IX MONITORING INFRASTRUCTURE INVESTMENTS

The basic objective of monitoring infrastructure investments is to ensure optimum infrastructure conditions in order to realize the goals that the Digital Agenda 2020 sets for Europe, and Digital Slovenia 2020 for Slovenia, i.e. making it possible for practically every citizen in Slovenia to access fast or ultra-fast internet connections.

The Agency's main tasks in 2017 were monitoring, coordinating, and supervising investment projects with the goal of contributing towards shared investments in infrastructure. In addition to making records of such construction the Agency is focused on the active search for new and effective means of shared use of various types of public infrastructure with electronic communications networks. The result of these activities in both cases was lower costs of constructing electronic communications networks. In addition to making records of such construction the Agency is focused in this area on the active search for new, effective means of shared use of various public-private infrastructure with electronic communications networks. It also conducts inspection supervisions to ensure compliance with the provisions of ZEKom-1, ensuring compliance of easement contracts with the letter of the law, and as such is also a minor offence authority.

In 2017 the implementation of the Directive 2014/61/EU of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks resulted in

the adoption of the amended ZEKom-1C, in which the Agency gained new tasks and obligations in this area.

1 BACKGROUND, OBJECTIVES, MARKETS 1.1 LEGAL FRAMEWORKS

The legal framework is the Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 09/12, 110/2013, 40/2014 – ZIN-B, 54/2014 – Constitutional Court decision, 81/15, 40/2017). The General act on transparency relating to planned construction work and on shared construction of public service infrastructure and the General act on access to existing physical infrastructure are both in preparation, as they are imposed by the amended ZEKom-1C.

1.2 ANNUAL GOALS

In this area of the Agency's operations the focus is to encourage investment projects that contribute towards shared investments in infrastructure, while at the same time remove obstacles for preparing and executing shared construction or shared use of infrastructure. More detailed steps towards that goal are:

- monitoring infrastructure projects and consequently providing support to operators in obtaining information on potential shared construction of new infrastructure and shared use of existing infrastructure;
- coordination between stakeholders who invest in such projects;
- supervision of adherence to legal provisions related to the documenting construction and

the compliance of easement agreements.

1.3 CURRENT STATE OF THE MARKET

In 2017 the amended ZEKom-1C was adopted, introducing the full implementation of the Directive 2014/61/EU of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks. This directive (and the related change of the law) focuses especially on the question of cheaper construction of broadband network, as the analysis from the European Commission found that the largest cost in building a broadband network (more than 70 %) comes from the construction itself. The amended ZEKom-1C introduces into the Slovenian legal order additional instruments for optimization of investments in infrastructure so that they can be useful for electronic communications networks.

2 ACTIVITIES FOR ACHIEVING THE OBJECTIVES

For monitoring infrastructure projects, the Agency continued in 2017 to administer the announcements of construction on its website. In 2017 it posted 264 announced construction projects on its website, of which 226 were announcements of other economic infrastructure. The growth in the number of announcements that began in 2016 was continued in 2017, and the same goes for the number of announced interest for shared construction (295).

FIGURE 8: NUMBER OF CONSTRUCTION PROJECTS PUBLISHED ON AKOS' WEBSITE

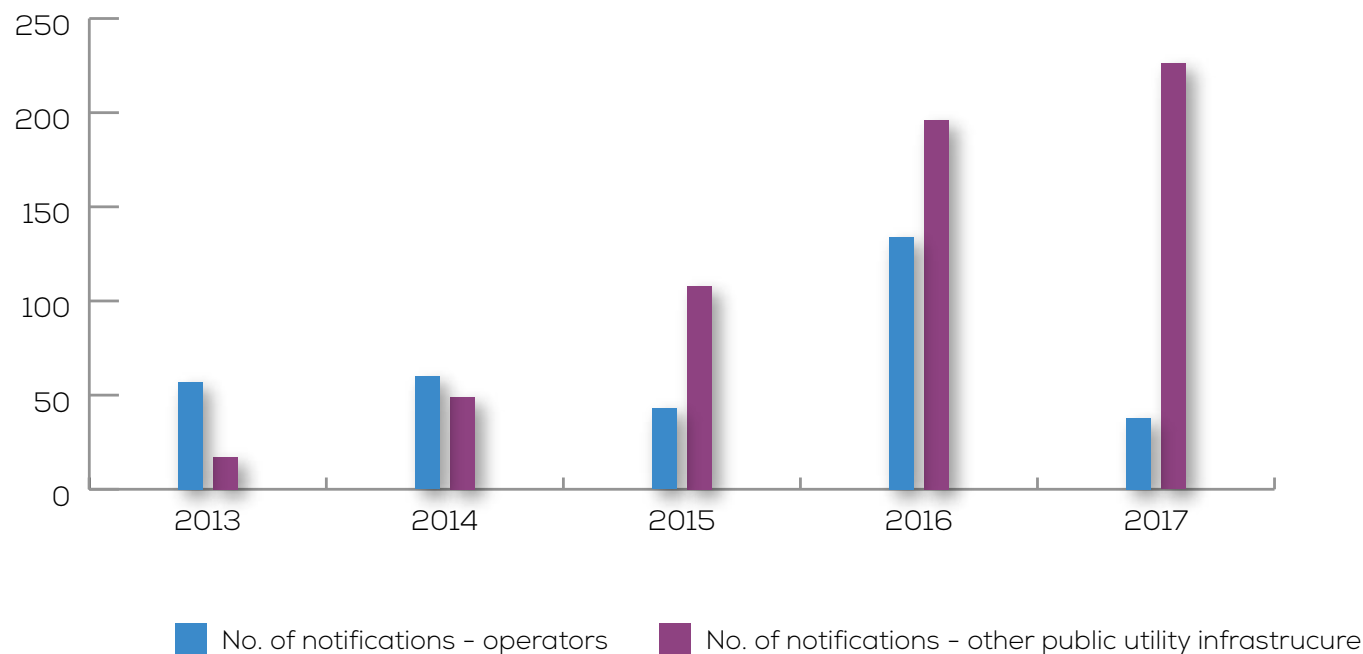
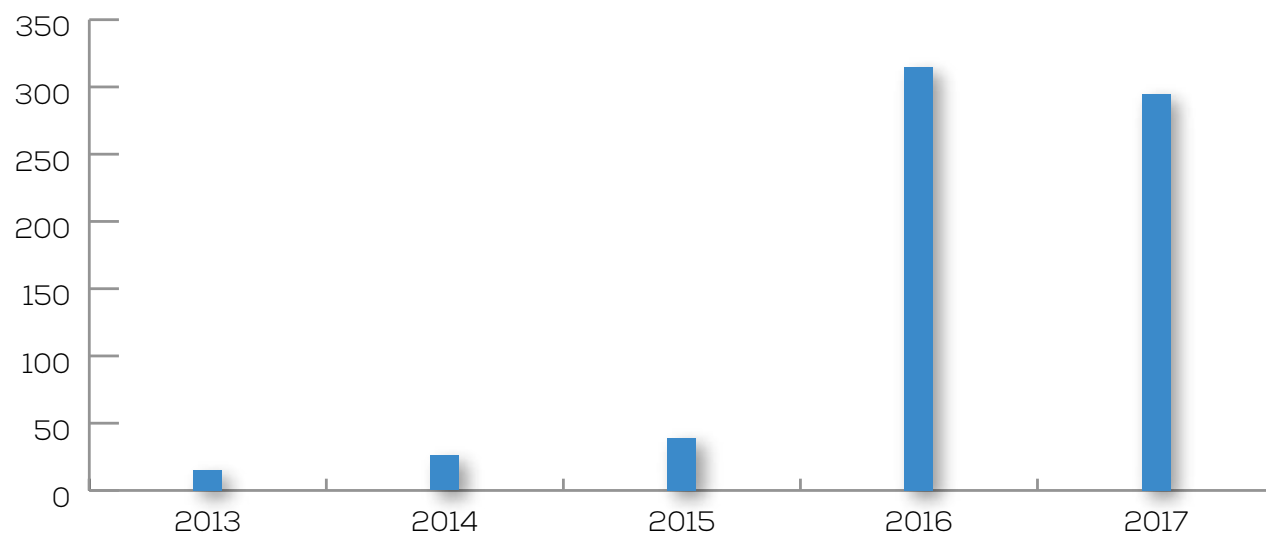


FIGURE 9: INTEREST IN SHARED CONSTRUCTION EXPRESSED



With the aim of more efficiently administering the announcement of construction and applications for interest in shared construction the Agency in 2017 set up the online portal (<http://investicije.akos-rs.si/>). The infrastructure investment portal went live at the start of 2018 and is aimed at investors in telecommunications and other economic public infrastructure in

Slovenia. It makes it possible to electronically submit applications for construction and calls to shared construction and to electronically submit interest for shared construction. It also allows for searching and reviewing published intents, and it includes useful information and announcements from this area of the Agency's jurisdiction.

For coordination between stakeholders of investment in such projects the Agency prepared and held several working meetings and 3 workshops for network operators, local communities and infrastructure operators at which it mostly informed the stakeholders of changes that the amended ZEKom-1C will introduce. Special focus was on the changes to the obligations

of individual types of stakeholders, while also actively gathering the opinions and recommendations related to the draft of the General act on transparency relating to planned construction work and on shared construction of public service infrastructure and the General act on access to existing physical infrastructure which are both in preparation, and are planned to come into effect in the first half of 2018.

In relation to the above the Agency analyzed the possibility of shared use of smart power grids, also with the purpose of making the construction of high-speed broadband networks more affordable and more optimized. The analysis will be concluded in the beginning of 2018. During 2017 the Agency provided its expertise and counseling in drafting spatial planning acts or undertaking joint construction products with specific investments whenever local communities expressed interest in such individual help.

To ensure compliance with legislative provisions related to keeping records of construction and the compliance of easement agreements the Agency conducted 12 supervision procedures on announced construction of public infrastructure where no notice was sent to the Agency about such intent, and concluded 10 of them in 2017; in addition it conducted 27 procedures to oversee the announcement of construction. In the supervisory procedures the Agency reviewed 1,600 easement contracts. This concluded all the active procedures of supervisions of easement contracts, as the amended ZEKom-1 brought changes in the way concluded contracts are submitted, and will be conducting such procedures ex officio in 2018.

X DISPUTE RESOLUTION

The Agency is authorized to settle disputes related to electronic communications and postal services in the Republic of Slovenia based on the following provisions:

- Electronic Communications Act (Official Gazette of the Republic of Slovenia no. 109/2012, 110/2013, 54/2014 – ZIN-B, 54/14 Constitutional Court decision: U-I-65/13-19, 81/2015 and 40/2017);
- Postal Services Act (Official Gazette of the Republic of Slovenia no. 51/2009, 77/2010, 40/2014 – ZIN-B and 81/2015)

This means that the Agency resolves two types of disputes:

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

The Agency also operates as an appeal body in connection with passenger rights protection in railway traffic, in connection with the Resolution (EC) 1370/2007 on the rights and obligations of passengers in the railway traffic.

1 USER DISPUTES RELATED TO ELECTRONIC COMMUNICATIONS

In 2017 the Agency received a total of 797 requests from end users for dispute resolution with a provider, which is within the scope of its 2017

Operational and Financial Plan. In addition to the 797 newly received disputes the Agency continued with its resolution of 197 disputes that were lodged in 2016 and carried over to 2017. The total number of user disputes that the Agency handled in 2017 was therefore 994. Of these, 812 were resolved by the end of 2017, and the Agency will continue with the remaining 182 disputes in 2018.

In resolving user disputes the Agency has been very successful as a mediator (much like in the past few years), resolving 68 % of disputes in such a way that the provider and end user reached an amicable agreement about the dispute resolution, which was followed by a decision to stay the procedure (554 cases). Thus, the objective set for 2017 of using a mediation procedure to successfully resolve 60 % of all disputes in an amicable manner was achieved. In other cases the Agency, in accordance with paragraph 3 of Article 218 of ZEKom-1, issued a decision either recognizing the end user's claim (24 cases) or rejecting it (98 cases). In the event the claim was submitted too late or could not be handled, or the Agency dismissed the proposal for conflict resolution with a decision. The Agency handed over 6 cases to other bodies because they had authority over the matter.

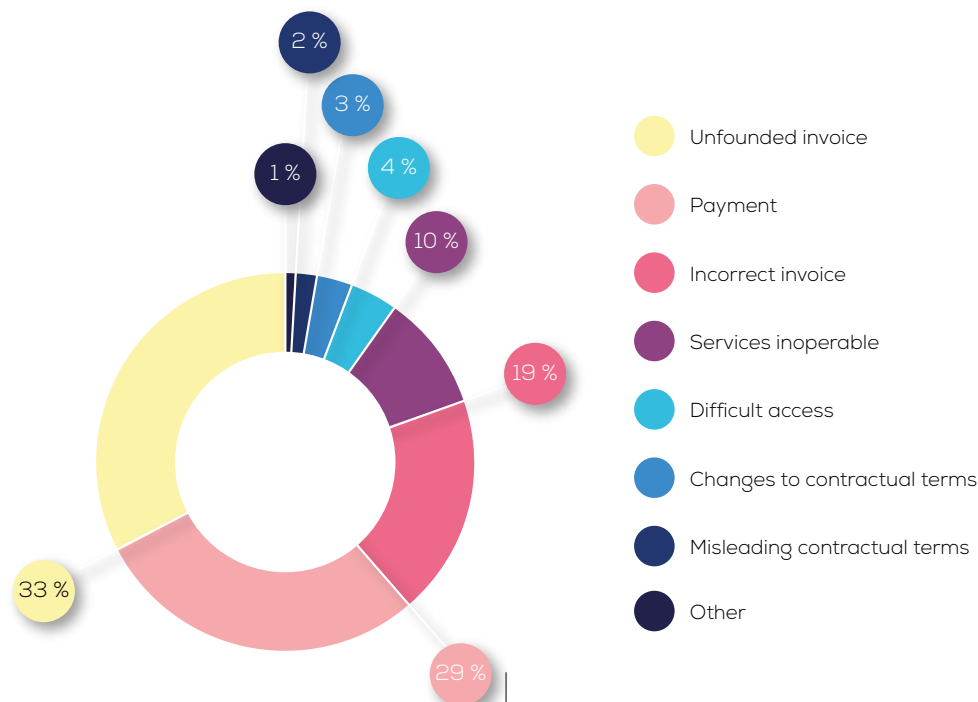
In terms of the subject of the dispute, 2017 was dominated by disputes related to mobile services (55 %). These were followed by disputes related to broadband services (39 %). The share of other disputes (fixed

telephone services, television services, communication services) did not exceed 3 % each.

With regard to the content, i.e. the reason for the dispute, the Agency finds that users in 2017 most often turned to the Agency because of false charges on their invoices, as 33 % of the requests for dispute resolution claim that they did not use the services or did not order them, but the operator still charged

them for it. A large share of the disputes pertained to payments for services (29 %) with users opposing the payment of contract penalties, i.e. costs related to terminating subscriber agreements. These were followed by disputes related to incorrect invoices (19 %) where the data on the invoice (most often the amounts charged) were incorrect, and the disputes relate to service outages or poor services (10 %).

FIGURE 10: DISPUTES BY REASON FOR DISPUTE



75.25 % of disputes in 2017 were resolved within the recommended deadline for resolving them, while 24.75 % of cases exceeded it. The Agency did not fully manage to achieve the goal it set out (i.e. resolve at least 80 % of the disputes in the recommended time).

2 OPERATOR DISPUTES

One operator dispute was carried over from 2016, and the Agency received one request in 2017 to resolve a dispute. The carrier dispute that started in 2016 was related to shared network construction according to Article 10 of ZEKom-1, and the Agency reached its decision in February 2017, rejecting the application from the proposing party, as it failed to, despite the Agency's

calls, to set a specific enough claim that would be supported in the material regulation. The carrier disputed begun in 2017 pertains to regulatory obligations of an operator with significant market power on the relevant market of Access to physical network infrastructure (including shared access or unbundled access) at a fixed location (carrier market), more specifically to access to the fiber optics point-multipoint network. The dispute was not completed by the end of the year, as the parties submitted a request for postponing the hearing by explaining that they have approached the option of an amicable solution to the dispute. The Agency plans to continue resolving this dispute in 2018, and presumably conclude the case in the first half of the year.

3 USER CONFLICTS RELATED TO POSTAL SERVICES

In 2017 the Agency received 31 requests for dispute resolution with a provider of postal services from users of postal services. In addition to the newly received disputes, the Agency continued with its resolution of 2 disputes that were launched at the end of 2016. The total number of user disputes regarding providers of postal services that the Agency resolved in 2017 was therefore 33. Of these, 23 were resolved by the end of 2015 and the Agency will continue 2 disputes in 2018.

In 5 cases that the Agency received it achieved that the user and provider of postal services reached an agreement, which was followed by a decision halting the procedure (22 %). In other cases the Agency, in accordance with paragraph 3 of Article 62 of ZPSto-2, issued a decision either recognizing the end user's claim (2 cases), rejecting it (5 cases), or deeming it outside of the Agency's competencies (8 cases). The Agency handed over 3 cases to other bodies because they had competency over the matter.

Users of postal services most commonly contacted the Agency with claims for compensation due to damaged or destroyed shipments (22 cases) or because of undelivered shipments (9 cases). Of the 23 disputes the Agency resolved in 2017, 91.30 % were resolved within the 4-month recommended deadline.

4 DISPUTES BETWEEN PROVIDERS OF POSTAL SERVICES

In 2017 the Agency did not receive any petitions for dispute resolution from postal service providers.

5 PASSENGER COMPLAINTS IN RAILWAY TRAFFIC

In 2017 the Agency, as the appeal body for the protection of passengers' rights in railway traffic, did not receive any complaints.

XI CARE FOR END USERS

In 2017 the Agency continued with raising awareness among end users of electronic communications and other services under its authority. It published notifications and warnings about potential threats on its website, along with information on how to resolve such issues, it updated its FAQ database, organized consultations with stakeholders, and ran a call center on a daily basis.

1 CONSULTATIONS WITH OPERATORS AND CONSUMER ORGANIZATIONS

In March 2017 the Agency organized a consultation with operators and consumer organizations regarding the return of obtained benefits in the event of an early termination of a subscriber agreement. At the consultation the Agency pointed that the most disputable practices are the ones where the user is practically forced into early termination because the service does not work, and then also has to return the obtained benefits. The Electronic Communications Council of the Republic of Slovenia (hereinafter: SEK) and the Consumer Association of Slovenia also presented their positions. SEK is of the opinion that the best solution would be for an operator to allow a user who withdraws from a subscriber agreement because of planned changes to the contractual terms to complete the subscriber agreement until the end of the lock-in period under the old conditions, while the Consumer Association of

Slovenia pointed to the significant disproportionality, especially in cases where the user receives a certain benefit in the form of a discount on the subscription fee and then withdraws from the agreement because of changed contractual terms.

2 PORTAL FOR ACCESSING OPERATORS' PLANS

In 2017 the Agency continued to operate the komuniciraj.eu portal, which provides end users of electronic communications services with information on all the plans that operators offer (both fixed and mobile). In 2017 the Agency began with the activities to upgrade the system. They will be completed in 2018.

3 CALL CENTER

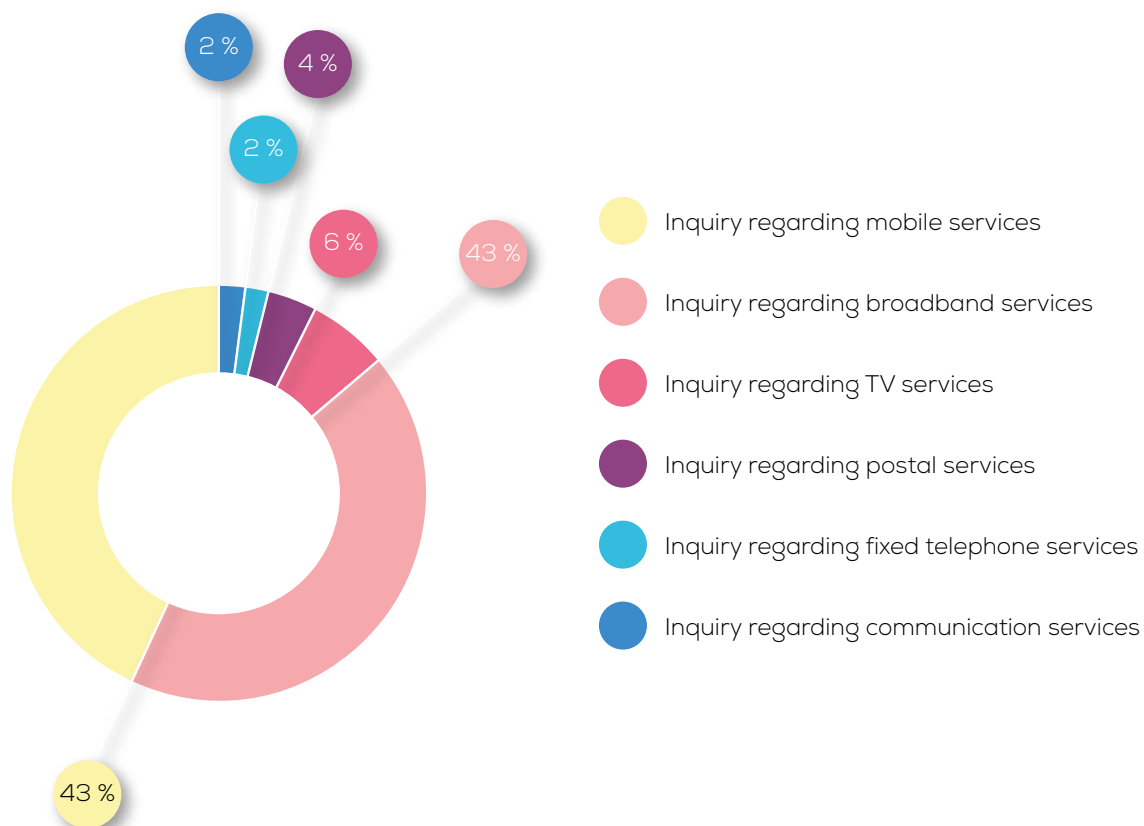
The Agency has a call center at the toll-free number 080 27 35, which operates every day between 9 AM and 1 PM. The call center's main purpose is to provide basic information on dispute resolution procedures before the Agency, and end users can also get general clarifications and explanations regarding all the Agency's areas of expertise, as well as answers to general questions within the Agency's competencies. In this respect the call center also has a preventive role, as by clarifying a problem that has arisen it reduces the need for end users to file complaints with their provider or a request for resolution before the Agency. In 2017 the Agency

responded to 1088 calls.

4 CLARIFICATIONS TO END USERS

In 2017 the Agency received 271 requests from users for the clarification of a given situation, or for advice about a given problem. The Agency wrote 276 written clarifications (including those questions that the Agency received at the end of 2016 and to which it responded in 2017); of these 87.68 % were drafted within the recommended deadline of 15 days. The reason for most of the delays was the complexity of the topic to which the question pertained. In terms of the type of service that the user wanted an explanation about, 2017 was dominated by questions related to mobile services (43 %) and questions related to broadband services (43 %). These were followed by questions about television services (6 %). The average time the Agency needed to draft a response was 9.48 days, which is within the recommended 15-day deadline.

FIGURE 11: RECEIVED INQUIRIES FROM END USERS BY CONTENT



5 PUBLISHING DOCUMENTS AND INFORMING USERS THROUGH WEBSITES

Now end users can access an updated database of frequently asked questions (FAQ) on the Agency's website. The FAQ is divided up into areas of interest (e.g. relations with operators, the internet, online security, television). In 2017 the Agency received 4 new frequently asked questions and published answers to them. In 2017 the Agency continued to publish select explanations that are interesting and relevant to a broad range of users. 19 new explanations were published in individual sections (e.g. conflict resolution, unavailability of services, access to services, charging for services, subscription agreements and postal services).

In mid-2017 the Agency made 3 brochures aimed at informing and raising awareness of end users

with their rights options, along with some significant changes to the legislation; these changes related to concluding subscriber agreements, using mobile services when roaming in the EU/EEA after 15 June 2017, and the Agency's operation and jurisdictions. The brochures are available on the Agency's website and in hard copy also in the Agency's lobby. The Agency received additional brochures, especially ones regarding internet safety, from other institutions, and it also offered them to users.

In December of 2017 the Agency conducted a survey to verify how informed the users are of changes to mobile roaming in and outside of EU/EEA. It discovered that end users are relatively well informed of the changes. It also established that a lot of users use mobile data services also outside of the EU/EEA, so the Agency plans on paying special attention to that because of high

costs. Another remaining issue is that users do not pay enough attention to operator notifications while roaming, which can lead to undesired costs.

XII LEGISLATION AND JUDICIAL PROCEDURES

1 REPRESENTING THE AGENCY BEFORE THE COURT

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

In 2017 the Agency received from the Administrative Court of the Republic of Slovenia 11 court cases for clarification and 3 proposals for issuing a temporary decision, which was somewhat less than what the Agency expected considering past experience. One case against a decision of the Information Commissioner was also submitted by the Agency in 2017.

In 2017 the Administrative Court of the Republic of Slovenia ruled on 17 cases regarding administrative disputes filed against the Agency in 2017 or in years past. It upheld 4 lawsuits, returning the case back to the Agency for a renewed procedure, rejected 9 cases as unfounded, and stopped 4 administrative dispute procedures either because the lawsuit was withdrawn (3 cases) or because a court settlement was reached (1 case).

In 2 administrative disputes the Administrative Court of RS stopped the procedure and issued a request for a constitutional review before the Constitutional Court of RS, meaning that the procedures will continue when the Constitutional Court of RS rules on these cases. The Agency did not lodge any complaints or request reviews against the decisions of the Administrative Court of RS that the Agency received in 2017. However, the Agency in 2017 received from the Supreme Court of the Republic of Slovenia, which has jurisdiction according to the Administrative Dispute Act (Official Gazette of the Republic of Slovenia, no. 105/2006, hereinafter: ZUS-1) to rule on appeals and reviews against the decisions of the Administrative Court of the Republic of Slovenia, a total of 2 responses to reviews that were lodged in the past years. The Supreme Court of RS rejected both reviews as disallowed.

Because a lawsuit in an administrative dispute does not have a suspensive effect, the plaintiff may along with lodging a lawsuit also propose that the court issue a temporary decision for suspending the execution of the Agency's decision. In the scope of the administrative disputes the Agency received from the Administrative Court of RS 3 proposals for issuing a temporary suspension in 2017. The court ruled on all of them, upholding the dismissal of them all. According to the Agency's information no appeals

were lodged against these decisions of the Administrative Court of the Republic of Slovenia.

Based on the reported data the Agency concludes that its goal of having at least 85 % of the contested decisions successfully pass through judicial oversight was not fully achieved. Of the total 17 administrative disputes in 2017 13 of the Agency's decisions passed judicial oversight before the Administrative Court (i.e. 9 rejected and 4 halted), which is 76.5 % of all administrative disputes resolved in this year.

2 INTERFERENCE IN THE SPECTRUM AND LAWSUITS IN FOREIGN COURTS

In 2017 the Agency also monitored court procedures lodged against Slovenian radio and television publishers in Italian courts. These disputes have been ongoing for several years, and are mostly related to the interference in the radio frequency spectrum of the Republic of Slovenia on the border with the Republic of Italy. As these are judicial disputes between private subjects, the Agency is generally not directly involved in them. However, as the administrator of the Slovenian radio frequency spectrum it has an interest that they be resolved to the benefit of Slovenian publishers. With regard to this issue the Agency continued actively cooperating with the State Attorney's Office of the Republic of Slovenia and the relevant ministries,

AGENCY
MONITORED
THE CHANGES TO
THE VALID NATIONAL
LEGISLATION AND THE
EU PROVISIONS IN
THE FIELD OF ITS
OPERATION.

and with the objective of protecting the interest of publishers in the Republic of Slovenia provided them with required support in technical and legal support (cooperation in preparation of positions in court procedures and the procedures of adopting transitional provisions of the EU Court). In this regard the Agency especially actively collaborated with the State Attorney's Office of RS in the preparation of the case of the Republic of Slovenia and in submitting expert frameworks and evidence in two court cases in relation to two radio frequencies (and against two publishers) that are underway at the Civil Court of Trieste (the lawsuit was filed by an Italian publisher against the RS) and the District Court of Koper (the lawsuit was filed by RS against the Italian publisher).

3 NORMATIVE ACTIVITY

In 2017 the Agency actively monitored the changes to the valid national legislation and the European provisions, and took part in the process of adopting national relations within the Agency's operations. In the scope of this work the Agency monitored and collaborated with the relevant ministries, especially in drafting proposed amendments to ZEKom-1, the Public Agencies Act, the draft of the new Consumer Protection Act,

the Personal Data Protection Act, and the Act on Access to Websites and Mobile Apps.

In the first half of 2017 the Agency actively collaborated with the relevant ministry in submitting comments related to the changed proposals of the provisions of ZEKom-1C. In the final part the Agency's comments pertained mostly to the provisions related to institutional organization. The amended ZEKom-1C came into effect on 21 August 2017.

The Agency also collaborated in the discussion procedure of the new Public Agencies Act, which is set to institute uniform organization for all public agencies. The Agency submitted a broad range of comments to the draft act, especially pointing out that uniform organization of all agencies is not appropriate or in accordance with EU directives because of the specific demands of the European directives that form the regulatory framework, and because of this Agency's particular position with regard to its independence and the functions and natures of its tasks.

In the course of discussion about the new Consumer Protection Act the Agency submitted comments especially from the perspective of consumer protection in electronic

communications and postal services, as the draft act imposes new obligations on the Agency. The Agency also submitted other comments that it formed during the dispute resolution procedures, assessing that they would benefit end users-consumers.

In the scope of cooperation in the preparation of the Personal Data Protection Act the Agency studied the proposed act especially from the perspective of the concurrent enforcement of the provisions of the EU Directive 2016/679 of the European Parliament and Council of 27 April 2016 on protecting individuals from the processing of their personal data, on the free exchange of such data, and on the repeal of Directive 95/46/ES (hereinafter: General Data Protection Regulation), which at the EU level complements or uniformly organizes personal data protection for all EU member states. In this framework the Agency took positions especially on those provisions that are relevant from the perspective of its operation and jurisdiction. The Agency submitted general as well as specific comments pertaining especially to its reservations regarding the open meaning of individual provisions in light of the purpose that the act pursues and the clarity of defining the legal framework and obligations in relation to personal data processing.

In 2017 the Agency also reviewed and prepared a few technical and contextual comments to the new proposal of the Act on Access to Websites and Mobile Apps, which will transpose into the Slovenian legal order the provisions of the Directive (EU) 2016/2102 on access to the websites and mobile apps of public sector bodies. Even though the Agency agrees with the intent of the law, it had certain reservations regarding the scope and difficulty of fulfilling the planned requirements, with additional ambiguity arising from the fact that minimum requirements of access

are to be defined only in European Commission's executive acts, which have yet to be adopted, and that the standards that are as yet not translated into Slovenian.

In 2017 the Agency actively collaborated by preparing comments to the proposed wording of the Directive of the European Parliament and Council on the European Electronic Communications Code which has been in discussion since 14 September 2016. The objective of the Code is to revamp the four existing directives (the framework directive and the directives on approval, access and universal service) so that they are combined into one directive. The quoted Code directly impacts the Agency's future tasks and obligations, so the Agency submitted many comments last year, both during the public consultation that the Ministry of Public Administration held at the beginning of the year, and later when it collaborated with the Ministry in forming the positions to the proposals of individual articles, as they were discussed in chapters at the EU Council's working groups.

At SEK's initiative the Agency adopted the General act on changes and amendments to the General act on the format and method of publishing a notification on changes to the terms and conditions from the subscriber agreement. SEK established that there are cases where end users are not transparently informed of the changes to the contractual terms and conditions. The foundation for the change to the General act is paragraph 2 of Article 129 of ZEKom-1, which states that subscribers of electronic communications service must be informed of every change to the terms and conditions set in the subscriber agreement at least 30 days before the proposed enforcement of the change. This deadline now applies to all the methods of informing end users (through text messages, email,

portal for user, written notification by post), and end users further get to choose the method for informing them. Operators must also have a special tab in the header of their main website where any current changes and the history of past changes are clearly and undoubtedly available, so that the user may see what was in force before the change.

In accordance with paragraph 3 of Article 132.a of ZEKom-1, as amended with ZEKom-1C, the Agency must prepare a general act to provide details on the method of monitoring use of data services. In the last quarter of 2017 the Agency began with activities for the adoption of said general act and in December held a meeting with operators and representatives of consumer organizations. The meeting was aimed at exchanging opinions and perspectives in relation to preparing the general act. After the meeting the Agency published on its website on 19 December 2017 the proposal for the General act on changing and managing the use of data services, inviting the stakeholders to submit their comments. After the conclusion of the public consultation and reviewing the comments, the Agency will publish the general act.

In 2017 the Agency also prepared and published in the Official Gazette 4 more general acts: The General act on changes and amendments to the General act on the on the quality of providing the universal postal service, the General act on the plan of utilizing radio frequencies (NURF-4), General act on changes and amendments to the General act on the method of calculating payments for using the numbering elements, and the General act on changes and amendments to the General act on the format and method of publishing a notification on changes to the terms and conditions from the subscriber agreement. In 2017 the Agency also prepared or began preparing the following 8 general acts: the General act on changes

to the General act on defining the transfer speed for functional internet access, the General act on the quality of the universal service, the General act on the method of calculating net costs of the universal service and the non-material benefits, the General act on transparency in connection with planned construction work and on shared construction of economic public infrastructure, the General act on access to the existing physical infrastructure, the General act on monitoring the use of data services, and the General act on changes and amendments to the General act on the number porting.

It also prepared 3 recommendations: Recommendation in relation to executing the provisions of the Regulation (EU) 2015/2012 regarding the provision of internet access services, Recommendation on operator's actions when establishing abuse in voice call termination originating from outside the European Union, and the Recommendation in relation to the type and method of sending location data for the requirements of effective emergency call service at 112 and 113 numbers. More about these executive acts is written under individual areas of the Agency's work in the above chapters.

At the same time the Agency actively collaborated with relevant ministries in the procedures to draft changes to national legislation (Media Act, Postal Services Act, Railway Traffic Act, Information Security Act, etc.) and in forming the positions of the RS to the proposed changes to the European legal framework (the Directive on audiovisual media services, the Regulation on cross-border parcel delivery services, and the Regulation on cross-border transfer of online content services on the internal market.

XIII INSTITUTIONAL ADMINISTRATION

The chapter on institutional administration shows the Agency's organizational structure and human resource management plan; measures that ensure the transparency of the Agency's work with a short report on user opinions about such work; major projects in IT support; financial, accounting, and internal audit activities; and the support that the Agency provides for the Electronic Communications Council and the Broadcasting Council. The Agency is an independent regulator that regulates and supervises the electronic communications market, manages and supervises the radio frequency spectrum in Slovenia, performs tasks for the public good related to audiovisual media services and radio, and regulates and supervises postal services and railway traffic in Slovenia. Access to suitable human and financial resources is one of the critical conditions for the Agency's independence, as required by both domestic and European acts, as well as for the timely, effective, and professional pursuit of the tasks the Agency is responsible for.

1 THE AGENCY'S ORGANIZATION STRUCTURE AND NUMBER OF EMPLOYEES

The Agency performs its work through 11 organizational units and, since 2014, through 2 bodies, namely the Director and the Council.

The Agency's Director is responsible for the Agency's management. The

Director represents the Agency, leads its operations and organizes work, and operates independently in performing regulatory and professional activities in accordance with pertinent valid legislation. On 8 November 2017, mag. Tanja Muha took over as the Agency's Director based on the Government's appointment, after a stint as the acting director.

The Council of the Agency is made up of members appointed by the Republic of Slovenia, namely mag. Aleš Ivković, dr. Andrej Kos, dr. Aleš Pavlin, dr. Slavko Žitnik, and mag. Marko Mišmaš. It is presided by mag. Aleš Ivković. The Council of the Agency's competencies are laid out in Article 177 of ZEKom-1. The Council is to adopt its own rules, adopt the Agency's operational and financial plans, and the annual report, and monitor the implementation of the operational and financial plans, give consent to the Articles of Association that are adopted by the Agency's Director, propose the dismissal of the Agency's Director, recommend a temporary prohibition on the Director performing tasks, and propose the early dismissal of members of the Council of the Agency. In the scope of its authority the Council may review books of account, as defined by Slovenian Accounting Standards, and the Agency's bookkeeping documents; it can demand a report on the Agency's business results and other operations it requires for performing its authority, and recommend

that the Director improve the Agency's operations or alert them to any potential irregularities in the Agency's operations.

In 2017 the Council of the Agency met at 6 regular and 4 extraordinary meetings, and conducted 3 correspondence meetings. The Council was (inter alia) presented with the Agency's revised 2015 annual report, the Agency's internal policies, and the implementation of the 2017 operational and financial plans in the first half of the year, and it gave its comments on a draft of ZEKom-1C. It also discussed the Agency's annual report for 2016 at 2 sessions and approved it based on its powers. The Council issued a positive opinion about the Agency's 2018 Operational and Financial Plans based on previously submitted written and oral explanations from the Agency's representatives. The Council also approved the proposed revised Operational and Financial Plans for 2017. It also closed a public call for the new Agency director initiated in 2016, and started a new call in 2017.

The Agency is not part of the staffing plan for entities governed by public law. The Agency employed 89 public servants for indefinite period on 31 December 2017, with one employee entitled to half-time employment by decision of the Pension and Disability Insurance Institute of Slovenia, and one employee with a 70 % disability and the status of a civilian invalid

of war, who nonetheless works full time. The Agency also employed two public servants based on fixed-term employment contracts due to greater workload.

In 2017 the employment contracts of 3 employees were terminated; one was regular termination, one employee retired, and one continued their career path elsewhere.

The Agency hired 4 public servants, either to replace leaving employees or to strengthen human resources in areas that were approved in the 2017 operational and financial plans.


The Agency adopted new job classifications on 1 December 2017 (new internal organization and job classification rules were published), which came into force on 1 January 2018. The new document was adopted primarily to align tasks and responsibilities for comparable positions, and to bring it in line with the applicable law.

Despite the high level of education of the Agency's employees (nearly three-quarters have at least a university degree) the Agency strives towards the constant education and development of its employees, as an appropriately professional regulator must be well-supported in terms of human resources, must intensively work on development, and must constantly add expert and specialist education and training to obtain the required know-how. Focused employee development was assured in 2017 through individual and group training modules, prepared in cooperation with renowned external experts and organizations. The major part of planned team training, professional and general, was carried out in accordance with the 2017 operational and financial plan. The unrealized part of the plan was the result of employees being tied up with other priorities. The Agency nonetheless estimates that in order to keep up with the fast developing and changing industry it is essential

to maintain the employee training and development program at an appropriate level, and it will continue to provide its employees with the training required for their development.

As part of its activities directed at raising awareness about corruption and its consequences among employees the Agency upgraded the prescribed training with a special course, designed to strengthen integrity, and also updated its Integrity Plan, which was published in June 2017 and sent to the Commission for the Prevention of Corruption.

For preserving employees' health in accordance with legislation on work safety and health the Agency maintains regular temporary or goal-oriented periodical medical check-ups and training courses on work safety with the help of an authorized doctor and an external authorized expert on work safety. Employees in the risk group (those who conduct field measurements) received preventive vaccinations against tick-borne encephalitis. The Agency successfully continued the program of promoting health at work in 2017, and completed all its planned activities, as well as reviewed the Safety Statement with Risk Assessment.



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In late 2017 the Agency initiated activities required for the correct and timely implementation of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as well as on repealing Directive 95/46/EC (GDPR). GDPR will come into force in May 2018, and the Agency must modify and create mechanisms for effective and correct GDPR implementation until then. The Agency carefully studied GDPR in 2017, and subsequently identified the activities still required to be done based on the situation.

2 NEW HIRINGS AT THE AGENCY

The Agency continued the recruitment procedures for posts that it was unable to fill in the preceding year based on the hiring plan approved with the 2017 operational and financial plans, which plan for 94 employees. After the Agency was given new powers with the amendments to ZEKom1-C, and the revised operational and financial plans for 2017 were approved, the Agency got consent for three additional employees.

The Agency has conducted recruitment and selection procedures using selection process

methodology that specifies the roles of individual selection panel members, and the entire recruitment and selection process. The Agency continued to apply this method in 2017, as it has proven to be very effective and transparent. With the aim of employing the best candidates the Agency also sought assistance with selection from competent external experts who contributed with their know-how and experience to the realization of the goal.

The Agency published 12 job postings in 2017, which includes repeated postings for positions it failed to fill in the first attempt. The Agency recruited through the Employment Service of Slovenia and Moja Zaposlitev portal, and it also posted all openings on its website. Its search was successful 4 times, and the Agency completed almost all the open recruitment processes started in 2017 at the beginning of 2018.

3 ENSURING PUBLIC TRANSPARENCY AND INFLUENCE

In 2017 the Agency regularly updated the content on its website www.akos-rs.si. The Agency organized over 10 workshops and discussions, it responded to 107 press questions, and regularly posted information for the interested public on its website in 2017. The number of its posts has been constantly growing over the past years, and increased again in 2017 compared to the year before, namely from 500 to 657. 264 of these posts were notifications on planned constructions, and calls for parties interested in investing in shared construction of communication networks. Due to the rising number of notifications on planned shared construction, the Agency set up a new portal <http://investicije.akos-rs.si/>, which went online at the beginning of 2018. The portal is designed primarily for investors in telecommunications and other public infrastructure in Slovenia. The Agency also started

planning the overhaul and upgrade of its website and all associated portals managed by the Agency in 2017. The complete overhaul of www.akos-rs.si, with the aim of making information as accessible to the public as possible, will start in 2018.


The Agency held proactive public relations and responded to journalist's questions immediately or at least in the legally-proscribed 7-day deadline. In 2017 the Agency received 107 requests for information from journalists, which is on par with the preceding year. It responded to all of them within the legal deadline. It organized several formal and informal events to support its proposals.

When adopting general acts, recommendations, and measures that impact the market the Agency made sure the public had influence, which is described in more detail in the preceding chapters, where the proposals of general acts and other documents, drafted by the Agency in 2017, are listed. It published document drafts on its website before they were adopted, making it possible for the stakeholders and the public to submit written comments and opinions, and then took a position towards such contributions and published

them, explaining how they would impact the Agency's work. It also organized several workshops and discussions, providing professional training to the relevant stakeholders, informing market stakeholders about new developments and ways of implementing regulatory requirements, and sharing opinions and suggestions on issues, when necessary. It did not receive any recommendation through the mechanism it established for receiving the opinions of end users on its work in 2017.

4 ACCESS TO PUBLIC INFORMATION

In accordance with the Public Information Access Act (Official Gazette of the Republic of Slovenia, no. 51/06 – official consolidated text, 117/06 – ZDavP-2, 23/14, 50/14, 19/15 – Constitutional Court decision and 102/15; hereinafter: ZDIJZ) the Agency makes it possible for natural and legal persons to exercise their constitutional right to obtain public information. In 2017 the Agency received a total of 65 requests for access to public information, which is 23 % less than in 2016. The number of received requests is in line with forecasts in the 2017 AKOS Operational and Financial Plan, where the Agency estimated it would receive up to 100 requests in 2017. In addition



THE AGENCY ORGANIZED OVER 10 WORKSHOPS AND DISCUSSIONS, IT RESPONDED TO 107 PRESS QUESTIONS.

to the 65 newly received requests, the Agency continued with its resolution of 2 requests that were carried over from 2016. The total number of requests for access to public information that the Agency handled in 2017 was 67. Of these, 66 were resolved by the end of 2017, and the Agency will continue with the remaining 1 request in 2018.

In 57 cases the Agency granted the requesting party and submitted the requested data, while in 8 cases it rejected them. The main reasons for rejection were the existence of trade secrets (item 2 of paragraph 1 of Article 6 of ZDIJZ), ongoing proceedings (items 7 and 9 of paragraph 1 of Article 6 of ZDIJZ), or the fact that the request pertained to a piece of information that did not exist. Appeals were filed against 5 decisions at the authority of the second instance (Information Commissioner of the Republic of Slovenia). The Commissioner granted the appeal in two cases, deciding that the Agency should grant the requesting party access to the requested documents in one case, and returning the case to the Agency for reconsideration in the second (the decision in this matter will be taken in 2018). Two appeals were rejected, and the Agency did not receive the Information Commissioner's decision in one matter by the end of 2017.

Requests for access to very extensive documentation were also filed in 2017, so the Agency had to extend the recommended deadline of 20 business days in these matters in accordance with Article 24 of ZDIJZ. The deadline was extended in four cases, while twice the deadline was slightly exceeded due to the extent and complexity of the matter. The Agency resolved all other requests within the recommended deadline.

5 INFORMATION SUPPORT

The Agency worked on improving information security in 2017, pursuing the aim of protecting data

as well as complying with the new General Data Protection Regulation. It successfully conducted public procurement procedure for a central system for collecting security events, and has already set up the system. The Agency conducted additional checks and installed patches with the purpose of strengthening data security. It also improved the security by introducing software for protecting terminals/terminal equipment.

The Agency tried to optimize its existing IT infrastructure with regular software updates in 2017. Old and broken hardware was regularly replaced, as the Agency is committed to supporting smooth work process. Due to the constant and rapid growth of the volume of data it obtains and compiles, the Agency had to expand the disk array.

It replaced the obsolete equipment in the multimedia classroom in 2017, which will allow it to continue to hold events and training on its area of work for employees, as well as for external partners.

Despite being understaffed (parental leave in the first half of the year), the Agency successfully completed projects and achieved the set goals in the area of information support by the end of the year.

6 OTHER SUPPORT ACTIVITIES

In organizing administrative management and archives the Agency achieved its goals. It digitalized the majority of its archive materials and provided for their e-retention, which enables easier and faster access to information and old documents, and subsequently helps optimize the work process. The Agency performed tasks in accordance with the Decree on administrative operations, and in its commitment to ensure compliance conducted training on administrative operations and document retention for employees. It also performed

other tasks, necessary for smooth work, including economical regular maintenance of its office building and car fleet, and finance and accounting department's support for the work of Agency's other organizational units and management. Its work processes ran smoothly, and services and materials for employees' work were provided on time.

7 INTERNAL AUDIT

Internal audits at the Agency are commissioned to a contractor in accordance with Articles 10 and 12 of the Rules Laying Down the Policies for a Coordinated Function of Public Internal Financial Control System and the public procurement regulations. The Agency pursued the following objectives in 2017:

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

The Agency pursued its objectives concerning internal auditing in 2017, and conducted several activities as part of the information technology internal audit, as well as monitored progress following the audit of the Agency's investment activities from 2016.

Recommendations were made after the internal audit of information technology, primarily on how to supplement and improve the structure and functioning of the system of internal controls and procedures for defining information infrastructure and processes, and on managing information technology risks, managing third party services, and providing system security. The audit report furthermore highlighted the Agency's need for more staff in the IT department, required for consistently conducting all recommended and necessary oversight procedures. The final report on the internal audit was issued in June 2017.

Activities related to planning and implementing measures for improving the structure and functioning of the information system started in the second half of 2017, and will continue in 2018. In 2017 and at the beginning of 2018 the Agency implemented the following measures:

- It prepared and conducted the recruitment procedure for a software developer (the hiring procedure should be completed at the beginning of 2018);
- It continued to inform employees over email about new internal documents coming into force over email;
- It provided centralized collection and logging of reports on the work of contractors (e.g. maintenance service), which are first reviewed by the IT department head;
- It regularly checked user accounts (monthly basis);
- It introduced a new system for protecting terminal equipment (anti-virus software);
- It established a new system for managing security events and risks;
- It initiated the update of the system for managing backup copies; it also started planning the testing of backup.

The Agency carried out the following

measures for eliminating flaws in the internal control system for investments based on the 2016 internal audit:

- It compiled separate and consolidated investment plans for a three-year period;
- It supported consistent recording and control of investments (regular verification of invoices, signing of activation reports);
- It provided the appropriate division of responsibilities for those involved in investment planning, implementing, monitoring, and reporting, as much as the staffing restrictions permitted, and appointed a project coordinator for the area by means of a decision;
- It expanded the justifications for planned investment as part of preparations;
- It ensured that the depreciation and amortization of assets, procured from the surplus from preceding years, was not included in the tariff when drawing up the 2018 financial plan, and provided separate fixed assets analytics for the purpose;
- It prepared the draft of the new Accounting and Financial Operations Policy, which includes the division of roles and responsibilities;
- It appointed a project coordinator with the aim of improving the keeping of reports on completed investments (to expand the reports and improve the traceability in reporting).

In 2017 the Agency took part in individual supervisory procedures that were planned during the preparation of the 2017 Operational and Financial Plan, but in individual cases it was not yet in possession of the facts or data required for their inclusion into the plan. The supervisory procedures pertained to various segments of the Agency's operations and were conducted by various external institutions, namely:

- Two planned audits, one internal and one conducted by an external provider, were concluded in the first half of 2017;

- The planned review of the lawfulness of the Agency's work in electronic communications, started by the relevant ministry at the end of 2017, to be concluded in 2018;
- The unplanned inspection by the administrative inspection, started at the end of 2016 and finished in March 2017;
- The audit conducted by the Court of Audit of the Republic of Slovenia.

The Agency's specialized and especially general services and offices provided all the above authorities with timely and professional support, also in terms of human resources, to successfully complete the reviews.

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

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

The Agency provides financial resources and administrative support to the Slovenian Committee for Electronic Communications which has the function of a consulting body. SEK provides opinions, recommendations, and proposals regarding electronic communications issues, including the protection of consumers, persons with disabilities and users with special social needs in this area. In 2017 the Agency participated in the organization of SEK's 12 regular meetings, 1 correspondence meeting, and one panel, on the Internet of Things – opportunities and challenges, organized by SEK as part of the 2017 IT in Public Administration conference. SEK also regularly attended the panels and discussions organized by the Agency. The Agency spent

€49,963.51 on supporting SEK's work in 2017.

In line with the law the Agency also provided the budget and professional, technical, and administrative support to the Broadcasting Council, which issues preliminary opinions and consent in some procedures conducted by the Agency and Ministry of Culture in the area of electronic media, and is involved in drafting certain acts. Work in this area was especially intensive, as the new Broadcasting Council was appointed in 2017, and the Agency tried to provide as much support as the council started its work. The Agency's representatives have attended all of Broadcasting Council's 12 regular and 1 extraordinary meetings in 2017. The radio working group met twice, and a new working group for television was set up at the end of the year. The Agency also participated the Broadcasting Council's public consultation regarding the assignment of radio frequencies for analog radio broadcasting to local radio stations, and the issue of radio networks. The Agency spent €34,059.29 on supporting the Broadcasting Council's work in 2017.

XIV IMPLEMENTATION OF THE FI- NANCIAL PLAN

The Agency drew up its 2017 operational and financial plans in accordance with the relevant legislation, and set the tariffs for 2017 on accrual basis, and detailed notes on the structure of planned expenses of materials, goods, and services and other expenses by the type of activity are given in Chapter 3.2.3 Financial plan realization on accrual basis.

When recognizing revenue and expenses, the Agency complied with

the rules on cash basis accounting. The Statements of Revenue and Expenses for specific users compiled on cash basis for the period between 1 January 2017 and 31 December 2017, shows that the Agency recorded €5,198,403 in revenue, €5,473,361 in expenses, and a €274,958 deficit. Notes regarding the changes in separate revenue and expense items that resulted in the deficit presented below.

THE AGENCY PROVIDES SUPPORT FOR TWO COUNCILS: THE COMMITTEE FOR ELECTRONIC COMMUNICATIONS AND THE BROADCASTING COUNCIL.

TABLE 9: STATEMENT OF REVENUE AND EXPENSES FOR SPECIFIC USERS ON CASH BASIS FROM 1 JANUARY TO 31 DECEMBER 2017, PART 1

Classification by account	Account title	ADP code	Amount		2017 FP	Current/ preceding year	Current year/2017 FP
			Current year	Preceding year			
1	2	3	4	5	6	7=4/5	8=4/6
	I. TOTAL REVENUE (402+431)	401	5,198,403	4,545,654	5,081,870	114.4	102.3
	1. REVENUE FOR PROVIDING PUBLIC SERVICES (403+420)	402	5,198,403	4,545,654	5,081,870	114.4	102.3
	A. Revenue from public funds (404+407+410+413+418+419)	403	-	-			
	a. Funds received from the government budget (405+406)	404	-	-			
part of 7400	Funds received from the government budget for current expenses	405	-	-			
part of 7400	Funds received from the government budget for investments	406	-	-			
	b. Funds received from the municipal budgets (408+409)	407	-	-			
part of 7401	Funds received from municipal budgets for current expenditure	408	-	-			
part of 7401	Funds received from the municipal budgets for investments	409	-	-			
	c. Funds received from social insurance funds (411+412)	410	-	-			
part of 7402	Funds received from social insurance funds for current expenditure	411	-	-			
part of 7402	Funds received from social insurance funds for investments	412	-	-			
	d. Funds received from public funds and agencies (414+415+416+417)	413	-	-			
part of 7403	Funds received from public funds for current expenses	414	-	-			
part of 7403	Funds received from public funds for investments	415	-	-			
part of 7404	Funds received from public agencies for current expenses	416	-	-			
part of 7404	Funds received from public agencies for investments	417	-	-			
part of 740	e. Funds received from budgets associated with foreign grants	418	-	-			
741	f. Funds received from the government budget financed from EU budget	419	-	-			
	B) Other revenue for providing public services (421+422+423+424+425+426+427+ 428+429+430)	420	5,198,403	4,545,654	5,081,870	114.4	102.3
part of 7130	Revenue from the sale of goods and services as part of providing public services	421	5,085,319	4,470,578	4,967,330	113.8	102.4
part of 7102	Interest received	422	4,664	3,684	5,000	126.6	93.3
part of 7100	Revenue from profit sharing and dividends, and surplus	423	-	-			
part of 7141	Other current revenue from providing public services	424	40,251	27,870	40,100	144.4	100.4
72	Capital revenue	425	185	1,850	850	10.0	21.8
730	Grants received from domestic sources	426	-	-			
731	Foreign grants	427	-	-			
732	Grants for natural disaster relief	428	-	-			
786	Other funds received from the EU budget	429	43,893	41,672	44,500	105.3	98.6
787	Funds received from other European institutions	430	24,091	-	24,090		100.0
	2. REVENUE FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (432+433+434+435+436)	431	-	-			
part of 7130	Revenue from the sale of goods and services in the market	432	-	-			
part of 7102	Interest received	433	-	-			
part of 7103	Revenue from rents and leases, and other property income	434	-	-			
part of 7100	Revenue from profit sharing and dividends, and surplus	435	-	-			
part of 7141	Other current revenue, not from the provision of public service	436	-	-			

TABLE 10: STATEMENT OF REVENUE AND EXPENSES FOR SPECIFIC USERS COMPILED ON A CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017, CONTINUED

Classification by account	Account title	ADP code	Amount	2017 FP	Current/preceding year	Current year/2017 FP	
			Current year	Preceding year			
1	2	3	4	5	6	7=4/5	8=4/6
	II. TOTAL EXPENSES (438+481)	437	5,473,361	5,867,917	6,086,782	93.3	89.9
	1. EXPENSES FOR PROVIDING PUBLIC SERVICES (439+447+453+464+465+466+467+468+469+470)	438	5,473,361	5,867,917	6,086,782	93.3	89.9
	A. Salaries and other employee benefits (440+441+442+443+444+445+446)	439	2,965,270	2,992,489	2,996,197	99.1	99.0
	part of 4000 Salaries and premiums	440	2,718,282	2,765,986	2,749,202	98.3	98.9
	part of 4001 Holiday allowance	441	57,072	43,840	57,072	130.2	100.0
	part of 4002 Reimbursements and compensations	442	154,583	165,304	156,077	93.5	99.0
	part of 4003 Performance bonuses	443	-	-	-	-	-
	part of 4004 Funds for overtime	444	2,560	3,964	338	64.6	757.4
	part of 4005 Salaries of non-residents with contracts	445	-	-	-	-	-
	part of 4009 Other employee-related expenditure	446	32,773	13,395	33,508	244.7	97.8
	B. Social security contributions paid by the employer (448+449+450+451+452)	447	452,356	454,198	459,040	99.6	98.5
	part of 4010 Pension and disability insurance contributions	448	242,159	246,096	243,837	98.4	99.3
	part of 4011 Health insurance contributions	449	194,001	197,552	197,986	98.2	98.0
	part of 4012 Unemployment insurance contributions	450	1,698	1,713	1,710	99.1	99.3
	part of 4013 Parental protection insurance contributions	451	2,736	2,784	2,750	98.3	99.5
	part of 4015 Premiums for collective supplementary pension insurance based on ZKDPZJU	452	11,762	6,053	12,757	194.3	92.2
	C. Expenses for goods and services associated with the provision of public services (454+455+456+457+458+459+460+461+462+463)	453	1,778,608	2,135,209	2,274,185	83.3	78.2
	part of 4020 Office and general supplies and services	454	640,842	791,644	1,111,218	81.0	57.7
	part of 4021 Special supplies and services	455	56,172	112,989	32,600	49.7	172.3
	part of 4022 Energy, water, utility services, and communications	456	106,346	105,093	86,300	101.2	123.2
	part of 4023 Transportation costs and services	457	22,680	34,254	29,000	66.2	78.2
	part of 4024 Expenses for business trips	458	230,459	230,071	244,038	100.2	94.4
	part of 4025 Regular maintenance	459	327,345	383,927	339,872	85.3	96.3
	part of 4026 Operating rent and lease fees	460	24,449	24,805	25,700	98.6	95.1
	part of 4027 Fines and damages	461	-	250	-	-	-
	part of 4028 Payroll tax	462	-	-	-	-	-
	part of 4029 Other operating expenses	463	370,315	452,176	405,457	81.9	91.3
403	D. Domestic interest payments	464	-	3	-	-	-
404	E. Foreign interest payments	465	-	-	-	-	-
410	F. Subsidies	466	-	-	-	-	-
411	G. Transfers to individuals and households	467	-	-	-	-	-
412	H. Transfers to non-profit organizations and institutions	468	-	-	-	-	-
413	I. Other current domestic transfers	469	-	-	-	-	-
	J. Capital expenditure (471+472+473+474+475+476+477+ 478+479+480)	470	277,127	286,018	357,360	96.9	77.5
4200	Purchase of buildings and premises	471	15,027	16,809	25,000	89.4	60.1
4201	Purchase of vehicles	472	-	-	-	-	-
4202	Purchase of equipment	473	158,466	235,408	252,320	67.3	62.8
4203	Purchase of other operating fixed assets	474	-	-	-	-	-
4204	Construction, reconstruction, and renovation	475	-	1,845	-	-	-
4205	Major maintenance and renovation	476	-	-	-	-	-

4206	Purchase of land and natural resources	477	-	-		
4207	Purchase of intangible assets	478	103,634	31,956	80,040	324.3 129.5
4208	Feasibility studies for projects, project documentation, supervision, project engineering	479	-	-		
4209	Purchase of reserves of goods and intervention stocks	480	-	-		
	2. EXPENSES FROM THE SALE OF GOODS AND SERVICES IN THE MARKET (482 + 483+ 484)	481	-	-		
del 400	A. Salaries and other employee benefits from the sale of goods and services in the market	482	-	-		
del 401	B. Social security contributions paid by the employer from the sale of goods and services in the market	483	-	-		
del 402	C. Expenditure for goods and services from the sale of goods and services in the market	484	-	-		
	III/1 SURPLUS (401-437)	485	-	-		
	III/2 DEFICIT (437-401)	486	274,958	1,322,263	1,004,912	20.8 27.4

1 REVENUE

Based on cash flow the Agency generated €5,198,403 in revenue in 2017, €5,085,319 (97.8 %) of which was revenue from the sale of goods and services in the framework of providing a public service, i.e. regular operating revenue from payments made by liable entities based on issued decisions, invoices, and other authentic documents, and €113,084 (2.2 %) was other revenue.

The Agency's operating revenue grew by €614,741 or 13.8 % in 2017 compared to the year before.

Significant changes are primarily the result of:

- a €138,191 or 7.2 % increase in the revenue from frequencies due to the tariff value increase of €0.02 or 4.1 %;
- a €17,458 or 6.6 % increase in the revenue from the provision of postal services due to the tariff value increase of €0.35 or 6.7 %;
- a €38,213 or 3.0 % increase in the revenue based notifications, despite the tariff being raised by €0.10 or 10.4 %, primarily due to yet unissued (and unpaid fees based on) decisions determining

- fees because of the initiated audit to determine the true and fair amount of reported revenue for 2017;
- a €462,118 or 104.3 % increase in the revenue from the provision of media services, with the tariff remaining the same, due to the payments based on decisions issued in 2017 for the preceding years to providers of TV and on-demand services;
- a €32,152 or 7.4 % increase in the revenue from fees for using numbering space, mainly due to the tariff being raised by €0.05 or 7 %.

TABLE 11: REVENUE ON CASH BASIS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

	2016	2017	2017 FP	2017/2017 FP
Revenue from the provision of postal services	264,725	282,183	282,183	100.0
Revenue from fees for numbering resources	432,842	464,994	476,250	97.6
Revenue based on notifications	1,257,809	1,219,596	1,192,904	102.2
Revenue from frequencies	1,916,337	2,054,528	2,060,223	99.7
Revenue from railways	150,011	153,069	153,068	100.0
Revenue from media services	442,966	905,084	796,402	113.6
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	5,888	5,865	6,300	93.1
TOTAL OPERATING REVENUE (ADP code = 421)	4,470,578	5,085,319	4,967,330	102.4

Source: AKOS internal accounts

2 EXPENSES

Based on cash flow, the Agency's expenses in 2017 totaled €5,473,361, €3,417,626 (62.4 %) of which were expenses for salaries and other employee benefits, and associated social contributions paid by the employer, €1,778,608 (32.5 %) were expenses for the purchase of materials, goods, and services, and €277,127 (5.1 %) were capital expenditure.

The Agency's expenses in 2017 were €613,421 or 10.1 % below the plan, especially in the following three categories of expenses.

2.1 SALARIES AND OTHER LABOR COSTS

The Agency's labor costs were €37,611 or 1.1 % lower than planned (ADP codes = 439 and 447), primarily due to:

- the lower amount of salaries and other benefits paid to employees, because the Agency did not replace 4 employees who left (retirement, contract termination) and only partly realized the planned hiring of 6 new employees, and unplanned severance pay to a retiring employee;
- not ceasing to apply the public sector pay scale with reduced pay brackets.

The Agency would like to point to the failure to fully realize the 2017 hiring plan as the main reason for expenses in this category remaining below the planned amounts. This was partly the result of the complexity of the recruitment process and the lack of qualified candidates, which is primarily due to the legal framework regulating the Agency's operations, as well as the Agency's inability to compete with salaries in the private sector.

2.2 EXPENSES FOR GOODS AND SERVICES

The cost of goods and services was €495,577 EUR or 21.8 % lower than planned (ADP code = 453), primarily due to the €470,376 or 42.3 % lower cost of office and general materials and services (ADP code = 454) resulting from not carrying out or only partially carrying out the planned projects (registry of VHF frequencies and UHF band for PMR and international optimization, 5G and convergence of public mobile and broadcasting services in the UHF band and switch from DTT to LTE), postponing certain activities to 2018 (public call for the 700+ MHz range, strategy of developing critical communications infrastructure in the RS, SNO net neutrality, upgrade and maintenance of the Agency's website), and savings from obtaining better offers for

certain services than planned and from not needing certain services (calculating WACC, situation in the postal services market, regulation of accounting separation, public calls coordination, accounting oversight and the oversight of accounting, representation in courts, monitoring ODRF for public mobile systems).

Detailed notes on the structure of planned expenses of materials, goods and services and other expenses by the type of activity are given in Chapter 3.2.4 Financial plan realization on accrual basis.

2.3 INVESTMENT EXPENSES

In 2017 the Agency's investment expenses were €80,233, i.e. 22.5 % below its plan (ADP code = 470), primarily as the result of the following major investments:

- a budget of €85,000 for the upgrade of its ICT technology (activity ID 434), of which €9,120 remained unspent. Part of the budget allocated for investments was spent on the maintenance done as part of the multimedia classroom renovation;
- budget in the amount of €20,000 allocated for procuring a software tool for planning, analyzing and reporting (activity ID 224) was not spent in 2017. The task should be carried out in the first half of 2018;
- a budget of €85,000 for the upgrade/update of RNMS (activity ID 381), of which €9,712 remained unspent. The savings from investments are the result of obtaining services at a lower price than planned, and part of the unspent budget in the amount of €2,931 was spent on unplanned cost of material;
- The planned value of the project TV and video-on-demand services monitoring (task ID 267) is €40,000, with €8,304 remaining unspent. Part of the budget was allocated for software maintenance, which includes all potential updates.

THE AGENCY
SET THE TARIFFS
IN ITS 2017
OPERATIONAL AND
FINANCIAL PLANS ON
ACCRUAL BASIS.

XV STATEMENT REGARDING THE RESULT OF THE PUBLIC FINANCE INTERNAL

IZJAVA O OCENI NOTRANJEGA NADZORA JAVNIH FINANC

AGENCIJA ZA KOMUNIKACIJSKA OMREŽJA IN STORITVE REPUBLIKE SLOVENIJE
Stegne 7, 1000 Ljubljana

Šifra: 28401
Matična številka: 1332899000

Podpisani se zavedam odgovornosti za vzpostavitev in stalno izboljševanje sistema finančnega poslovanja in notranjih kontrol ter notranjega revidiranja v skladu s 100. členom Zakona o javnih financah z namenom, da obvladujem tveganja in zagotavljam doseganje ciljev poslovanja in uresničevanje proračuna.

Sistem notranjega nadzora javnih financ je zasnovan tako, da daje razumno, ne pa tudi absolutnega zagotovitva o doseganju ciljev: tveganja, da splošni in posebni cilji poslovanja ne bodo doseženi, se obvladujejo na še sprejemljivi ravni. Temelji na napretnem procesu, ki omogoča, da se opredelijo ključna tveganja, verjetnost nastanka in vpliv določenega tveganja na doseganje ciljev in pomaga, da se tveganja obvladuje uspešno, učinkovito in gospodarno.

Ta ocena predstavlja stanje na področju uvajanja procesov in postopkov notranjega nadzora javnih financ v / na AGENCIJA ZA KOMUNIKACIJSKA OMREŽJA IN STORITVE REPUBLIKE SLOVENIJE.

Oceno podajam na podlagi:

* ocene notranje revizijske službe za področja:

INFORMACIJSKA TEHNOLOGIJA

* samoocenitev vodij organizacijskih enot za področja:

SEKTOR ZA REGULACIJO TELEKOMUNIKACIJ, SEKTOR ZA UPRAVLJANJE RADIOFREKVENČNEGA SPEKTRA, SEKTOR ZA EKONOMSKE ANALIZE, SEKTOR ZA NADZOR OPERATERJEV, SEKTOR ZA MERITVE IN NADZOR RADIOFREKVENČNEGA SPEKTRA, SEKTOR ZA ELEKTRONSKE MEDIJE, SEKTOR ZA SPREMLJANJE INFRASTRUKTURNIH INVESTICIJ, SEKTOR ZA REGULACIJO IN NADZOR TRGA POŠTNIH STORITEV, SEKTOR ZA REGULACIJO TRGA ŽELEZNIŠKIH STORITEV, SEKTOR ZA PRAVNE ZADEVE, SEKTOR ZA PODPORNE DEJAVNOSTI

* ugotovitev (Računskega sodišča RS, proračunske inšpekcije, Urada RS za nadzor proračuna, nadzornih organov EU,...) za področja:

V / Na AGENCIJA ZA KOMUNIKACIJSKA OMREŽJA IN STORITVE REPUBLIKE SLOVENIJE je vzpostavljen(o):

1. primerno kontrolno okolje

(predstojnik izbere eno od naslednjih možnosti):

a) na celotnem poslovanju.

b) na pretežnem delu poslovanja.

c) na posameznih področjih poslovanja.

d) še ni vzpostavljeno, pričeli smo s prvimi aktivnostmi.

e) še ni vzpostavljeno, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi



2. upravljanje s tveganji

2.1. cilji so realni in merljivi, tp. da so določeni indikatorji za merjenje doseganja ciljev

(predstojnik izbere eno od naslednjih možnosti):

- a) na celotnem poslovanju,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

2.2. tveganja, da se cilji ne bodo uresničili, so opredeljena in ovrednotena, določen je način ravnanja z njimi

(predstojnik izbere eno od naslednjih možnosti):

- a) na celotnem poslovanju,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

3. na obvladovanju tveganj temelječ sistem notranjega kontroiranja in kontrolne aktivnosti, ki zmanjšujejo tveganja na sprejemljivo raven

(predstojnik izbere eno od naslednjih možnosti):

- a) na celotnem poslovanju,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

4. ustrezen sistem informiranja in komuniciranja

(predstojnik izbere eno od naslednjih možnosti):

- a) na celotnem poslovanju,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

5. ustrezen sistem nadziranja, ki vključuje tudi primerno (lastno, skupno, pogodbeno) notranje revizijsko službo

(predstojnik izbere eno od naslednjih možnosti):

- a) na celotnem poslovanju,
- b) na pretežnem delu poslovanja,
- c) na posameznih področjih poslovanja,
- d) še niso opredeljeni, pričeli smo s prvimi aktivnostmi,
- e) še niso opredeljeni, v naslednjem letu bomo pričeli z ustreznimi aktivnostmi

6. notranje revidiranje zagotavljam v skladu s Pravilnikom o usmeritvah za usklajeno delovanje sistema notranjega nadzora javnih financ

(predstojnik izbere eno od naslednjih možnosti):

a) z lastno notranjerevizijsko službo,

b) s skupno notranjerevizijsko službo,

c) z zunanjim izvajalcem notranjega revidiranja,

Naziv in sedež zunanjega izvajalca notranjega revidiranja:

BDO REVIZIJA d.o.o., Cesta v Mestni log 1, 1000 Ljubljana

Navadila matično številko zunanjega izvajalca notranjega revidiranja:

5913601000

Ali (sprejeti) finančni načrt (proračun), za leto na katerega se izjava nanaša, presega 2.086 mio evrov:

DA

NE

Datum zadnjega revizijskega poročila zunanjega izvajalca notranjega revidiranja je:

20.06.2017

d) nisem zagotovil notranjega revidiranja.

V letu 2017 sem na področju notranjega nadzora izvedel naslednje pomembne izboljšave (navedite: 1, 2 oziroma 3 pomembne izboljšave):

-na področju obvladovanja tveganj v procesu upravljanja s človeškimi dejavniki priprava in sprejem nove sistemizacije delovnih mest in opisov nalog zaposlenih ter novega Pravilnika o notranji organizaciji in sistemizaciji delovnih mest;
-na področju obvladovanja tveganj na segmentu službenih potovanj (odobranje, izvrševanje, obračunavanje, poročanje ipd.) sprejem novega Pravilnika o službenih potovanjih;
-na področju obvladovanja tveganj v procesu ravnanja oz. upravljanja z dokumentarnim in arhivskim gradivom (evidentiranje, pretvorba v digitalno obliko, pregledovanje, odprema in hramba) sprejem novega Pravilnika o upravljanju dokumentarnega gradiva;
-na področju obvladovanja tveganj v nabavnem procesu oz. pri postopkih javnega naročanja v njegovem okviru sprejem novega Pravilnika o javnem naročanju;
-na področju obvladovanja tveganj na segmentu varovanja podatkov sprememba Pravilnika o varovanju podatkov ter dopolnitev določila pogodbe o zaposlitvi ob sprejemu nove sistemizacije delovnih mest;
-na področju obvladovanja tveganj v procesih vodenja upravnih postopkov ter izgube potencialnih upravnih sporov izvedba izobraževanja ZUP in ZIN z namenom osvežitve in poglobitve znanj.

Kljub izvedenim izboljšavam ugotavljam, da obstajajo naslednja pomembna tveganja, ki jih še ne obvladujem v zadostni meri (navedite: 1, 2 oziroma 3 pomembnejša tveganja in predvidene ukrepe za njihovo obvladovanje):

-tveganje nezadostne in nezadovoljive obstoja in delovanja notranjih kontrol na segmentu varovanja podatkov: uvedba novosti v zvezi z upoštevanjem določil Splošne uredbe o varstvu podatkov - GDPR (priprava in sprejem prenovljenega Pravilnika o zavarovanju osebnih podatkov in morebitnih drugih pravilnikov; ureditev zbirk osebnih podatkov; ureditev in omejitev dostopov do osebnih podatkov zaposlenim in zunanjim izvajalcem; priprava aneksov k pogodbam zunanjih izvajalcev, ki imajo dostop do osebnih podatkov, ki jih obdeluje agencija ipd.);
-tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol v sistemu finančnega poslovanja: sprejem novega pravilnika o računovodstvu in finančnem poslovanju, zagotovitev ustrezne informacijske oz. programske podpore procesu načrtovanja, spremljanja poslovanja in poročanja;
-tveganje pomanjkljivega in nezadostnega delovanja notranjih kontrol na segmentu informacijske tehnologije: priprava in sprejem prenovljenega Pravilnika o informacijski varnosti vključno s politikami, ki pokrivajo posamezna področja informacijske varnosti.


Predstojnik oziroma poslovodni organ proračunskega uporabnika:

mag. TANJA MUHA, direktorica

Datum podpisa predstojnika:

28.02.2018





When compiling the financial statements and in its accounting the Agency followed the main goal of complying with regulations, as well as the goal of presenting the content of the financial statements and notes with the highest possible quality level.

FINANCIAL REPORT



XVI FINANCIAL REPORT

1 LEGAL FRAMEWORK, FORM AND CONTENT OF THE REPORT

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

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

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

report comprises:

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

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

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

The notes also comprise other accounting information that the Agency deems important for adequately and sufficiently

disclosing the balance sheet, and revenue and expenditure account items.

On 13 December 2016, the Ministry of Public Administration as the line ministry approved the 2017 Operating and Financial Plan, while on 22 December 2016 the Government of the Republic of Slovenia approved the Agency's tariffs for 2017. The Agency revised the operating and financial plan in August 2017, and the Ministry of Public Administration approved the documents on 28 September 2017. The Agency did not change the tariffs as part of the revision.

2 ACCOUNTING POLICIES

When compiling the financial statements and in its accounting the Agency followed the main goal of complying with regulations, as well as the goal of presenting the content of the financial statements and notes with the highest possible quality level. This means that it ensured, inter alia through appropriate internal accounting controls, that the financial statements are relevant, reliable, understandable and comparable. Unlike in 2016, the Agency primarily made the plans on the accrual basis in 2017.

2.1 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

The Agency initially recognized the intangible assets and tangible

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

2.2 AMORTIZATION AND DEPRECIATION

Intangible assets and tangible fixed assets are amortized or depreciated by the Agency according to the straight-line method and in accordance with the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets.

In 2017 the Agency started recording amortization and depreciation costs as expenses (chargeable to revenue), instead of charging them to liabilities under group of accounts 98 (assets under management).

2.3 RECEIVABLES

The Agency recognizes receivables in amounts based on authentic accounting documents. The value of receivables is adjusted for impairments the reversal of impairments. The Agency determines whether individual receivables are recognized at the correct value at the end of the accounting period based on the evidence of doubts regarding

their recoverability. Allowances for receivables, which decrease the book value of receivables and increase revaluation operating expenses, are made separately for all uninsured accounts receivable overdue for over a year on 31 December, i.e. allowances are created, if there is doubt that the receivables will be paid, e.g. if the debtor is in bankruptcy proceedings or if compulsory settlement proceedings were initiated against them.

2.4 LIABILITIES

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

2.5 REVENUE

The Agency recognizes revenue in amounts based on issued decisions determining fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of railway services, for the provision of media services, and for the provision of postal services, as well as bills issued for stickers banning delivery of unaddressed mail to mailboxes. Revenue is calculated by multiplying the number of points for a specific type of fees and the value of that point i.e. tariff, which is determined in the annual financial plan based on the planned structure and extent of expenses for that specific type of fee.

3 FINANCIAL STATEMENTS WITH NOTES

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



TABLE 12: BALANCE ON 31 DECEMBER 2017

Group of accounts	Title of the group of accounts	ADP	Amount		Current year/ preceding year
			Current year	Previous year	
1	2	3	4	5	6=4/5
	A) LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT (002-003+004-005+006-007+008+009+010+011)	001	4,971,980	5,188,042	95.8
00	INTANGIBLE ASSETS AND LONG-TERM DEFERRED COST AND ACCRUED REVENUE	002	1,368,322	1,218,365	112.3
01	AMORTIZATION OF INTANGIBLE ASSETS	003	1,042,405	969,430	107.5
02	PROPERTY	004	5,040,296	5,025,269	100.3
03	DEPRECIATION OF PROPERTY	005	1,783,735	1,634,114	109.2
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	5,009,149	5,002,231	100.1
05	DEPRECIATION OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	3,648,929	3,480,422	104.8
06	LONG-TERM FINANCIAL INVESTMENTS	008	-	-	
07	LONG-TERM LOANS GIVEN AND DEPOSITS	009	-	-	
08	LONG-TERM OPERATING RECEIVABLES	010	29,282	26,143	112.0
09	RECEIVABLES FOR ASSETS UNDER MANAGEMENT	011	-	-	
	B) SHORT-TERM ASSETS; EXCEPT FOR INVENTORY AND DEFERRED COST AND ACCRUED REVENUE (013+014+015+016+017+018+019+020+021+022)	012	4,387,082	5,060,454	86.7
10	CASH IN HAND AND EASILY REALIZABLE SECURITIES	013	-	-	
11	DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS	014	248,407	1,402,792	17.7
12	SHORT-TERM TRADE RECEIVABLES	015	28,726	339,753	8.5
13	ADVANCES AND SECURITY DEPOSITS GIVEN	016	-	-	
14	SHORT-TERM RECEIVABLES FROM USERS OF THE STANDARD CHART OF ACCOUNTS	017	4,002,328	3,102,097	129.0
15	SHORT-TERM FINANCIAL INVESTMENTS	018	-	-	
16	SHORT-TERM FINANCIAL RECEIVABLES	019	-	-	
17	OTHER SHORT-TERM RECEIVABLES	020	7,094	3,262	217.5
18	UNPAID EXPENSES	021	-	-	
19	DEFERRED COSTS AND ACCRUED REVENUE	022	100,527	212,550	47.3
	C) INVENTORIES (024+025+026+027+028+029+030+031)	023	-	-	
30	ACCOUNT PURCHASES OF MATERIALS	024	-	-	
31	INVENTORIES OF MATERIALS	025	-	-	
32	INVENTORIES OF SMALL TOOLS AND PACKAGING MATERIAL	026	-	-	
33	UNFINISHED PRODUCTS AND SERVICES	027	-	-	
34	PRODUCTS	028	-	-	
35	ACCOUNT PURCHASES OF GOODS	029	-	-	
36	INVENTORIES OF GOODS	030	-	-	
37	OTHER INVENTORIES	031	-	-	
	I. TOTAL ASSETS (001+012+023w)	032	9,359,062	10,248,496	91.3
99	OFF-BALANCE SHEET ASSETS ACCOUNTS	033	16,842	11,842	142.2
	D) SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE (035+036+037+038+039+040+041+042+043)	034	498,125	379,432	131.3
20	SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITY DEPOSITS RECEIVED	035	7,351	185	3,973.5
21	SHORT-TERM LIABILITIES TO EMPLOYEES	036	247,654	236,160	104.9
22	SHORT-TERM LIABILITIES TO SUPPLIERS	037	168,056	69,891	240.5
23	OTHER SHORT-TERM OPERATING LIABILITIES	038	57,309	52,617	108.9

24	SHORT-TERM LIABILITIES TO USERS OF THE STANDARD CHART OF ACCOUNTS	039	2,294	3,100	74.0
25	SHORT-TERM LIABILITIES TO SOURCES OF FINANCING	040	-	-	
26	SHORT-TERM FINANCIAL LIABILITIES	041	-	-	
28	UNPAID REVENUE	042	-	-	
29	ACCRUED COST AND DEFERRED REVENUE	043	15,461	17,479	88.5
	E) OWN FUNDS AND LONG-TERM LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058-059)	044	8,860,937	9,869,064	89.8
90	GENERAL FUND	045	-	-	
91	RESERVE FUND	046	-	-	
92	LONG-TERM ACCRUED COST AND DEFERRED REVENUE	047	-	-	
93	LONG-TERM PROVISIONS	048	-	-	
940	RESTRICTED ASSETS IN PUBLIC FUNDS	049	-	-	
9410	ASSETS IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	050	-	-	
9411	ASSETS IN OTHER LEGAL ENTITIES GOVERNED BY PUBLIC LAW, WHICH ARE OWNED BY THEM, FOR FINANCIAL INVESTMENTS	051	-	-	
9412	SURPLUS	052	-	-	
9413	DEFICIT	053	-	-	
96	LONG-TERM FINANCIAL LIABILITIES	054	-	-	
97	OTHER LONG-TERM LIABILITIES	055	-	-	
980	LIABILITIES FOR INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS	056	4,927,543	5,161,899	95.5
981	LIABILITIES FOR LONG-TERM FINANCIAL INVESTMENTS	057	-	-	
985	SURPLUS	058	3,933,394	4,707,165	83.6
986	DEFICIT	059	-	-	
	I. TOTAL LIABILITIES (034+044)	060	9,359,062	10,248,496	91.3
99	OFF-BALANCE SHEET LIABILITIES ACCOUNTS	061	16,842	11,842	142.2

3.1 BALANCE SHEET

The Agency's total assets as at 31 December 2017 amounted to €9,359,062 which is €889,434 or 8.7 % less than at the end of 2016. The net decrease in total assets is primarily the result of higher accumulated amortization and depreciation of intangible assets, property and equipment, and other tangible fixed assets, and the deficit from 2017.

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

- €4,971,980 or 53.1 % of long-term assets (of which 92.8 % are tangible fixed assets, 6.3 % intangible assets, 0.6 % long-term operating receivables, and 0.3 % long-term deferred cost); and
- €4,387,082 or 46.9 % of short-term assets (of which 92.0 % are short-term receivables from customers and users of the single chart of accounts, and other operating receivables, 5.7 % are balance in the account, and 2.3 % deferred costs and accrued revenue).

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

- €8,860,937 or 94.7 % of long-term liabilities, which comprise liabilities for assets under management (of which 55.6 % are for intangible assets and tangible fixed assets, and 44.4 % are surplus); and
- €498,125 or 5.3 % of short-term liabilities (of which 47.2 % are short-term trade liabilities and other operating liabilities, 49.7 % short-term liabilities to employees, and 3.1 % accrued costs and deferred revenue).

The Agency's off-balance sheet assets and liabilities comprise:

- a bill of exchange received as insurance for contractual obligations arising from the contract on collecting, and safely transporting and storing the Agency's documentation in the amount of €8,365;

- a contingent claim toward employees in the event of the failure to meet obligations under the contract on education in the total amount of €3,477;
- a bank guarantee in the amount of €5,000 received as a performance guarantee for obligations arising from the Agency's property and liability insurance.

3.1.1 LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT

The balance of the Agency's long-term assets and assets under its management as on 31 December 2017 comprises the balance of intangible assets and tangible fixed assets recorded at their book value, and the balance of long-term operating receivables.

3.1.1.1 LONG-TERM DEFERRED COSTS AND ACCRUED REVENUE, INTANGIBLE ASSETS, AND TANGIBLE FIXED ASSETS

The class of accounts 0 (group of accounts from 00 to 05) comprises long-term deferred costs and accrued revenue, intangible assets, and tangible fixed assets received from the relevant ministry when the Agency was established as an independent legal entity, and additional assets purchased in the following years and until 31 December 2017.

Intangible assets comprise mostly

software and different software licenses, as well as long-term deferred cost. The historical cost of intangible assets (ADP code = 002) increased by a total of €149,957 in 2017 compared to the year before. Changes in the historical cost are the result of:

- recording the long-term deferred cost of the advanced payment for the support package and warranty for the purchased hardware and software for the central system for collecting and correlating security events in the information system for the purpose of early detecting abuse and security events. The total value of long-term deferred cost amounted to €15,155;
- an increase in the historical cost due to the purchase of additional licenses and upgrade of the AKOS Test Net system for monitoring the quality of broadband services, setting up a portal for monitoring infrastructure investments with an advances registry of planned infrastructure constructions, establishing a centralized system for collecting and correlating security events in the information system for the purpose of early abuse and security event detection, in the total amount of €134,802.



THE VALUE OF
INTANGIBLE AS-
SETS INCREASED
IN 2017 COMPARED
TO THE PREVIOUS
YEAR IN THE TOTAL
AMOUNT OF EUR
149,957.

TABLE 13: MAJOR INVESTMENTS IN INTANGIBLE FIXED ASSETS

group of accounts	Action ID	value in EUR	investment type
003 Long-term assets	382 Monitoring the QoS BB investment	65,203	upgrade of the AKOS test net platform for conducting professional measurements on fixed networks and upgrade of the equipment for measurements on mobile networks
	438 Information security	25,095	purchase of licenses for improving information security by implementing security mechanisms in ICT
	381 RNMS upgrade and updates	15,654	purchase of the ARGUS licence, software licence for controlling devices in the DRNP AKOS system, and the PRTG 500 licence
	358 Investment monitoring	10,540	setting up the AKOS portal for electronically filing notifications on planned constructions and calls for shared infrastructure construction, as well as expressions of interest in shared construction
	total	116,492	

The amortization amount for intangible assets (ADP code = 003) increased by a total of €72,975 in 2017 compared to the year before:

- it increased due to amortization at prescribed amortization rates in the total value of €95,890;
- and decreased in the amount of amortization losses cost due to write-offs of licenses for measuring equipment in the total value of €22,914 based in the decision of the inventory commission.

Tangible fixed assets comprise:

- property (building and agricultural land, offices, radio supervision and measurement stations, etc.)
- equipment and other tangible fixed assets (telecommunication and audiovisual equipment, computer hardware, equipment for heating and cooling premises, printing and copying equipment, security equipment, office furniture and equipment, trucks and vans, cars, etc.).

The historical costs of property (ADP code = 004) increased by a total of €15,027 in 2017 compared to the year before, primarily due to the renovation of two offices on the 2nd floor, which included the renovation of floors, ceilings, walls, wiring and plumbing, and doors and windows.

TABLE 14: MAJOR INVESTMENTS IN TANGIBLE FIXED ASSETS – PROPERTY

group of accounts	Action ID	value in EUR	investment type
021 buildings	429 Offices renovation	15,027	renovation of 2 offices on the 2nd floor, including the floor, ceiling, walls, piping and wiring, and doors and windows
	total	15,027	

The accumulated depreciation of property (ADP code = 005) increased by a total of €149,621 in 2017 compared to the year before due to depreciation at prescribed depreciation rates.

The original costs of equipment and other tangible fixed assets (ADP code = 006) increased by a total of €6,918 in 2017 compared

to the year before. Changes in the historical cost are the result of:

- a decrease in the historical cost due to write-offs of old, broken, and useless equipment based in the decision of the inventory commission, and sale of equipment no longer in use in the total value of €202,101;
- an increase in the historical cost resulting primarily from the

purchase of telecommunication equipment and cables, and computer and measuring equipment in the total amount of €209,019 (measurement antennas, routers, servers, workstations, laptops, a multifunction device, etc.).

The accumulated depreciation and impairment losses for equipment and other tangible fixed assets (ADP code = 007) increased by a total of €168,507 in 2017 compared to the year before. Changes in the accumulated depreciation are the result of:

- a decrease in the accumulated depreciation due to write-offs

of old, broken, and useless equipment based on the decision of the inventory commission, and sale of equipment no longer in use in the total value of €176,775;

- an increase in the accumulated depreciation due to depreciation at the prescribed rates in the total value of €345,282.

TABLE 15: MAJOR INVESTMENTS IN TANGIBLE FIXED ASSETS – EQUIPMENT AND SMALL TOOLS

group of accounts	Action ID	value in EUR	investment type
040 equipment	381 RNMS upgrades and updates	59,634	purchase of measuring instruments for the radio supervision and measuring system
	434 ICT upgrade	44,387	purchase of hardware, including computers, computer equipment, printers and cameras
	267 TV and media services monitoring	31,696	purchase of equipment for monitoring and analyzing data on TV broadcasts
	438 Information security	21,961	purchase of equipment for improving information security by implementing security mechanisms in ICT
	302 Monitoring QoS BB	16,514	purchase of equipment for updating the AKOS Test Net platform
041 small tools	273 Infrastructure costs	1,190	purchase of a paper shredder, dish washer, and a cooking plate
	total	175,382	

In 2017 the Agency recorded €590,793 of amortization and depreciation losses at the rates prescribed by the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets, which were not charged to liabilities for assets under management (ADP code = 056) like in the previous years.

The Agency purchased €358,848 worth of new intangible and tangible fixed assets in 2017. These purchases were financed from the surplus generated in preceding years.

3.1.1.2 LONG-TERM OPERATING RECEIVABLES

The Agency's long-term operating receivables recorded under the group of accounts 08 (ADP code = 010) comprise long-term receivables in the amount of €29,282, based on

decisions determining the fees after approved companies' compulsory settlement. The Agency's long-term receivables rose by €3,139 or 12 % compared to the year before.

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

The Agency's short-term assets as of 31 December 2017 comprise deposits in banks and other financial institutions, short-term trade receivables, and receivables due from users of the single chart of accounts, advances paid, securities given, and other short-term receivables and deferred costs and accrued revenue.

3.1.2.1 DEPOSITS IN BANKS AND OTHER FINANCIAL INSTITUTIONS

The Agency's cash deposits in the

sub-account of the treasury single account at the Public Payments Administration of the Republic of Slovenia, through which the Agency's payment transactions are made, amounted to €248,407 as of 31 December 2017 (ADP code = 014). The Agency's deposits decreased by €1,154,385 or 82.3 % compared to the year before.

3.1.2.2 SHORT-TERM TRADE RECEIVABLES

The Agency's short-term trade receivables recorded under the group of accounts 12 (ADP code = 015) comprise receivables from issued decisions on determining the fees on the basis of notifications, for using numbering resources, for using radio frequencies, for the provision of media services, for the provision of railway services and for the provision of postal services, bills issued for stickers banning delivery of unaddressed mail to mailboxes in

the total amount of €132,638, and allowances for impairments in the total amount of €103,911. Compared to 31 December 2016, the net amount of receivables decreased by €311,027 or 91.5 %

The Agency made allowances in the amount of €29,263 for all overdue, unpaid, unsecured, or unimpaired claims that were overdue for over a year as at 31 December 2017, or for receivables for which there is reasonable doubt that they will be repaid, and recorded them as revaluatory operating expenses (ADP code for the Revenue and Expenditure Account = 886).

The Agency wrote off receivables from debtors against which bankruptcy proceedings were concluded or which were deleted from the court register, and receivables that fell under statute of limitations, in the total amount of €1,108.

In 2017 the Agency issued overdue reminders and reminders about pending debt collection to debtors, and carried out e-collection proceedings based on authentic documents.

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

The Agency's short-term receivables from users of the standard chart of accounts under group of accounts 14 (ADP code = 017) comprise receivables from time deposits in the treasury single account in the amount of €4,000,000, and receivables from direct and indirect users of state and municipalities budgets based on issued decisions on determining the fees in the amount of €2,328.

Compared to 31 December 2016, the amount of receivables increased by €900,231 or 29 % due to higher amount of time deposits in the treasury single account.

3.1.2.4 OTHER SHORT-TERM RECEIVABLES

The Agency's other short-term receivables under the group of accounts 17 (ADP code = 020) comprise mostly receivables from the Health Insurance Institute of Slovenia for refunding the sick leave pay for sick leaves exceeding 30 days and for child care allowance in the total amount of €7,094.

Compared to 31 December 2016 the amount of receivables rose by €3,832 or 117.5 % due to the increase in recognized unpaid receivables from refunds in the last quarter of 2017.

3.1.2.5 DEFERRED COSTS AND ACCRUED REVENUE

The Agency's deferred costs and accrued revenue under the group of accounts 19 (ADP code = 022) comprise short-term deferred costs and accrued revenue in the total amount of €100,527.

Short-term deferred costs comprise mostly the cost of fees for IT support and software upgrades for an online application for recording, saving, archiving, and analyzing television channels and audiovisual services on demand, fees for accessing databases, membership fees, insurance premiums, subscription fees, etc., all paid in advance for the period after the reporting date in the total amount of €74,509, recognized under short-term deferred cost.

Accrued revenue meanwhile comprises accrued revenue from unissued decisions determining fees in the total value of €26,018, namely from unissued decisions determining fees for individual television broadcasters and on-demand audiovisual media service providers, as well individual telecommunications providers. These providers reported lower than actual revenue from their operations, which would effectively result in lower charged fees. In order to verify the accuracy of revenue reports and determine the true and

fair value of obligations the Agency initiated proceedings involving these providers, namely proceedings for verifying the amount of reported revenue under the General Administrative Procedure Act or audit under Article 6 of ZEKom-1 for telecommunications providers.

The amount of deferred costs and accrued revenue decreased by €112,023 or 52.7 % compared to 31 December 2016.

3.1.3 SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE

The Agency's short-term liabilities and accrued costs and deferred revenue as of 31 December 2017 comprise short-term liabilities for received advances and securities, liabilities to employees, suppliers and users of the standard chart of accounts, other short-term liabilities, and accrued costs and deferred revenue.

3.1.3.1 SHORT-TERM LIABILITIES FOR ADVANCES AND SECURITIES RECEIVED

The Agency's short-term liabilities for advances and securities received under the group of accounts 20 (ADP code = 035) comprise mostly a received advanced payment in the amount of €7,351 for covering the expected cost of international coordination of radio frequencies for the satellite system. Compared to 31 December 2016 the net amount of received advances increased by €7,166 or 2973.5 %.

3.1.3.2 KSHORT-TERM LIABILITIES TO EMPLOYEES

The Agency's short-term liabilities to employees under the group of accounts 21 (ADP code = 036) comprise mostly liabilities to employees for salaries for December 2017 in the total amount of €247,654.

Compared to 31 December 2016 the net amount of these liabilities

increased by €11,494 or 4.9 %, mostly due to salaries for new employees.

3.1.3.3 SHORT-TERM LIABILITIES TO SUPPLIERS

The Agency's short-term liabilities to suppliers under the group of accounts 22 (ADP code = 037) comprise liabilities to domestic suppliers in the amount of €168,056, while the agency had no unpaid liabilities to foreign suppliers.

The Agency usually settles its liabilities to suppliers within 30 days of receiving the e-invoice. Compared to 31 December 2016 the net amount of these liabilities increased by €98,165 or 140.5 %.

3.1.3.4 OTHER SHORT-TERM OPERATING LIABILITIES

The Agency's other short-term operating liabilities under the group of accounts 23 (ADP code = 038) comprise mostly liabilities for social contributions paid by the employer and deductions from salaries for December salaries and pay for contract employees, for remuneration of contract employees, and for VAT for goods and services purchased from EU states according to the December VAT return in the total amount of €57,309. Compared to 31 December 2016 the net amount of these liabilities rose by €4,692 or 8.9 %.

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

The Agency's short-term liabilities towards users of the standard chart of accounts under group of accounts 24 (ADP code = 039) comprise liabilities towards direct and indirect users of state and municipalities budgets for purchases of goods, materials and services in the amount of €2,294. Compared to 31 December 2016 the net amount of these liabilities decreased by €806 or 26.0 %.

3.1.3.6 ACCRUED COSTS AND DEFERRED REVENUE

The Agency's accrued costs and deferred revenue under the group of accounts 29 (ADP code = 043) comprise the accrued cost of commissioned audit services, the cost of a research and analysis of the state of the broadband network, the demand, and electronic communication services in the Republic of Slovenia, and statutory interest on charged yearly fees for using numbering elements in the total amount of €15,461. The amount of accrued costs and deferred revenue dropped by €2,018 or 11.5 % compared to 31 December 2016.

3.1.4 OWN RESOURCES AND LONG-TERM LIABILITIES

The Agency's own resources and long-term liabilities (ADP code = 044) comprise liabilities for assets under management in the amount of €8,860,937, which comprise:

- liabilities for intangible assets and tangible fixed assets under the group of accounts 980 (ADP code = 056) in the amount of €4,927,543, which decreased in 2017 year-on-year due to the redistribution of assets in the amount of €232,129, increased due the sale of fixed assets, taken out of use, in the total value of €185, and decreased due to write-downs of these assets based on the decision of the inventory commission. The balance of liabilities at the end of the reporting period is reconciled with the balance of assets under management recorded under the group of accounts 0 (ADP codes = 002–005);
- surplus under the group of accounts 985 (ADP code = 058) in the amount of €3,933,394, which comprises unallocated surplus from the current year in the amount of €1,005,901 (ADP code for the Revenue and Expenditure Account = 892).

Compared to 31 December 2016 the amount of these liabilities

decreased by €1,008,127 or 10.2 %, namely due to the deficit from 2017 in the amount of €1 million.

3.1.5 CORRECTION OF ERRORS IN THE BALANCE SHEET

In 2016 the Agency charged amortization and depreciation costs to liabilities under group of accounts 98 (assets under management), instead of recording them as expenses (chargeable to revenue), as prescribed by Article 44 of the Accounting Act, which the Court of Audit pointed out in its audit report in February 2018. The correction of the error in 2016 thus pertains to correctly recording amortization and depreciation costs in the amount €700,492 (ADP code = 879). The correction of errors in the Balance Sheet as on 31 December 2016 after reconciling the balance of liabilities for intangible assets and tangible fixed assets does not affect the recorded structure of the Agency's own resources and long-term liabilities.

3.2 STATEMENT OF REVENUE AND EXPENSES

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

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

In the separate Statement of Revenue and Expenses for specific users, categorized by type of activity, the Agency presents only revenue and expenses from providing a public service, while the revenue and expenses from selling

goods or services in the market are not recorded, because the Agency does not provide commercial services.

The Statement of Revenue and Expenses for specific users compiled on a cash basis is an obligatory note to the mandatory Statement of Revenue and Expenses for specific users (account statement), which the Agency takes into account when drawing up its financial plan and which is presented in the context of disclosing its implementation (section Implementation of the Financial Plan).

The Agency's Financial Plan is drawn up on accrual basis, and comprises all planned revenue and expenses (cost) based on the time or period when the business event occurs. Secondly, the Agency applied the cash principle.

The change encompasses changes in the method of calculating i.e. setting the Agency's prices of services i.e. tariffs, and the subsequent recording of depreciation and amortization costs.

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

1. Permanent discrepancies are primarily associated with outflows for capital expenditure in the amount of €277,127 (ADP code for the Revenue and Expenditure Account compiled on cash basis = 470), which are not recorded in the account statement of revenue and expenditure, and the revaluatory operating expenses from the impairment of receivables in the amount of €29,831 (ADP code for the Revenue and Expenditure Account = 886), which are only an account category.

2. Temporary discrepancies are associated primarily with the dynamics of cash inflows and outflows, i.e. delays in the payment of more significant revenue and expense items between 2017 and 2018, where we would like to highlight:
 - higher revenue from media services in the account statement in the total amount of €330,453, primarily arising from the payment received in 2017 based on a decision issued for the preceding years, and accrued revenue from unissued decisions in the total amount of €26,018;
 - higher revenue from notifications recorded in the account statement in the total amount of €73,018, primarily resulting from the payments based on decisions determining fees issued in 2017 for 2016;
 - higher expenditure for goods and services in the account statements due to delays in the settling of more significant non-periodic liabilities incurred in 2016, which were settled in 2017 and amounted to €23,141.

TABLE 16: REVENUE AND EXPENDITURE STATEMENT FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2017

Classification by account subgroup	Account title	ADP code	Amount		Current year/ preceding year-adjusted	ADJUSTED
			Current year	Previous year		
1	2	3	4	5	6=4/5	7
	A) OPERATING REVENUE (861+862-863+864)	860	4,697,443	4,471,994	105.0	4,471,994
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	4,690,564	4,465,672	105.0	4,465,672
	INCREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	862	-	-		-
	DECREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	863	-	-		-
761	REVENUE FROM THE SALE OF GOODS AND MATERIALS	864	6,879	6,322	108.8	6,322
762	B) FINANCIAL INCOME	865	4,855	3,177	152.8	3,177

763	C) OTHER REVENUE	866	108,055	300,861	35.9	300,861
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	-	-	-
del 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	-	-	-
del 764	OTHER REVALUATION OPERATING REVENUE	869	-	-	-	-
	E) TOTAL REVENUE (860+865+866+867)	870	4,810,353	4,776,032	100.7	4,776,032
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,755,467	2,123,535	82.7	2,123,535
del 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	-	-
460	COST OF MATERIALS	873	97,000	117,788	82.4	117,788
461	COST OF SERVICES	874	1,658,467	2,005,747	82.7	2,005,747
	G) LABOR COSTS (876+877+878)	875	3,439,854	3,195,630	107.6	3,195,630
del 464	SALARIES AND WAGE COMPENSATIONS	876	2,732,472	2,560,626	106.7	2,560,626
del 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	441,775	414,665	106.5	414,665
del 464	OTHER LABOR COSTS	878	265,607	220,339	120.5	220,339
462	H) DEPRECIATION AND AMORTIZATION	879	590,793	-	84.3	700,492
463	I) PROVISIONS	880	-	-	-	-
465	J) OTHER COSTS	881	-	-	-	-
467	K) FINANCIAL EXPENSES	882	133	3	4,433.3	3
468	L) OTHER EXPENSES	883	176	22,976	0.8	22,976
	M) REVALUATION OPERATING EXPENSES (885+886)	884	29,831	37,200	80.2	37,200
del 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-	-	-	-
del 469	OTHER REVALUATION OPERATING EXPENSES	886	29,831	37,200	80.2	37,200
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	5,816,254	5,379,344	95.7	6,079,836
	O) SURPLUS (870-887)	888	-	-	-	-
	P) DEFICIT (887-870)	889	1,005,901	603,312	77.2	1,303,804
del 80	Corporate income tax	890	-	-	-	-
del 80	Surplus for the period after income tax (888-890)	891	-	-	-	-
del 80	Deficit for the period after income tax (889+890) oz. (890-888)	892	1,005,901	603,312	77.2	1,303,804
	Surplus from preceding years allocated to covering expenses from the accounting period	893	5,560	-	-	-
	Average number of employees based on the hours worked in the accounting period (whole number)	894	90	86	104.7	86
	Months of operation	895	12	12	-	12

The statement shows that the Agency recorded €4,810,353 in revenue and €5,816,254 in expenses between 1 January 2017 and 31 December 2017, which is a deficit of €1,005,901. Notes regarding the structure of separate revenue and expense items, and changes in these items that resulted in surplus, are presented below. The Agency will cover the deficit from 2017 with the surplus from the past years or in compliance with the founder's decision.

3.2.1 REVENUE

The Agency generated €4,810,353 in revenue in 2017, €4,697,443 (97.7 %) of which was operating revenue, and €112,910 (2.3 %) other revenue.

3.2.1.1 OPERATING REVENUE

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

- revenue based on notifications, charged based on ZEKom-1;
- revenue from fees for using radio frequencies, charged based on ZEKom-1 and the General Legal Act on the Method for Calculating Fees for Radio Frequency Usage;

- revenue from fees for using numbering resources, charged based on ZEKom-1 and the General Act on the Method of Calculating the Charges for the Use of Numbering Elements;
- revenue from postal service providers and the sale of stickers banning delivery of unaddressed mail to mailboxes, charged based on ZPSto-2 and the Rules on the Method for Calculating Fees for Providing Postal Services;
- revenue from railway service providers, charged based on the Railway Transport Act;
- revenue from fees based on television broadcasting licenses and/or entries in the official register (revenue from the media), charged based on ZAvMS and Rules on the Method of Calculating Fees Based on Television Broadcasting Licenses or Entry in the Official Register of On-Demand Audiovisual Media Services Providers.
- tariff for annual fees charged based on notifications, with the value of one point set at €1.06;
- tariff for annual fees for using numbering resources, with the value of one point set at €0.76;
- tariff for annual fees for using radio frequencies, with the value of one point set at €0.51;
- tariff for annual fees based on television broadcasting licenses or entry into the official register of on-demand audiovisual media service providers, with the value of one point set at €1.40;
- tariff for annual fees for providing postal services, with the value of one point set at €5.59;
- tariff setting the value of the point, and specifying the share of the charged usage charge for public railway infrastructure to be paid for the operations of the railway regulator at €8.20 and 1.07 %, respectively.

Revenue is calculated by multiplying the number of points for a specific type of fees and the value of that point, i.e. tariff, which is determined in the annual financial plan based on the planned structure and extent of expenses for that specific type of fee. When calculating the fees for 2017, the Agency applied the 2017 tariffs approved by the Government of the Republic of Slovenia in December 2016:

The Agency calculated the fees in 2017 by applying the economic premises from the 2017 financial plan, primarily applying the accrual principle, and planning the payments based on the cost of the Agency's operations, while also planning how to spend the approved surplus from the preceding years.

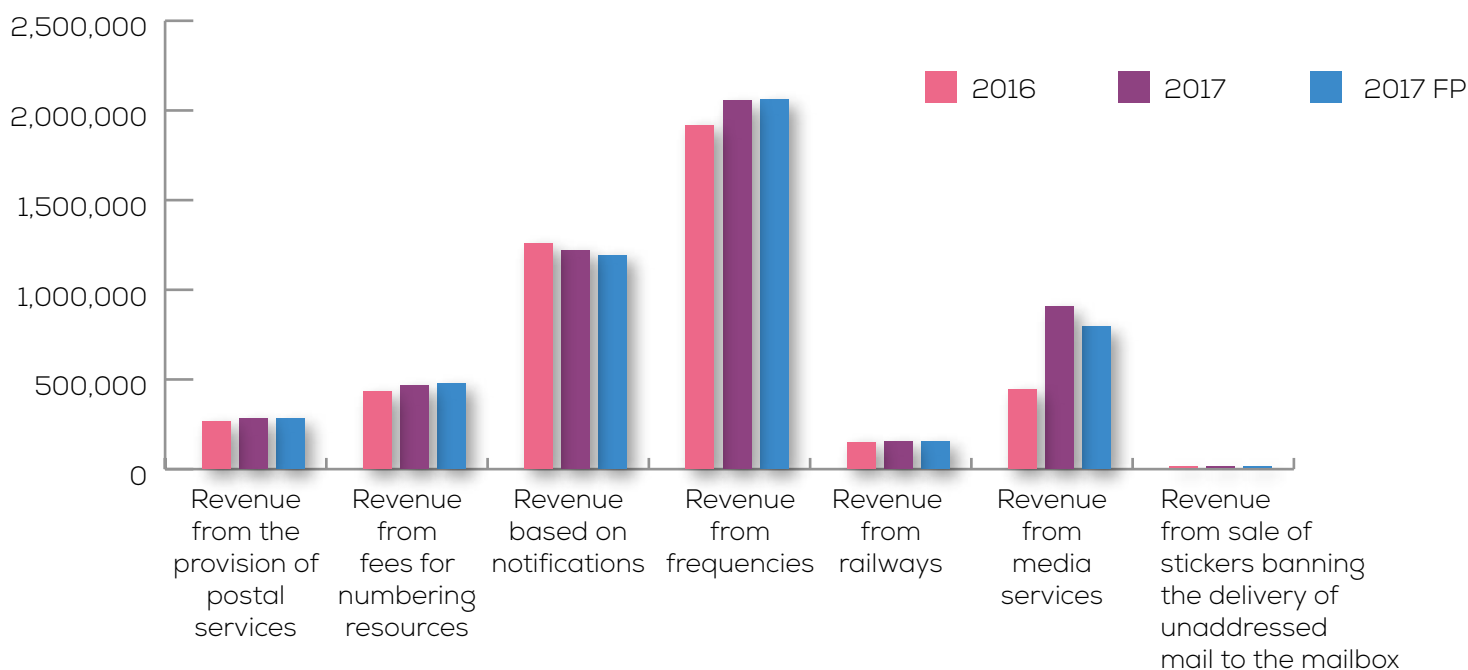
TABLE 17. OPERATING REVENUE

	2016	2017
Revenue from the provision of postal services	264,725	282,183
Revenue from fees for numbering resources	441,805	469,464
Revenue based on notifications	1,102,848	1,146,578
Revenue from frequencies	1,920,463	2,064,639
Revenue from railways	150,011	153,069
Revenue from media services	585,820	574,631
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	6,322	6,879
TOTAL OPERATING REVENUE (ADP code = 860)	4,471,994	4,697,443

Vir: interne računovodske evidence AKOS

The presented structure reveals that the Agency generated the largest share of its operating revenue from fees for using radio frequencies (44.0 %), and the remaining part from fees based on notifications (24.4 %), fees for using the numbering resources (10.0 %), media services (12.2 %), postal services and stickers banning the delivery of unaddressed mail to mailboxes (6.1 %) and railway services (3.3 %).

FIGURE 12: COMPARISON OF THE AGENCY'S OPERATING REVENUE IN 2016 AND 2017, AND THE 2017 FP



Source: AKOS internal accounts

The Agency's operating revenue grew by €225,449 or 5 % in 2017 compared to the year before. Significant changes are primarily the result of:

- a €144,176 or 7.5 % increase in the recorded revenue from frequencies, due to issuing new decisions on the assignment of radio frequencies after conducting a public call for providing public communication services for local needs and private mobile systems (connections), and to changing the decisions on assigning radio frequencies issued to mobile operators, which optimized the (fixed) links between their base stations, which resulted in additional points i.e. revenue, and due to raising the tariff by €0.02 or 4.2 %;
- a €17,458 or 6.6 % increase in the revenue from the provision of postal services due to the tariff value increase of €0.35 or 6.7 %;
- a €43,730 or 4.0 % increase in

the revenue based notifications, primarily due to the tariff being raised by €0.10 or 10.4 %;

- a €11,189 or 1.9 % decrease in the revenue from the provision of media services due to lower reported revenue of TV service providers, based on which the Agency calculates the fees, with the tariff remaining the same;
- a €27,659 or 6.3 % increase in the revenue from fees for using numbering space, mainly due to the tariff being raised by €0.05 or 7 %.

3.2.1.2 FINANCIAL INCOME

The Agency's financial income in 2017 amounted to €4,855 (ADP code = 865) and comprised primarily statutory interest on overdue receivables. This is a €1,678 or 52.8 % increase compared to 2016.

3.2.1.3 OTHER REVENUE AND REVALUATION OPERATING REVENUE

The Agency's other revenue in 2017 amounted to €108,055 (ADP code = 866), and comprised mostly revenue from collected trade receivables, which had been impaired in the previous years, reimbursements for business trips (in the EU), and the reimbursement of cost of the Agency's involvement in the CEF project *Open crowdsourcing data related to the Quality of service of high speed internet* in the amount of 50 % of the total value.

The Agency's other revenue decreased by €192,806 or 64.1 % compared to 2016. The main reason for the decrease was the changes in the structure and volume of revenue, recorded under this group:

- a decrease in revenue from fees based on decisions issued for the preceding year (in 2016 the Agency issued decisions for some

€200 thousand for the preceding year);

- a decrease in revenue from charged and reimbursed cost of conducting an audit of an operator (in 2017, the Agency recorded no such revenue);
- an increase in other revenue in the category of reimbursed cost of Agency's participation in European projects (in 2016, the Agency recorded no such revenue).

3.2.2 EXPENSES

The Agency's expenses in 2017 amounted to €5,816,254, of which €1,755,467 represented the cost of purchasing goods, materials and services (30.2 %), €3,439,854 labor cost (59.1 %), €590,793 amortization and depreciation cost (10.2 %), and €30,140 (0.5 %) revaluation, financial and other expenses. Expenses also include the input VAT, as the Agency is not liable for VAT.

The Agency's expenses dropped by €263,582 or 4.3 % in 2017 compared to the adjusted amount from the year before. Changes are primarily the result of:

- a €368,068 or 17.3 % decrease in the cost of purchasing goods, materials, and services, primarily due to the smaller extent of tasks performed by contracting external experts than in 2016;
- a €244,224 or 7.6 % increase in labor costs, primarily due to further hiring based on the approved personnel plan for 2017;
- a 50.0 % or €30,039 decrease in revaluatory and other expenses, primarily due to a €22,800 decrease in other expenses (in 2016, the Agency recorded non-recurring expenses due to the refund of overcharged fees following the ruling of the Supreme Court of the Republic of Slovenia regarding a decision determining fees) and a €7,369 decrease in impairments of unrecoverable trade receivables;
- An increase in depreciation and amortization cost, recorded in the Revenue and Expenses

Statement for 2017, due to recognizing the depreciation and amortization cost in the amount of €590,793. If the depreciation and amortization cost in the amount of €700,492 is recorded for 2016 (correction of error; ASP code = 879), the depreciation and amortization cost decreased by 15.7 %.

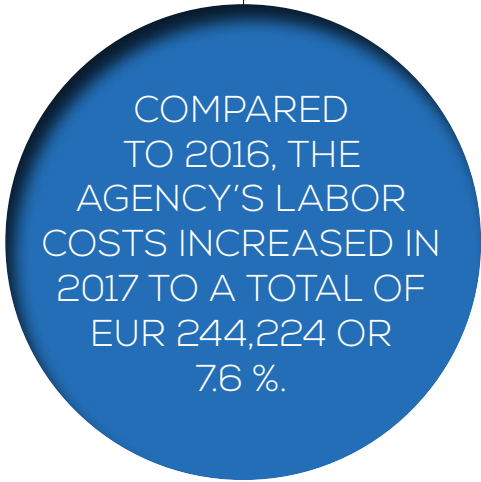
3.2.2.1 LABOR COSTS

The Agency's labor costs comprise the cost of salaries and compensations, and the associated social contributions paid by the employer, including expenses for the collective voluntary pension insurance for public servants, contributions for the disabled and accrued pension and disability insurance for older workers, meal, commuting, and holiday allowances, and other employee benefits, such as jubilee benefits, severance pay, etc., for 91 public servants as on 31 December 2017 (89 with indefinite-term contracts and 2 with fixed-term contracts). The Agency calculated the salaries and other income from employment relationships in accordance with the relevant laws and regulations, which determine the basis for salaries and performance bonuses, and in compliance with the Act Regulating Measures Relating to Salaries and Other Labor Costs in the Public Sector for 2017 – ZUPPJS17 (Official Gazette of RS, no. 88/16).

The Agency's labor costs rose by €244,224 or 7.6 % in 2017 compared to the year before. The changes are primarily the result of increased costs of salaries and compensations, and associated social security contributions paid by the employer due to a higher number of employees in 2017, and of paying severance pay upon the retirement of two employees.

3.2.2.2 COST OF GOODS, MATERIALS, AND SERVICES

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



COMPARED
TO 2016, THE
AGENCY'S LABOR
COSTS INCREASED IN
2017 TO A TOTAL OF
EUR 244,224 OR
7.6 %.

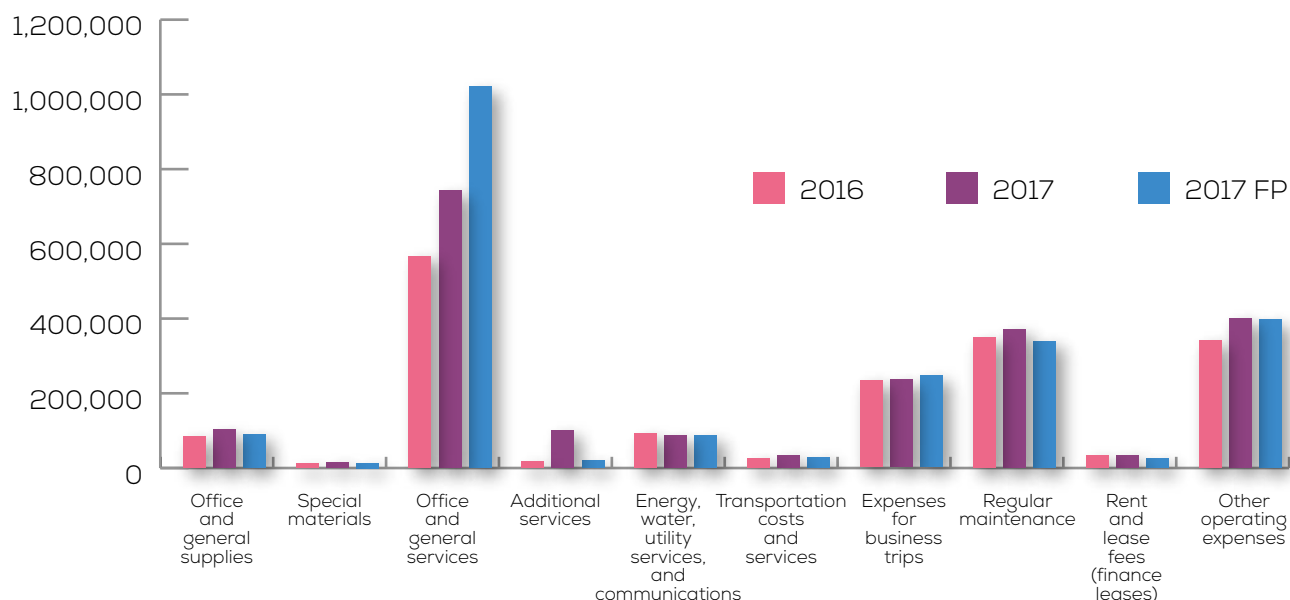
TABLE 18: COST OF GOODS, MATERIALS, AND SERVICES

CLASSIFICATION BY ACCOUNT	STATEMENT OF REVENUE AND EXPENSES FOR SPECIFIC USERS	ADP code	2017	2016
			1	2
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,755,467	2,123,535
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-
460	COST OF MATERIALS	873	97,000	117,788
4600	Office and general supplies		84,761	102,234
4601	Special materials		12,239	15,554
461	COST OF SERVICES	874	1,658,467	2,005,747
4610	Office and general services		567,048	742,311
4611	Additional services		17,921	100,277
4612	Energy, water, utility services, and communications		91,420	87,979
4613	Transportation costs and services		26,055	34,562
4614	Expenses for business trips		230,792	233,638
4615	Regular maintenance		349,668	371,217
4616	Rent and lease fees (finance leases)		33,840	34,398
4617	Other operating expenses		341,723	401,365

Source: AKOS internal accounts

The structure of these costs shows that the major part of these expenses was spent on office and general supplies and services (37.9 %), while the remaining part comprises other operating expenses (19.5 %), purchases of materials and services for regular maintenance (19.9 %), business trips (13.1 %), purchases of energy, water, and utility and communication services (5.2 %), operating rents and leases (1.9 %), purchases of special materials and services (1 %), and transportation costs and services (1.5 %).

FIGURE 13: COMPARISON OF THE COST OF GOODS, MATERIALS, AND SERVICES IN 2016 AND 2017, AND THE 2017 FP



COST OF OFFICE AND GENERAL SUPPLIES AND SERVICES

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

- mapping (further upgrade of the online geodatabase, spatial analyses to support regulatory decisions, importing new databases, collecting data from operators, developing applications for optimizing the work, preparing the environment for setting up a public data viewer for spatial data);
- Situation in the postal services market (analysis of the cost effectiveness of the universal postal service provider and the possibility of introducing a price cap);
- regulation of accounting separation (checking whether Pošta Slovenije's accounting was compliant with the law);
- promoting effective competition in the electronic communications market (an analytical study of the condition of leased lines and associated services in Slovenia);
- regulation of electronic communications (calculating WACC, creating a tool for conducting an ex-ante economic replicability test);
- a survey on the use of broadband access services among end users of electronic communications;
- a survey and analysis of the reliability of data from the record of demarcation points in the RS;
- collecting data about the development of the electronic communications market (e.g. carrying out agreed upon procedures for checking providers' revenue from providing public communication networks or services in the territory of the Republic of Slovenia);
- an analysis of the economic potentials of the Slovenian radio market.
- Regular inspections and

inspections in case of reported offenses in the television services market (e.g. providing telemetric data on ratings);

- team training (e.g. lease with hosting and maintenance of the E.CHO platform, access to analyses, technical and other comprehensive professional training conducted by external experts);

The cost in this group decreased by €192,736 or 22.8 % compared to 2016, which can be primarily attributed to the smaller extent of tasks performed by contracting external experts.

COST OF SPECIAL SUPPLIES AND SERVICES

Costs of special supplies and services comprise mostly the cost of media clippings and the STA information service, cost of installing containers for safe collection, transportation and destruction, cost of purchasing professional literature, and the cost of small items, tools, and devices for maintenance (accumulators, cables, batteries, headphones etc.). The total amount of the group of expenses decreased by 74.0 % or €85,671 compared to 2016.

COSTS OF ENERGY, WATER, UTILITY SERVICES AND COMMUNICATIONS

The majority of these costs were utility costs (heating fuels and heating, water, utility services, etc.) for the offices and radio supervision and measurement stations, while other costs comprised fixed and mobile communication services, postal services, and insurance premiums for buildings, equipment, and vehicles. The total amount of this group of expenses increased by €3,441 or 3.9 % compared to 2016.

TRANSPORTATION COSTS AND SERVICES

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

registration fees, and other transportation costs. The cost in this group decreased by €8,507 or 24.6 % compared to 2016, resulting primarily from the lower cost of maintaining the Agency's vehicle fleet.

COSTS OF BUSINESS TRIPS

The cost of business trips primarily comprises the costs of purchasing airline tickets, as well as other costs of transport in Slovenia and abroad, accommodation costs, per diems for business trips in Slovenia and abroad, and any other costs related to business trips. When calculating employee reimbursements the Agency complied with the Decree on the Reimbursement of Costs for Traveling Abroad on Official Mission, and the collective agreement for the public sector. The total amount of these expenses decreased by €2,846 or 1.2 % compared to 2016 due to the fewer business trips.

REGULAR MAINTENANCE COSTS

The major share of these costs are costs of managing and maintaining the offices and equipment at Stegne 7, regular maintenance of communication equipment and computers, and maintenance of the radio supervision and measurement system (buildings, equipment and devices). The regular maintenance costs increased by €21,549 or 5.8 % compared to 2016, mainly due to lower infrastructure costs, resulting from the fact that unlike in 2016, no unplanned emergency maintenance was necessary in 2017.

OPERATING RENT AND LEASE COSTS

These costs mostly comprise rents for offices and conference rooms, rents for land on which radio supervision and measurement stations are located, charges for the use of building land, and duties from fees paid to external contractors and attendance fees chargeable to the employer. The cost in this group did not change significantly compared to 2016.

TABLE 19: REGULAR MAINTENANCE COSTS

Action ID	value in EUR	type of maintenance
171 RNMS manintenance	50,510	regular software maintenance, and the maintenance and updates of the radio supervision and measurement system
267 TV and video-on-demand services monitoring	12,668	regular maintenance of the software for monitoring programming content
273 Infrastructure costs	117,448	cost related to the management, maintenance and insurance of the Agency's office building at Stegne 7
00433 ICT maintenance and user support	132,237	cost of maintaining radio equipment, hardware and network devices, cost of providing support and maintaining a virtual server environment and archiving systems
481 Administrative proceedings at the tax authority	15,454	maintenance of ATDI software
total	328,318	93.9% of maintenance cost

OTHER OPERATING EXPENSES

The majority of these costs were comprised of hiring students for collecting data on the telecommunications market development, the cost of the reception service, organizing the archive, providing user support (cell center), programming to support research and troubleshooting, reviewing easement agreements and posting notifications on planned constructions online, support in managing Statistical Office's administrative proceedings, support in an activity related to protecting consumer rights and privacy of service end users, etc. and the cost of team and individual general and professional training. Costs in this group comprise the cost of monthly bonuses, including benefits and travel expenses, for the members of councils (the Agency Council, Electronic Communications Council, and Broadcasting Council), and cost of membership fees for international and Slovenian organizations. Other operating expenses decreased by €59,642 or 14.9 % compared to 2016, primarily due to lower cost of contractors, and lower costs of training activities for employee development.

3.2.3 CORRECTION OF ERRORS IN THE STATEMENT OF REVENUE AND EXPENSES

In 2016 the Agency charged amortization and depreciation costs to liabilities under the group of accounts 98 (assets under management), instead of recording them as expenses, chargeable to revenue.

The Agency's Work Program and Financial Plan for 2017 were primarily drawn up on accrual basis, and comprised all planned revenue and expenses (cost) based on the time or period when the business event occurred, including total planned amortization and depreciation cost in the amount of €593,770. The Agency revised the 2017 Work Program in August, and changed the method of recording depreciation and amortization cost based on the opinion of relevant institutions. Based on the opinion the Agency recorded the cost of amortization and depreciation of fixed assets procured before 2017 against liabilities for assets under management, and started recording the depreciation and amortization cost in the value of points, i.e. tariffs, appropriately lowering the budget profit. Pursuant to the received

opinion, the Agency corrected the initially planned depreciation and amortization cost in the amount of €593,770 to €25,250.

The Agency received a report from the Court of Audit in February 2018, in which the court notified the Agency it was breaching paragraph 2 of Article 44 of the Accounting Act, under which the depreciation and amortization cost should be recorded against revenue. When compiling the 2017 financial statement, the Agency complied with the legislation, and correctly recorded depreciation and amortization costs, and also presented comparable values for the preceding year with errors corrected.

Under the Rules on the Method and Rates of Depreciation of Intangible Fixed Assets and Tangible Fixed Assets specific users of the standard chart of account may record the depreciation and amortization cost against liabilities for assets under management if this cost is not included in the cost of the product or service, or if the cost is not covered from public finance. Since the payments up to 2016 encompassed the total historical cost of investments, the amortization and depreciation

cost for these fixed assets will not be included in the tariff price. Accordingly, only the depreciation and amortization cost of the fixed assets procured after 1 January 2017 will be included in the tariff.

The correction of error in the Revenue and Expenses Statement for the period from 1 January to 31 December 2016 thus pertains to correctly recording amortization and depreciation costs in the amount €700,492 (ADP code = 879). After the correction of error, the deficit increases by €700,492 to €1,303,804 (ADP code = 892).

3.2.4. REALIZATION OF THE FINANCIAL PLAN ON THE ACCRUAL BASIS

In contrast to the plans compiled earlier the Agency's Financial Plan for 2017 was primarily drawn up on accrual basis, and comprises all planned revenue and expenses (cost) based on the time or period when the business event occurred. The unspent (accumulated) depreciation and amortization of fixed assets, procured after 1 January 2017, will thus also be recorded as a source of investments in new fixed assets, in addition to the surplus from the preceding years.

The Agency worked towards realizing the planned activities and financial targets from its operating and financial plans for 2017 in the areas it regulates, and the adopted revised plans for 2017. The Agency generated 99.5 % of the planned revenue, with its spending amounting to 100.7 % of the plan.

The Agency adds that it recorded no significant unexpected or unacceptable consequences resulting from implementing the operational and financial plans in 2017.

The Agency identified a relatively high risk of failing to report or misreporting revenue among certain telecommunications operators and audiovisual media service providers, whose estimated revenue comprises a significant share of total industry revenue. In order to manage this risk, the Agency exercised its powers and continued conducting audits and administrative proceedings aimed at determining the true and fair value of revenue.

Discrepancies in expenses were primarily the result of:

- new facts and circumstances affecting the performance of planned activities;

- failure to meet the hiring plan (poor interest among potential employees arising from lower compensation compared to jobs in the private sector);
- postponing certain tasks to 2018;
- lower costs of services than planned due to obtaining better offers for services and consequent savings;
- smaller realization of activities than planned, and the resulting lower incurred cost, due to the lack of supply for certain specialized services (e.g. training and education), due to prioritizing other tasks (e.g. in relation to the registry of VHF frequencies and UHF band for PMR and international optimization, 5G and convergence of public mobile and broadcasting services in the UHF band and switch from DTT to LTE), due to not needing to commission certain services (e.g. the Agency did not have to obtain additional legal opinions as part of representation in courts, and it was not instructed to pay any cost in lawsuits and other court proceedings in 2017), etc.

TABLE 20: REVENUE AND EXPENSES STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Classification by account subgroup	Account title	ADP code	Amount	2017 FP	Index Current year/2016 FP
Current year					
1	2	3	4	5	6=4/5
	A) OPERATING REVENUE (861+862-863+864)	860	4,697,443	4,745,035	99.0
760	REVENUE FROM THE SALE OF PRODUCTS AND SERVICES	861	4,690,564	4,738,735	99.0
	INCREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	862	-		
	DECREASE IN THE VALUE OF INVENTORIES AND WORK IN PROGRESS	863	-		
761	REVENUE FROM THE SALE OF GOODS AND MATERIALS	864	6,879	6,300	109.2

762	B) FINANCIAL INCOME	865	4,855	4,000	121.4
763	C) OTHER REVENUE	866	108,055	86,590	124.8
	D) REVALUATION OPERATING REVENUE (868+869)	867	-	850	-
del 764	REVENUE FROM THE SALE OF OPERATING FIXED ASSETS	868	-	850	-
del 764	OTHER REVALUATION OPERATING REVENUE	869	-		
	E) TOTAL REVENUE (860+865+866+867)	870	4,810,353	4,836,475	99.5
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,755,467	2,266,369	77.5
del 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	
460	COST OF MATERIALS	873	97,000	103,600	93.6
461	COST OF SERVICES	874	1,658,467	2,162,769	76.7
	G) LABOR COSTS (876+877+878)	875	3,439,854	3,462,053	99.4
del 464	SALARIES AND WAGE COMPENSATIONS	876	2,732,472	2,749,540	99.4
del 464	SOCIAL SECURITY CONTRIBUTIONS PAID BY THE EMPLOYER	877	441,775	465,856	94.8
del 464	OTHER LABOR COSTS	878	265,607	246,657	107.7
462	H) DEPRECIATION AND AMORTIZATION	879	590,793	25,250	2,339.8
463	I) PROVISIONS	880	-		
465	J) OTHER COSTS	881	-		
467	K) FINANCIAL EXPENSES	882	133	1,000	13.3
468	L) OTHER EXPENSES	883	176		
	M) REVALUATION OPERATING EXPENSES (885+886)	884	29,831	20,000	149.2
del 469	EXPENSES FROM THE SALE OF OPERATING FIXED ASSETS	885	-		
del 469	OTHER REVALUATION OPERATING EXPENSES	886	29,831	20,000	149.2
	N) TOTAL EXPENSES (871+875+879+880+881+882+883+884)	887	5,816,254	5,774,672	100.7
	O) SURPLUS (870-887)	888	-		
	P) DEFICIT (887-870)	889	1,005,901	938,197	107.2
del 80	Corporate income tax	890	-		
del 80	Surplus for the period after income tax (888-890)	891	-		
del 80	Deficit for the period after income tax (889+890) oz. (890-888)	892	1,005,901	938,197	107.2
	Surplus from preceding years allocated to covering expenses from the accounting period	893	5,560	-	
	Average number of employees based on the hours worked in the accounting period (whole number)	894	90	97	92.8
	Months of operation	895	12	12	

3.2.4.1 REVENUE

In 2017 the Agency generated a total of €4,810,353 in revenue. The Agency generated €26,122 or 0.5 % less in total revenue than originally planned, with the operating revenue amounting to €47,592 or 1 % under the budget, and other revenue exceeding the plan by €21,465 EUR or 24.8 %, with the biggest discrepancies in the following categories:

- a €6,786 or 1.4 % decrease in

revenue from fees for numbering resources;

- a €46,326 or 3.9 % decrease in revenue based on decisions, primarily due to unissued decisions determining fees to individual telecommunications operators, as a result of which the Agency initiated audits to verify the reported revenue;
- a €21,465 EUR or 24.8 % increase in other revenue, mostly due to the higher amount of

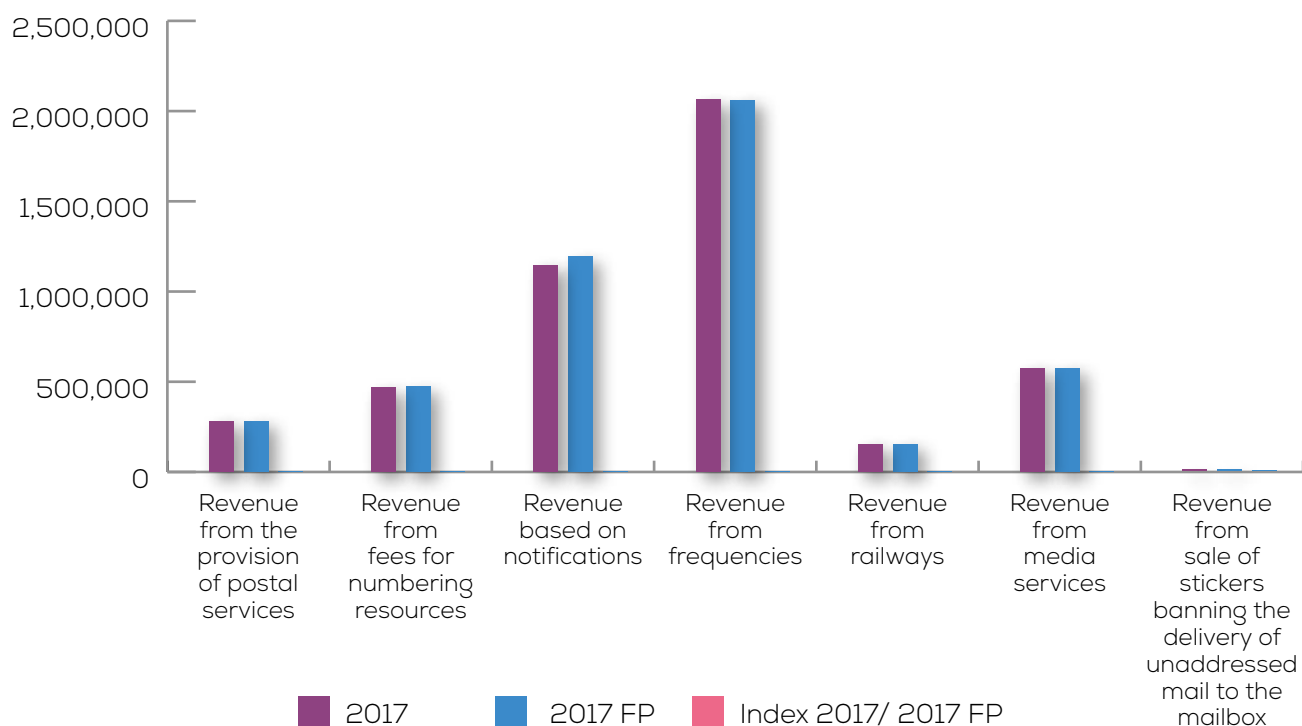
collected already impaired receivables compared to the preceding years.

Other categories of revenue from the sale of goods and services as part of providing public services and other revenue did not significantly change compared to the year before.

TABLE 21: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS

	2017	2017 FP	2017/2017 FP
Revenue from the provision of postal services	282,183	282,183	100.0
Revenue from fees for numbering resources	469,464	476,250	98.6
Revenue based on notifications	1,146,578	1,192,904	96.1
Revenue from frequencies	2,064,639	2,060,223	100.2
Revenue from railways	153,069	153,068	100.0
Revenue from media services	574,631	574,107	100.1
Revenue from sale of stickers banning the delivery of unaddressed mail to the mailbox	6,879	6,300	109.2
TOTAL OPERATING REVENUE (ADP code = 860)	4,697,443	4,745,035	99.0

FIGURE 14: COMPARISON OF REALIZED AND PLANNED OPERATING REVENUE ON ACCRUAL BASIS



3.2.4.2 EXPENSES

The Agency's expenses in 2017 amounted to €5,816,254, which is €41,582 or 0.7 % over the course of the plan, especially in the following three categories of expenses:

WAGES AND SALARIES

The Agency's labor costs were €22,199 or 0.6 % lower than planned (ADP codes = 439 and 447), primarily due to the lower amount of salaries and other benefits paid to employees, because the Agency did not hire 6 new employees as it planned (to replace the retired colleagues and to fill the 3 new positions arising from the Agency's new powers in overseeing the compliance with commercial interest provisions from ZEKom-1C) and only partly realized the planned hiring of 3 new employees;

The Agency would like to point to the failure to fully realize the 2017 hiring plan as the main reason for expenses in this category remaining

below plans. This was partly the result of the complexity of the recruitment process and the lack of qualified candidates, which is primarily due to the legal framework regulating the Agency's operations, as well as the Agency's inability to compete with salaries in the private sector. The recruitment is currently underway, so the Agency expects to fill the positions based on the 2017 plan in the first half of 2018.

COSTS OF GOODS, MATERIALS, AND SERVICES

The cost of goods, materials, and services was €510,902 EUR or 22.5 % lower than planned (ADP code = 871), primarily due to the €454,070 or 44.5 % lower cost of office and general services (ADP code = 874) resulting from not carrying out or only partially carrying out the planned projects (registry of VHF frequencies and UHF band for PMR and international optimization, 5G and convergence of public mobile

and broadcasting services in the UHF band and switch from DTT to LTE), postponing certain activities to 2018 (public call for the 700+ MHz range, strategy of developing critical communications infrastructure in the RS, SNO net neutrality, upgrade and maintenance of the Agency's website), and savings from obtaining better offers for certain services than planned and from not needing certain services (calculating WACC, situation in the postal services market, regulation of accounting separation, public calls coordination, accounting oversight and the oversight of accounting, representation in courts, monitoring ODRF for public mobile systems).

TABLE 22: COMPARISON OF REALIZED AND PLANNED COST OF GOODS, MATERIALS AND SERVICES (ACCRUAL PRINCIPLE)

CLASSIFICATION BY ACCOUNT	STATEMENT OF REVENUE AND EXPENSES FOR SPECIFIC USERS	ADP code	2017	2017 FP	2017/2017 FP
			1	2	3=1/2
	F) COST OF GOODS, MATERIALS, AND SERVICES (872+873+874)	871	1,755,467	2,266,369	77.5
part of 466	ORIGINAL COST OF MATERIALS AND GOODS SOLD	872	-	-	
460	COST OF MATERIALS	873	97,000	103,600	93.6
4600	Office and general supplies		84,761	90,100	94.1
4601	Special materials		12,239	13,500	90.7
461	COST OF SERVICES	874	1,658,467	2,162,769	76.7
4610	Office and general services		567,048	1,021,118	55.5
4611	Additional services		17,921	19,100	93.8
4612	Energy, water, utility services, and communications		91,420	86,300	105.9
4613	Transportation costs and services		26,055	29,000	89.8
4614	Expenses for business trips		230,792	244,038	94.6
4615	Regular maintenance		349,668	339,872	102.9
4616	Rent and lease fees (finance leases)		33,840	25,700	131.7
4617	Other operating expenses		341,723	397,641	85.9

In relation to unrealized expenses for office and general supplies and services in the total amount of €459,409 or 41.3 % of the plan (groups of accounts no. 4600/4610), the Agency would like to highlight the circumstances that affected the following projects:

- Unspent budget for the public call for the 700+ MHz band (activity ID 361) in the value of €70,763 EUR (the planned cost in this group amounted to €72,144). Since the implementation of this project depends on the Ministry's strategic guidelines, the Agency published, before making a decision, proposed premises in accordance with Article 204 of ZEKom-1 on 23 June 2017, with descriptions and information on the availability of radio frequency bands, and the proposed schedule for assigning radio frequencies, and called on the interested public to send written comments, suggestions, and answers to the questions asked. The Agency's purpose was to check market stakeholders' interest in radio frequencies for mobile technology, so it could plan its future activities easier. The Agency sent the received responses, opinions, and suggestions to the Ministry, which used them as a basis in drawing up relevant strategic guidelines for conducting a public tender with auction for the 700 MHz band, and which also called on the Agency to develop a strategy of managing the radio frequency spectrum, which was introduced by amending ZEKom-1 in August 2017. The Agency's activities in 2017 were accordingly focused on drawing up the strategy, while additional guidelines, which the Agency received at the end of 2017, helped delay the public tender.
- The unused total budget for the maintenance of the Agency's website (activity ID 279) in the amount of €35,000. This activity was postponed to 2018. The Agency selected a contractor for preparing a plan for

overhauling its website in a public procurement procedure in the last quarter of 2017, and signed an agreement with them in the value of approximately €15,000. The task should be completed in the first half of 2018.

- The unused total budget for activities related to the strategy of developing critical infrastructure (activity ID 484) in the amount of €31,500. This activity was postponed to 2018. The Agency signed an agreement on compiling a report on the optimization of the 0.7M band (410–470 MHz) in the value of €15.616 with the selected contractor at the end of 2017, while the service will be provided in the first half of 2018.
- The unused total budget for activities related to SNO net neutrality (activity ID 336) in the amount of €18,000. The Agency signed an agreement, commissioning a study on the possibility of using the Agency's available data and a proposal for setting up a smart system for detecting net neutrality breaches, at the end of October. The service will be provided in the first quarter of 2018.
- The unused total budget for activities related to the register of frequencies in the VHF and UHF band for PMR and international optimization (activity ID 483) in the amount of €18,000. The activity was postponed, because resources were required elsewhere.
- The unused total budget for the project convergence of public mobile and radio broadcasting services in the UHF band, and a switch from DTT to LTE, 5G (Activity ID 485) in the amount of €18,000. The activity was postponed, because resources were required elsewhere.
- The unused total budget for representation in courts (activity ID 128) in the amount of €14,300. The Agency did not record any expenses for paying lawsuit or other court costs in 2017, as it did not lose any lawsuits, and

furthermore did not require legal opinions or studies.

- The partly unused budget for monitoring investments (activity ID 358) in the amount of €14,920. Resources for this project were first budgeted as costs in the total amount of €14,000, while after the event the major part of the cost was recorded as an investment in intangible assets (activity ID 382), resulting in lower recorded cost and higher recorded amount of investments (to the net effect of €4,379).
- The unspent part of the budget for the Weighted Average Cost of Capital (WACC) calculation (activity ID 487) due to obtaining a better offer for services and the resulting savings in the amount of €15,166.
- Partly unspent budget for setting up a high-quality monitoring system for mobile and fixed broadband data services (activity ID 302) in the amount of €13,579 (the difference also includes the difference in the total planned cost and not only the cost of office supplies and services). Resources for this project were first budgeted as costs in the total amount of €34,200, while after the event the major part of the cost was recorded as an investment in assets (activity ID 382), resulting in lower recorded cost and higher recorded amount of investments.
- Higher expenditure on the project of economic replicability model (activity ID 408), financed from the 2016 budget, in the total amount of €15,000. The main reason for higher expenditure is the VAT on services provided by foreign providers, which was initially not planned.
- Higher expenditure on the project of Digital Agency NGA BU model (activity ID 330), financed from the 2016 budget, in the total amount of €10,000. The main reason for higher expenditure is the VAT on services provided by foreign providers, which was initially not planned.
- Unspent budget for the project of

THE
AGENCY
RECORDED
€590,793 OR
€565,543 MORE IN
DEPRECIATION AND
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2017.

SNO analytical review of relevant markets (activity ID 295), financed from the 2016 budget, in the total amount of €5,700 (available budget in the amount of €18,000, and realization in the amount of €12,300).

- Higher expenditure for the Agency Council (activity ID 337) in the amount of €13,394, primarily due to obtaining two legal opinions. This cost was unexpected and subsequently not budgeted for.

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

- €2,440 or 7.5 % lower cost of special materials and services (ADP code = 874),
- €13,246 or 5.4 % lower cost of business trips (ADP code = 874) primarily due to prioritizing other activities, the complexity of planned regulatory activities (e.g. conducting an analysis of the market 4), and the resulting lack of time to embark on all planned business trips, which resulted in savings. The net cost of business trips was reduced by the amount of reimbursed costs, which the Agency recorded under revenue, and which amounted to €46,119 in 2017.

- €5,120 or 5.9 % higher cost of energy, water, utilities and communications (ADP code = 874), primarily due to higher operating costs;
- €2,945 or 10.2 % lower cost of transport and services, primarily due to savings made on the vehicle fleet (fuel and lubricants, repair);
- €8,140 or 31.7 % higher cost of operating rent and lease fees (ADP code = 874), primarily due to the ; changed manner of recording cost (total cost of duties on monthly bonuses for council members was budgeted under the group of accounts 4617, and recorded under the group of accounts 4616);
- €9,796 or 2.9 % higher cost of maintenance (ADP code = 874) primarily due to higher cost of maintaining air conditioning (materials for unplanned repairs – changing the compressor and outflow pipes), unplanned maintenance of the terrace, and procurement and installment of new locks;
- €55,918 or 14.1 % lower operating expenses (ADP code = 874), primarily due to spending less on specific training (more participation in team training, lack of supply of specific training) and professional training and education for the Broadcasting

Council members, lower spending on monthly bonuses and travel expenses of council members, and the smaller extent of work provided by students and contractors (due to smaller need and unavailability of suitable professionals).

DEPRECIATION AND AMORTIZATION

The Agency recorded €590,793 or €565,543 more in depreciation and amortization cost than planned in 2017 (ADP code = 879), mostly because it recorded all depreciation and amortization cost in the Revenue and Expenses Statement. The issue of recording depreciation and amortization cost is presented in more detail in the chapter Correction of errors in the statement of revenue and expenses.

Ljubljana, 11 April 2018
No.: 4505-2/2017/11

mag. Tanja Muha
Director

XVII AUDIT REPORT



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Poslovodstvo je pri pripravi računovodskih izkazov agencije odgovorno za oceno njegove sposobnosti, da nadaljuje kot delujoče podjetje, razkrije zadev, povezanih z delujočim podjetjem in uporabo predpostavke delujočega podjetja kot osnovo za računovodenje, razen če namerava poslovodstvo agencijo likvidirati ali zaustaviti poslovanje, ali če nima druge možnosti, kot da napravi eno ali drugo.

Revizorjeva odgovornost za revizijo računovodskih izkazov

Naši cilji so pridobiti sprejemljivo zagotovilo o tem ali so računovodski izkazi kot celota brez pomembno napačne navedbe zaradi prevare ali napake, in izdati revizorjevo poročilo, ki vključuje naše mnenje. Sprejemljivo zagotovilo je visoka stopnja zagotovila, vendar ni jamstvo, da bo revizija, opravljena v skladu z MSR, vedno odkrila pomembno napačno navedbo, če ta obstaja. Napačne navedbe lahko izhajajo iz prevare ali napake ter se štejejo za pomembne, če je upravičeno pričakovati, da posamično ali skupaj vplivajo na gospodarske odločitve uporabnikov, sprejete na podlagi teh računovodskih izkazov.

Med izvajanjem revidiranja v skladu z MSR uporabljamo strokovno presojo in ohranjamo poklono nezaupljivost. Prav tako:

- prepoznamo in ocenimo tveganja pomembno napačne navedbe v računovodskih izkazih, bodisi zaradi napake ali prevare, oblikujemo in izvajamo revizijske postopke kot odzive na ocenjena tveganja ter pridobimo zadostne in ustrezne revizijske dokaze, ki zagotavljajo podlago za naše mnenje. Tveganje, da ne bomo odkrili napačne navedbe, ki izvirajo iz prevare, je višje od tistega, povezanega z napako, saj prevara lahko vključuje skrivne dogovore, ponarejanje, namerno opustitev, napačno razlago ali izogibanje notranjim kontrolam;
- se seznanimo z notranjimi kontrolami, pomembnimi za revizijo z namenom oblikovanja revizijskih postopkov, ki so okoliščinam primerni, vendar ne z namenom izraziti mnenje o učinkovitosti notranjih kontrol agencije;
- presodimo ustreznost uporabljenih računovodskih usmeritev in razumnost računovodskih ocen ter z njimi povezanih razkritij poslovodstva;
- na podlagi pridobljenih revizijskih dokazov o obstoju pomembne negotovosti glede dogodkov ali okoliščin, ki zbujejo dvom v sposobnost agencije, da nadaljuje kot delujoče podjetje, sprejmemo sklep o primernosti poslovodske uporabe predpostavke delujočega podjetja, kot podlage računovodenja. Če sklenemo, da obstaja pomembna negotovost, smo dolžni v revizorjevem poročilu opozoriti na ustrezna razkritja v računovodskih izkazih ali, če so taka razkritja neustrezna, prilagoditi mnenje. Naši sklepi temeljijo na revizijskih dokazih, pridobljenih do datuma izdaje revizorjevega poročila. Kasnejši dogodki ali okoliščine lahko povzročijo prenehanje agencije kot delujočega podjetja.

Poslovodstvo med drugim obveščamo o načrtovanem obsegu in času revidiranja in pomembnih revizijskih ugotovitvah vključno z morebitnimi pomanjkljivostmi notranjih kontrol, ki jih zaznamo med našo revizijo.

V imenu revizijske družbe

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

Danilo Bukovec
pooblaščen revizor
strokovni direktor

KPMG Slovenija, d.o.o.

Ljubljana, 11. april 2018

Poročilo neodvisnega revizorja

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

Mnenje

Revidirali smo priložene računovodske izkaze Agencije za komunikacijska omrežja in storitve Republike Slovenije («agencija»), ki vključujejo bilanco stanja na dan 31. decembra 2017, izkaz prihodkov in odhodkov za tedaj končano leto ter povzetek blatvenih računovodskih usmeritev in druge pojasnjevalne informacije.

Po našem mnenju so priloženi računovodski izkazi Agencije za komunikacijska omrežja in storitve Republike Slovenije za leto, ki se je končalo na dan 31. decembra 2017, v vseh pomembnih pogledih pripravljeni v skladu z Zakonom o računovodstvu in z njim povezanimi podzakonskimi akti.

Podlaga za mnenje

Revizijo smo opravili v skladu z Mednarodnimi standardi revidiranja (MSR). Naše odgovornosti na podlagi teh pravil so opisane v tem poročilu v odstavku Revizorjeva odgovornost za revizijo računovodskih izkazov. V skladu s Kodeksom etike za računovodske strokovnjake, ki ga je izdal Odbor za mednarodne standarde etike za računovodske strokovnjake (Kodeks IESBA) ter etičnimi zahtevami, ki se nanašajo na revizijo računovodskih izkazov v Sloveniji, potrjujemo svojo neodvisnost. Potrjujemo tudi, da smo izpolnili vse druge etične zahteve v skladu s temi zahtevami in Kodeksom IESBA.

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

Druge informacije

Za druge informacije je odgovorno poslovodstvo. Druge informacije obsegajo poslovno poročilo, ki je sestavni del letnega poročila agencije. Druge informacije ne vključujejo računovodskih izkazov in našega revizorjevega poročila o njih.

Naše mnenje o računovodskih izkazih ne vključuje drugih informacij, in, razen v obsegu, ki je drugače izrecno naveden v našem poročilu, o njih ne izražamo nikakršnega zagotovila.

V povezavi z opravljeno revizijo računovodskih izkazov je naša odgovornost prebrati druge informacije in pri tem presoditi, ali so druge informacije pomembno neskladne z računovodskimi izkazi, zakonskimi zahtevami ali našim poznavanjem, pridobljenim pri revidiranju, ali se kako drugače kažejo kot pomembno napačne.

Odgovornost poslovodstva za računovodske izkaze

Poslovodstvo je odgovorno za pripravo in predstavitev računovodskih izkazov v skladu z Zakonom o računovodstvu in za tako notranje kontroliranje, kot je v skladu z odločitvijo poslovodstva potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

